



# BeWell and Thrive

2021 Integrated Annual Report

# We champion people to be well and thrive every single day.

#### **ABOUT THE ARTIST**

The photo illustrations in this report were created by Broadie, an artist based in Prince George's County, Maryland. Drawn to different shapes, colors and textures as a child, he went on to study fine art in college. Today his mixed media work is inspired by the richness of Black history and culture.

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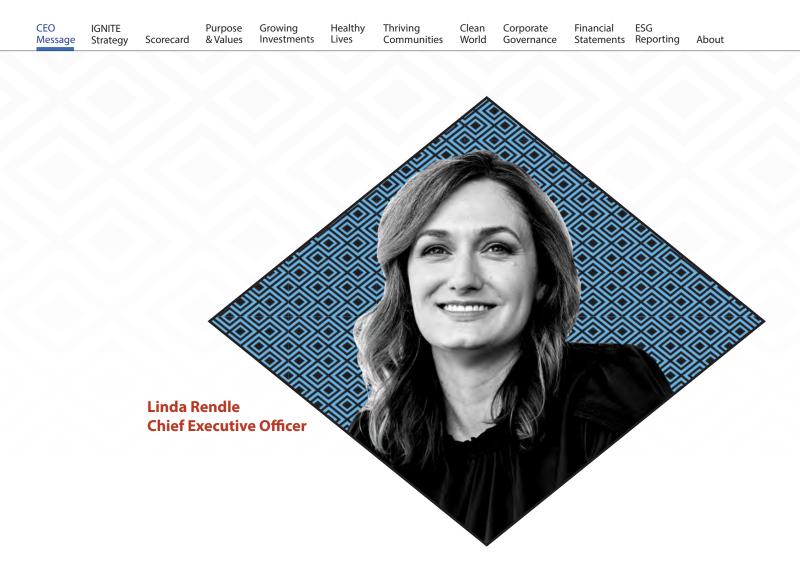
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# Purpose-Driven

## Dear Stakeholder,

It has been another year of dynamic, challenging conditions due to the pandemic. We have all faced enormous obstacles professionally and personally — some continuing, some just emerging. As I reflect on my first year as CEO of Clorox, I'm very proud of how we delivered, pragmatic about the near-term challenges ahead and resolute about what we can accomplish over the long term as we continue to execute on our <u>IGNITE strategy</u>. IGNITE

Thriving Clean Communities World ESG

Inspired by our purpose — to champion people to be well and thrive every single day - we remained true to three operating principles as we navigated the past year:

- Embracing our role as a health and wellness company, which helped us prioritize our actions, including ensuring the safety of our people and supporting healthcare workers.
- Putting people at the center, taking care of our teammates around the world and focusing on serving public health and consumer needs.
- · Leading with our values, with our commitment to doing the right thing guiding our strategic choices and actions.

These principles, coupled with our IGNITE strategy, have served us well and are shaping the Clorox of tomorrow while having a meaningful impact on society today.

## **Reflecting on Another Dynamic Year**

For the year, we delivered strong sales growth of 9%, with growth across all our business segments. On a two-year stack basis, we delivered 17% sales growth. This performance demonstrates Clorox's unique strengths — the caliber of our people, equity of our brands and our ability to execute in extraordinary circumstances. We worked tirelessly over the past year to supply consumers with products across our portfolio, which was greatly impacted by the pandemic and people spending more time at home. This included cleaning and disinfecting products; vitamins, minerals and supplements; bags and wraps; and water filtration, food, grilling and cat litter products. As a result, we experienced significant growth in demand and strengthened our position among global consumers, with high household penetration in

> 6699 **Consumers have** never seen greater value in our brands, which is reflected in the choices they're making at shelf and online.

the U.S. supported by strong repeat purchase rates and strong growth globally. Consumers have never seen greater value in our brands, which is reflected in the choices they're making at shelf and online. We'll continue to earn their long-term loyalty by investing in our brands through innovation that delivers superior user experiences.

At the same time, the pandemic continues to cause tremendous volatility, and we are operating in an historically difficult cost environment. Rising input and transportation costs continue to pressure our profitability, which contributed to lower gross margin for the full year and a 2% decline in our fiscal year 2021 adjusted EPS.<sup>1</sup> We expect these conditions to continue in fiscal year 2022 and are taking decisive action to mitigate headwinds while advancing our IGNITE strategy for long-term growth.

## Accelerating Our IGNITE Strategy

The pandemic has highlighted the need to accelerate our strategy to take advantage of the strong consumer loyalty we have built, respond nimbly to changes in consumer behaviors and preferences, and set the company up for long-term success. I have a high degree of conviction that the focused actions we are taking will not only enable us to achieve our 3% to 5% long-term sales growth target but also deepen our competitive advantages for years to come. These actions include:

- Enhancing productivity: With fueling growth being a critical focus to help address elevated cost pressures and ensure the long-term health of our brands, we'll continue to drive our hallmark cost savings program and productivity initiatives.
- Investing in innovation: Innovation is at the heart of our IGNITE strategy, and we're focused on innovation that is faster to market and delivers multiyear value. We doubled our innovation investments in fiscal 2021, and new products were a bigger contributor to our topline. We are also extending innovation by leveraging external partners to create new revenue streams.
- Leveraging purpose and personalization to drive loyalty: We have made great headway on our 2025 personalization goal to know 100 million people — crossing the halfway mark this fiscal year. Our higher investment in personalization has led to stronger relationships with consumers, which significantly improved ROI, driving confidence in our approach.

<sup>&</sup>lt;sup>1</sup> Adjusted EPS is a non-GAAP measure. See financial footnotes (scorecard, page 20), including the reconciliation of adjusted EPS to diluted EPS, the most comparable GAAP measure.

CEO

Message

IGNITE

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## **Advancing Our ESG Goals**

to accelerate growth.

We are rallying every person and every brand to contribute to a more sustainable and inclusive world. Harnessing resources internally by integrating environmental, social and governance commitments into our businesses is critical to achieving our ambitious goals, while collaborating externally with others is crucial to tackling the challenges we face collectively.

Purpose

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**Enhancing our digital capabilities:** As consumers have increased their adoption of digital channels as a result of the pandemic, we are investing to further improve our

digital capabilities and support our e-commerce, innovation and marketing initiatives. We have made great strides to differentiate Clorox from a digital perspective, including nearly doubling our e-commerce business over the last two years,

which today represents about 13% of total company sales.

**Driving growth runways:** We expanded our global cleaning and disinfecting business and professional products portfolio

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Some of the highlights of our progress on environmental initiatives in fiscal year 2021 include achieving 100% renewable electricity in the U.S. and Canada and increasing the number of plants that have achieved zero-waste-to-landfill status, now at 56% and tracking toward our 2025 goal of 100%.

We also received approval from the Science Based Targets initiative of our 2030 science-based targets to reduce greenhouse gas emissions and have announced our commitment to reach net zero emissions across our operations and our value chain (scopes 1, 2 and 3) by 2050.

On the people side of ESG, I'm particularly proud that, in a trying year, we achieved our best safety score in modern history with a recordable incident rate of 0.26, which is significantly lower than the 3.3 industry average.

We also continued to work toward a more inclusive, diverse and equitable workplace. Pay equity is a part of that. As we've done in past years, we reviewed every nonproduction teammate's pay for potential discrepancies. We adjusted where needed and will continue this review annually. This year, I also renewed our pledge to the CEO Action for Diversity, reflecting my personal commitment to advancing inclusion and diversity.

As a signatory to the United Nations Global Compact, we reaffirm our commitment to its Ten Principles by driving a strategy that prioritizes these and other ESG goals.

## Focusing on Health Security in Our Communities

9%

SALES GROWTH

Total Company

We continue to pay it forward by giving back. In 2021 we made \$9 million in grants to charitable organizations and \$8 million in product donations, plus \$2.7 million in cause marketing, for a total community contribution of nearly \$20 million. This included a second round of COVID relief funding, ongoing support of racial justice initiatives and community building.

The Clorox Company Foundation this year adapted its mission to be aligned with the company purpose. This led to a new signature theme, health security, which will guide our foundation's efforts to bring about equal opportunities for underresourced people and communities.

## **Confidence in Our Future**

Led by our values of doing the right thing, putting people at the center and playing to win, we are building a stronger, more resilient company. We have a portfolio of leading brands that have never been more loved by consumers and a clear plan to meet our long-term growth targets.

Our strategy and the perseverance of our team around the world throughout the pandemic gives me great confidence in our ability to win and accelerate growth in the future, creating value for all of Clorox's stakeholders. I am excited about the future and want to thank all of our teammates, customers, consumers, investors and partners for your support of our company.

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Linda Rendle Chief Executive Officer

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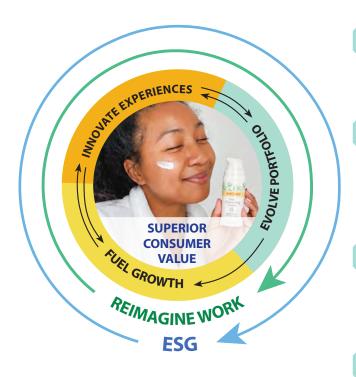
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# **IGNITE STRATEGY**

Introduced in 2019, our IGNITE strategy aims to maximize and strengthen our competitive advantage through innovation and strategic business choices, with fully integrated environmental, social and governance goals. Putting people at the center of everything we do, the strategy is focused on driving long-term growth and delivering value for shareholders and society.





## **Integrated Strategic Choices**

## FUEL GROWTH

Widen the funnel on how we deliver cost savings, leveraging technology and sustainability to generate fuel for growth.

## - INNOVATE EXPERIENCES

Turn data into insights to build purpose-driven, personalized brands and deliver bigger, stickier innovation platforms while enhancing consumer shopping experiences — allowing us to better serve people.

## 

Galvanize our people with a bolder, more inclusive workplace in which we simplify our operations, tap technology and move more quickly to drive growth.

## **EVOLVE PORTFOLIO**

Broaden our playing field in and around our core business, emphasizing consumer megatrends, including sustainability, and continue to lean in to enhanced wellness and natural personal care.

<sup>1</sup> Refer to page 20 for reconciliation of adjusted EBIT and EBIT as well as reconciliation of free cash flow to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP. About

ESG

## **Integrated ESG Goals**

## **HEALTHY LIVES**

#### Improving people's health and well-being.

#### **Employee Well-Being**

- Maintain our recordable incident rate of <1.0 with a comprehensive safety management effort striving for an injury-free workplace.
- Set targets related to health and well-being outcomes.
- Enhance financial literacy of our employees to enable better planning and superior retirement readiness as measured by income replacement ratio.

#### **Consumer Well-Being**

Increase consumer well-being as measured by the number of our wellness-related product categories in U.S. homes, including natural personal care; vitamins, minerals and supplements; water filtration and hydration; and cleaning products.

#### **Product Advocacy**

Collaborate with key stakeholders to advance the science behind alternative approaches to animal testing. Our vision for our industry is to eliminate such testing requirements for disinfecting products by the U.S. Environmental Protection Agency and replace animal testing with non-animal alternatives.

#### **Ingredient Management**

- Reduce cleaning products' chemical footprint; annually report program progress beginning in calendar year 2020.
- · Publicly share Clorox restricted substances list for domestic retail cleaning products by calendar year 2020.

#### **Transparency Commitments**

- Increase the reach of the SmartLabel product information tool and expand our scope of consumer-meaningful information.
- · Aggressively increase targeted certifications and product transparency affiliations by 2025.

### **THRIVING COMMUNITIES**

Investing in our people and communities to contribute to a more equitable world.

- Ensure pay equity across genders and races/ethnicities.
- Achieve our gender and race/ethnicity representation targets.
- Achieve our inclusion index targets: parity across total company, women, people of color.
- Set targets related to manager capabilities and workforce experience.

## **CLEAN WORLD**

Taking climate action and reducing plastic and other waste.

#### **Plastic and Other Waste**

- 50% combined reduction in virgin plastic and fiber packaging by 2030.
- 100% recyclable, reusable or compostable packaging by 2025.
- Double post-consumer recycled plastic in packaging by 2030 (+50% by 2025).
- 100% global facilities zero waste to landfill by 2030 (plants by 2025).1

#### Climate

- Set and achieve 2030 science-based targets to reduce GHG emissions in our operations (scopes 1 and 2) and across our value chain (scope 3), putting us on the path to net zero emissions by 2050.
- 100% renewable electricity in the U.S. and Canada in 2021.

#### **STRONG GOVERNANCE**

Enhancing our leadership in ESG through an unwavering commitment to strong corporate governance and ESG performance overseen by the board of directors.



Thriving Clean Communities World ESG

## **How We Create Value**

To achieve our business goals, we need to leverage the unique foundational attributes of our company, manage external factors and optimize our relationships with important partners. We're successful when we create value for our company, employees, consumers, retail and nonretail customers, investors, communities, suppliers and other business partners, the environment and society.

INPUTS <sup>1</sup>	Financial: • Total assets Innovation: • Employees • Investments	<ul> <li><b>Operations:</b></li> <li>Capital expenditures</li> <li>Raw material costs and other expenses</li> <li>Cost savings program</li> </ul>	<ul> <li>Workforce:</li> <li>9,000 global employees</li> <li>Professional development and training</li> <li>Business Partners:</li> <li>Supplier contracts and investments</li> <li>Customer support and engagement</li> <li>Industry collaborations</li> </ul>	<ul> <li>Environment:</li> <li>Virgin raw materials (including renewable resources)</li> <li>Reused or recycled materials</li> <li>Energy (including 100% renewable electricity in U.S. and Canada)</li> <li>Water</li> </ul>
<b>BUSINESS MODEL</b>	<ul> <li>Vision: To be exceptional innovators who earn people's enduring loyalty.</li> <li>Purpose: We champion people to be well and thrive every single day.</li> <li>Objective: Maximize economic profit and deliver purpose-driven growth.</li> </ul>	<ul> <li>IGNITE Strategy:</li> <li>Fuel Growth</li> <li>Innovate Experiences</li> <li>Reimagine Work</li> <li>Evolve Portfolio</li> <li>ESG Priorities: <ul> <li>Clean World</li> <li>Healthy Lives</li> <li>Thriving Communities</li> <li>Strong Governance</li> </ul> </li> <li>Our Values: <ul> <li>Do the right thing</li> <li>Put people at the center</li> <li>Play to win</li> </ul> </li> </ul>	<ul> <li>Functions:</li> <li>Finance</li> <li>Legal, Government Affairs and Internal Audit</li> <li>Marketing</li> <li>People&amp; (Human Resources and Corporate Affairs)</li> <li>Product Supply</li> <li>Research and Development</li> <li>Sales</li> </ul> Segments: <ul> <li>Health and Wellness</li> <li>Household</li> <li>Lifestyle</li> <li>International</li> </ul>	<ul> <li>How We Conduct our Business:</li> <li>Innovative consumer products and services</li> <li>Diverse health, well-being and household portfolio</li> <li>Retail and professional customer base</li> <li>Best-in-class delivery of end-to- end supply chain solutions</li> <li>U.S. focus with presence in key global markets</li> <li>Enterprisewide strategy fully integrating ESG priorities</li> <li>Renewed focus on digitally enabled workforce and commerce</li> <li>Strong execution</li> <li>Sustainability Center embeds ESG into our businesses</li> </ul>
<b>Ο</b> UTPUTS <sup>2</sup>	Financial: • Sales Innovation: • Patents • Partner investments	<ul> <li>Operations:</li> <li>Product portfolio</li> <li>Workforce:</li> <li>Inclusive culture</li> <li>Diverse representation</li> <li>Engaged employees</li> </ul>	Business Partner Engagement: • Supplier adherence to Business Partner Code of Conduct • Responsible sourcing program	<ul> <li>Environment:</li> <li>Reusable, recyclable or compostable materials</li> <li>Waste to landfill/energy</li> <li>Wastewater</li> <li>Emissions</li> </ul>
<b>OUTCOMES<sup>3</sup></b>	<ul> <li>Internal:</li> <li>Profit and cash flows</li> <li>Employee professional growth and engagement</li> </ul>	<ul> <li>Brand equity</li> <li>Innovation</li> <li>Employer brand reputation</li> </ul>	<ul> <li>External:</li> <li>Shareholder value (stock price and dividends)</li> <li>Partnerships (industry, ESG, supply chain)</li> <li>Consumer satisfaction</li> <li>Brand loyalty</li> </ul>	• Healthy Lives, Clean World, Thriving Communities (our ESG priorities)

'Based on principles of integrated reporting, inputs refers to what goes into the development of an organization's key products and services, including byproducts and waste (such as emissions) that need to be discussed depending on their materiality.

<sup>2</sup>Based on principles of integrated reporting, outputs refers to what's generated by a company's operations, including both positive and negative factors. We focus on material issues and evaluate the opportunities and risks of our actions.

<sup>3</sup>Outcomes are the internal and external consequences (positive and negative) for the capitals (financial, manufactured, intellectual, human, social and relationship, and natural) as a result of an organization's business activities and outputs.

# **ESG Progress Update**

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## **Table 1: Status of IGNITE ESG Goals**

Scorecard

ESG STRATEGIC PILLAR	IGNITE ESG Goal	<b>Goal Status as of June 30, 2021</b> (Time periods are as of FY21 and metrics are global, unless stated otherwise)
Clean World	50% combined reduction in virgin plastic and fiber packaging by 2030	11% combined virgin plastic and fiber packaging reduction (22% of our goal), per case of product sold vs. 2018 baseline, as of CY20 <sup>1</sup>
Clean World	100% recyclable, reusable or compostable packaging by 2025	76% of packaging is recyclable, reusable or compostable, as of CY20 <sup>2</sup>
Clean World	Double post-consumer recycled plastic in packaging by 2030 (+50% by 2025)	11% of plastic used in packaging is PCR, unchanged from 2018 baseline, as of CY20
Clean World	100% global facilities ZWtL by 2030 (plants by 2025) <sup>3</sup>	40% of facilities, 56% of plants are ZWtL
Clean World	Set and achieve science-based targets to reduce GHG emissions in our operations (Scopes 1 and 2) and across our value chain (Scope 3)	Targets to reduce absolute GHG emissions for Scopes 1, 2 and 3 by 2030 vs. a 2020 baseline, set and approved by the Science Based Targets initiative: • 50% Scope 1 and 2 reduction target • 25% Scope 3 reduction target
		For explanation of scopes 1 and 2, see footnotes 2-5 on page 82. For our science-based targets, we're focusing on different scope 3 categories for our reduction efforts than in our previous goal periods. These include Category 1, Purchased Goods and Services and Category 11, Use of Sold Products (Direct). In prior goal periods, we defined scope 3 to include Category 4, U.S. Finished Goods Distribution and Category 6, Employee Business Travel. Categories are defined by the World Resources Institute and World Business Council for Sustainable Development's GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
Clean World	100% renewable electricity in the U.S. and Canada in 2021	Achieved in January 2021, helped in part through a 70 MW VPPA agreement⁴; committed to continue sourcing 100% renewable electricity for U.S. and Canadian operations

<sup>1</sup> Metric is global and includes both primary and secondary fiber and plastic packaging. Domestic packaging is based on U.S. sales data and includes packaging for all products we sell in the U.S., inclusive of contract manufactured packaging from suppliers that procure packaging materials on our behalf. International packaging is based on our purchases of packaging for international operations and excludes data for packaging procured by contract manufacturers on our behalf. International CY20 data is estimated

based on CY18 or CY19 purchases of packaging, adjusted to account for sales growth in CY20. <sup>2</sup> Data has been calculated using the Ellen McArthur Foundation's recyclability assessment tool, which is based on the findings of its New Plastics Economy 2021 Recycling Survey and the Ellen MacArthur Foundation's definition of recyclable packaging. Recyclability reporting is based on CY20 U.S. sales data and is estimated to reflect global results for this metric

<sup>3</sup>Where infrastructure allows. Metric calculated as a percent to reflect both changes to the number of company-approved zero-waste-to-landfill facilities and changes to the total number of facilities we operate due to acquisitions, divestitures and changing facility needs to support our business.

<sup>4</sup> 70-megawatt virtual power purchase agreement executed in November 2019. VPPA project started to produce renewable energy for Clorox in January 2021 and is expected to deliver nearly half of Clorox's 100% renewable electricity goal for U.S. and Canadian operations annually. Through the VPPA and other market purchases of renewable energy credits, Clorox met its 100% renewable electricity goal beginning in January 2021, four years ahead of the original target date.

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## Table 1: Status of IGNITE ESG Goals (cont.)

CEO

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ESG STRATEGIC PILLAR	IGNITE ESG Goal	<b>Goal Status as of June 30, 2021</b> (Time periods are as of FY21 and metrics are global, unless stated otherwise)
Healthy Lives	<ul> <li>Product Advocacy: Collaborate with key stakeholders to advance the science behind alternative approaches to animal testing</li> <li>Our vision for our industry is to eliminate such animal testing requirements for disinfecting products by the U.S. Environmental Protection Agency and replace animal testing with non-animal alternatives</li> </ul>	Partnered with research organizations, government entities and peers to advance the acceptance of non-animal alternative methods to fulfill U.S. EPA toxicity testing requirements for antimicrobials; to date two of six methods approved
Healthy Lives	<b>Ingredient Management:</b> Reduce cleaning products chemical footprint; annually report program progress beginning in calendar year 2020	Committed to participating in Chemical Footprint Project to assess and report footprints for Retail and Professional Products Divisions; will set a time-bound public goal in FY22
Healthy Lives	Ingredient Management: Publicly share Clorox restricted substances list for domestic retail cleaning products by calendar year 2020	Published restricted substances list for domestic retail cleaning in CY20. RSL for an additional product category to be published in FY22
Healthy Lives	<b>Transparency:</b> Increase the reach of the SmartLabel product information tool and expand our scope of consumer-meaningful information	Collaborated with industry to increase information publicly available via SmartLabel; develop a recommendation in FY22 to expand use of SmartLabel to at least one additional product category and to provide additional sustainability disclosures
Healthy Lives	<b>Transparency:</b> Aggressively increase targeted certifications and product transparency affiliations by 2025	Set goal to increase sales of products with targeted certifications and product transparency affiliations 100% by CY25, compared to CY20 baseline
Healthy Lives	<b>Employees:</b> Maintain our recordable incident rate of <1.0 with a comprehensive safety management effort striving for an injury-free workplace	Achieved <1.0 RIR every year since goal was announced. In FY21, RIR was 0.26⁵

<sup>5</sup> Based on industry benchmarking by Clorox, we set a goal for a recordable incident rate of 1.0 or less. Our FY21 RIR of 0.26 means that for every 100 full-time equivalent Clorox employees globally we averaged less than one reportable incident during the past year. According to the latest available data from the U.S. Bureau of Labor Statistics, the average RIR for goods-producing manufacturing companies is 3.3. The criteria used to determine RIR follows the U.S. Department of Labor's Occupational Safety and Health Administration guidelines and is applied globally. The recordable incident rate does not include workers at offices with fewer than 30 employees, but it does include remote workers.

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## Table 1: Status of IGNITE ESG Goals (cont.)

CEO

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**IGNITE** 

Strategy

ESG STRATEGIC PILLAR	IGNITE ESG Goal	<b>Goal Status as of June 30, 2021</b> (Time periods are as of FY21 and metrics are global, unless stated otherwise)		
Healthy Lives	<b>Employees:</b> Enhance financial literacy of our employees to enable better planning and superior retirement readiness as measured by income replacement ratio	For all employee groups, exceeded Vanguard 401(k) client average of 56%, while still aspiring to achieve Vanguard's stated target of 75%: • Overall employee average: 66% • Production employees: 71% • Nonproduction employees: 60% <sup>6</sup>		
Healthy Lives	<b>Employees:</b> Set targets related to health and well-being outcomes	Establish targets in FY22		
Healthy Lives	<b>Consumers:</b> Increase people's (consumer) well-being as measured by the number of our wellness-related product categories in U.S. homes, including natural personal care; vitamins, minerals and supplements; water filtration and hydration; and cleaning products	Number of wellness-related product categories in U.S. homes decreased by 1%, or 1.7 million, in FY21 compared to FY19 baseline		
Thriving Communities	<b>I&amp;D:</b> Ensure pay equity across genders and races/ethnicities	Made salary adjustments based on recommendations by a labor economist, commitment to annual pay equity analysis and remediation, as necessary		
Thriving Communities	<b>I&amp;D:</b> Achieve our gender and race/ethnicity representation targets	Continued tracking progress; commitment to establishing enterprisewide representation targets in FY22		
Thriving Communities	<b>I&amp;D:</b> Achieve our inclusion index targets: parity across total company, women, people of color	Commitment to annually measure and publicly report inclusion <sup>7</sup> for all employees, women and POC, with goal of parity across all three As of FY21: • Women (Global): 80% • POC (U.S.): 76% <sup>8</sup> • Total Clorox (Global): 79%		
Thriving Communities	Set targets related to manager capabilities and workforce experience	Establish targets in FY22		
Governance	Executive compensation awards tied to elements of our ESG goals for members of the Clorox Executive Committee, including for the CEO	Commitment to disclosing in company proxy statements		

<sup>6</sup> Retirement income available as a percentage of pre-retirement income, calculated by Vanguard for U.S. employees participating in the Clorox 401(k) program (95% of U.S. employees). Based on Clorox 401(k) and estimated Social Security income at retirement (age 67); excludes outside income sources or personal savings outside of Clorox 401(k) (unless provided to Vanguard by participant). Vanguard's target benchmark of 75% is defined as the percentage of pre-retirement income required to maintain one's lifestyle at retirement.

<sup>7</sup> Inclusion index data is expressed as a percentage of employees experiencing Clorox as an inclusive workplace. Questions about inclusion measured the extent that employees believe all employees have the opportunity to be successful at Clorox regardless of diversity characteristics, their manager encourages diverse perspectives, that senior leadership visibly demonstrates that having a diverse and inclusive workforce is important for Clorox's business success, that teams openly discuss differing opinions in reaching decisions, and the ability to be one's authentic self at work. Engagement is defined as the extent that employees have pride in the company, intend to stay, get intrinsic motivation from their work and would recommend the company as a good place to work. Inclusion index and employee engagement data were measured through an FY21 engagement survey administered by Perceptyx in February 2021, in which 70% of eligible active Clorox employees participated. Perceptyx's Fortune 500 benchmark is comprised of 72 companies from Fortune magazine's annual Fortune Global 500 list. The Percepty CPG benchmark comprises employee survey results from organizations that produce consumer goods, including results from 33 companies and 1.46 million survey responses.
<sup>8</sup> Management defines people of color as any race that is not white (Asian; Black; Latino; Native American; Native Hawaiian; or two or more races.)

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## **Portfolio of Brands**



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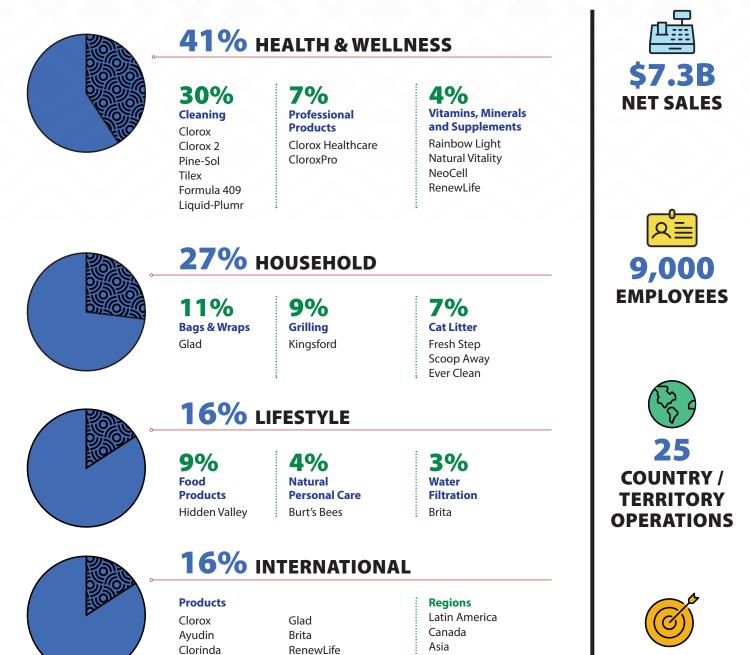
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Thriving Clean Communities World

## About

## FY21 Sales by Segment<sup>1, 2</sup> Revenue Mix

by Segment



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<sup>2</sup> All percentages represent rounded numbers.

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Middle East / North Africa

Europe / Sub-Saharan Africa

Australia / New Zealand

MARKETS



## **Financial Performance**

Achieving financial success while investing for the long term



## Net Cash Provided by Operations

(\$ millions)



## Free Cash Flow<sup>4</sup>

(non-GAAP) (\$ Millions)







Improving people's health and well-being

## **Employee Well-Being**



RECORDABLE INCIDENT RATE (vs. goal of <1.0) Retirement Readiness 66%/6/ INCOME REPLACEMENT RATIO (vs. 75% goal of Vanguard aspirational target for appropriate income replacement and 56% Vanguard client

replacement and 56% Vanguard client benchmark for income replacement) Applies to U.S. employees; excludes personal

savings outside of Clorox 401(k) programs (not reported by participants).



About

## **Consumer Well-Being**



Reviewed by Ernst & Young LLP. Please refer to pages 81-82 for the Review Report.

<sup>†</sup> Refer to ESG Progress Update on pages 7-9 for additional information.

<sup>1</sup> Includes cleaning; natural personal care; vitamins, minerals and supplements; and water filtration and hydration

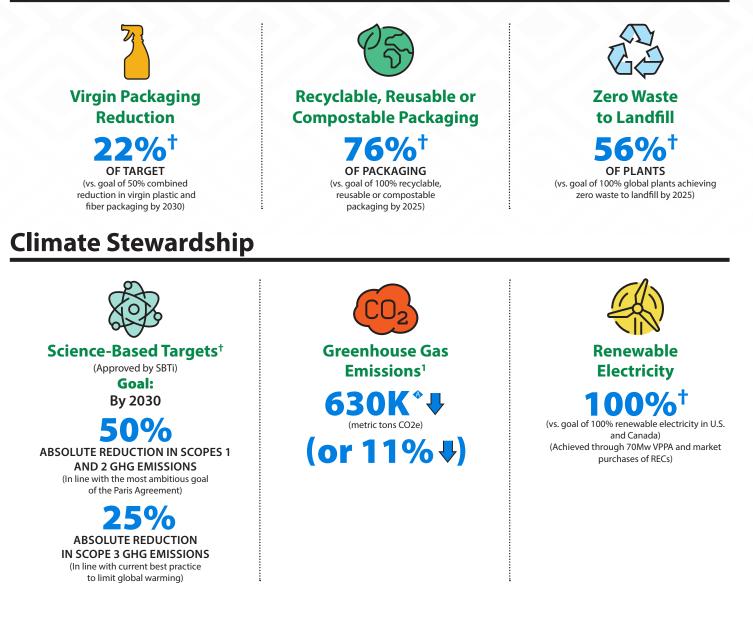
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## **Clean World**

Taking climate action and reducing plastic and other waste

## **Plastic and Other Waste**



Reviewed by Ernst & Young LLP. Please refer to pages 81-82 for the Review Report.

 <sup>†</sup> Refer to ESG Progress Update on pages 7-9 for additional information.
 <sup>†</sup> CY20 footprint includes scopes 1, 2 and 3 (partial) and percentage change versus CY18 baseline, per case of product sold. See Exhibit A on page 82 for more details on our CY20 GHG emissions reporting.



motivation from their work and would recommend the company as a good place to work. Performance is compared to the Perceptyx Fortune 500 and CPG benchmarks. Perceptyx's Fortune 500 benchmark is comprised of 72 companies from Fortune magazine's annual Fortune Global 500 list and includes 6.14 million survey responses. The Perceptyx CPG benchmark comprises employee survey results from organizations that produce consumer goods, including results from 33 companies and 1.46 million survey responses. <sup>2</sup> Refer to footnote 7, page 9.

<sup>3</sup> Financial equivalent of 54,000 volunteer hours, calculated at \$28.54 per hour, based on the 2021 U.S. value of volunteer time from IndependentSector.org. Less than 5% of these hours are by employees outside the U.S., but all are calculated using the U.S. average rate.

<sup>4</sup> Metric reflects spending with diverse suppliers, including minority, women, service-disabled and veteran-owned business enterprises as well as gay, lesbian, bisexual and transgender business owners in the U.S. and Puerto Rico.



## **Thriving Communities** (cont.) Diverse Representation Across Clorox<sup>1</sup>

**38%**°

(1, 178)

PEOPLE OF COLOR

NONPRODUCTION

**EMPLOYEES (U.S.)** 

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At Clorox, we believe diversity makes us stronger. When our team reflects the world around us, we're better able to innovate and serve our consumers globally. As part of our continued commitment to transparency and progress on our inclusion and diversity journey, we're now sharing our representation data by job category over a three-year period to show recent trends. In addition, our EEO-1 information, which is submitted annually to the U.S. Equal Employment Opportunity Commission, may be found on The Clorox Company <u>website</u>.

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## **Across the Company**

31% (391) PEOPLE OF COLOR NONPRODUCTION MANAGERS (U.S.)

52% (2,362) WOMEN NONPRODUCTION EMPLOYEES (GLOBAL) 46% (741) WOMEN NONPRODUCTION MANAGERS (GLOBAL)

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## In Leadership and Corporate Governance

**33%** PEOPLE OF COLOR BOARD MEMBERS (vs. 18% Fortune 500 average in 2020)<sup>2</sup>

PEOPLE OF COLOR

PRODUCTION

**EMPLOYEES (U.S.)** 

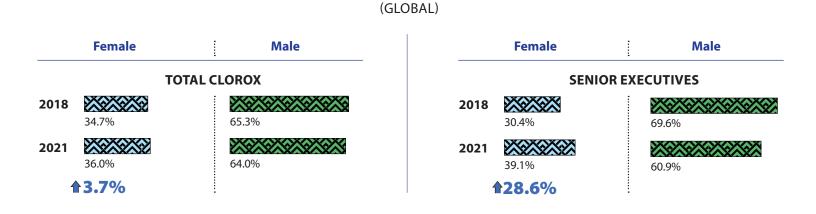
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42% WOMEN BOARD MEMBERS (vs. 27% Fortune 500 average in 2020)<sup>2</sup> 50% WOMEN CLOROX EXECUTIVE COMMITTEE MEMBERS 25% PEOPLE OF COLOR CLOROX EXECUTIVE COMMITTEE MEMBERS

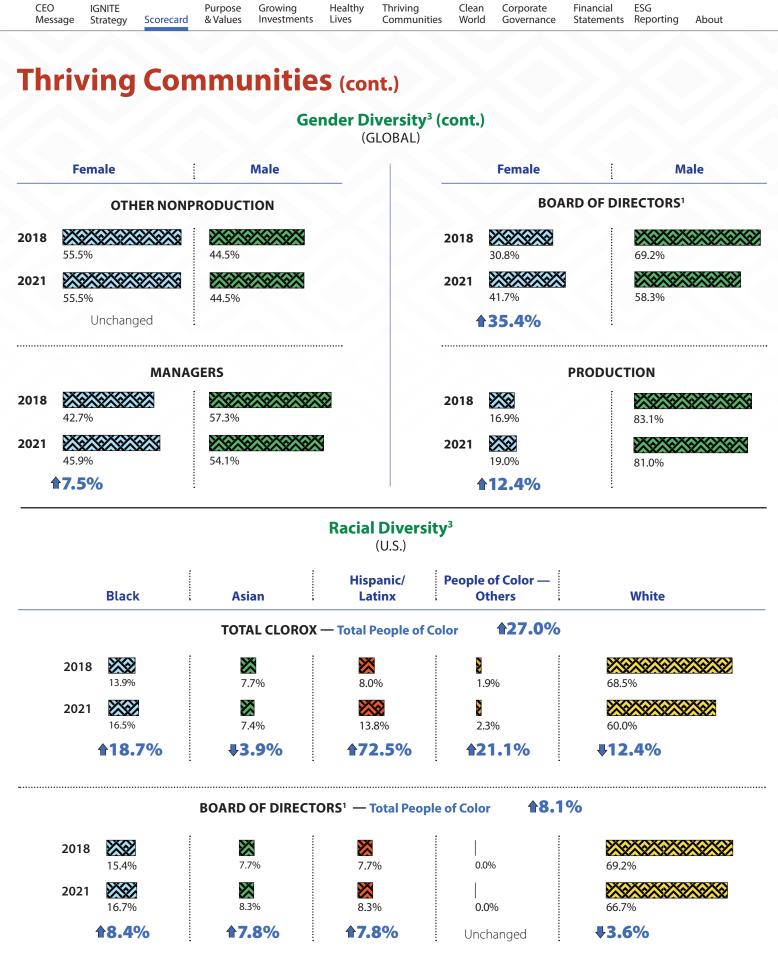


**Gender Diversity<sup>3</sup>** 

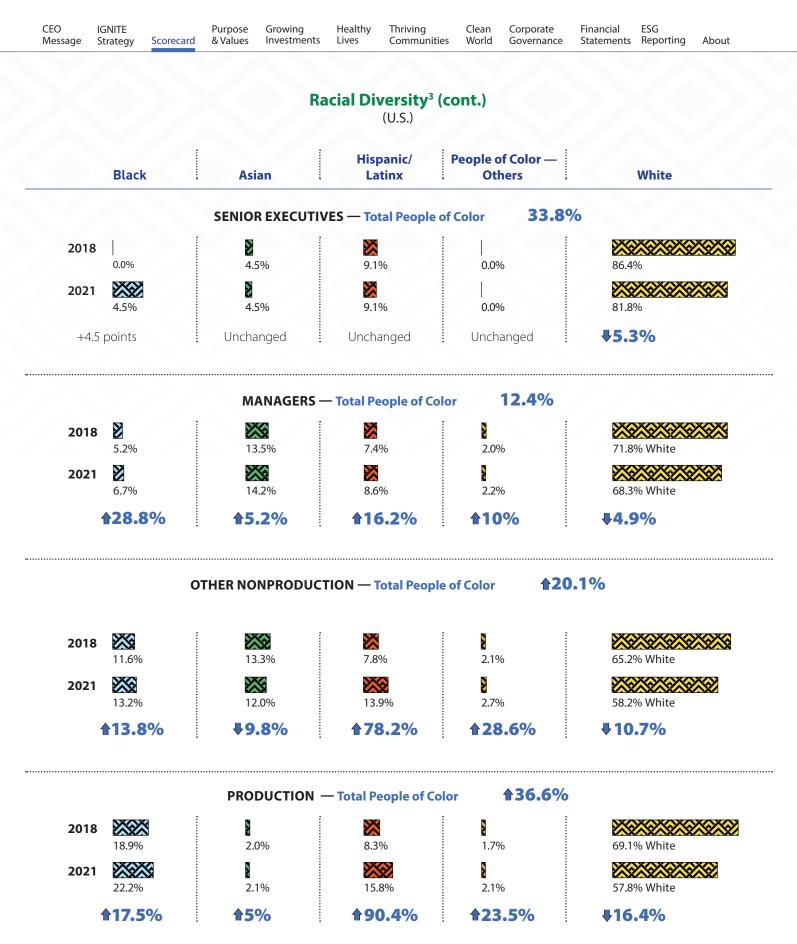
#### Reviewed by Ernst & Young LLP. Review report pages are 81-82.

<sup>1</sup> Diverse representation data as of June 30, 2021.

<sup>2</sup> "Missing Pieces Report: The Board Diversity Census of Women and Minorities on Fortune 500 Boards, 6th edition," Deloitte and the Alliance for Board Diversity, 2021.



<sup>1</sup> Fiscal year 2018 board data includes Benno Dorer, who was both chair of the board and CEO of the company, and differs from our fiscal year 2018 assured board data (see 2018 integrated annual report), which only includes independent board members. Employees of Nutranext – which was acquired in FY18 – are excluded from FY18 diversity metrics but included in FY21 diversity metrics due to timing of Nutranext integration with Clorox's system.



<sup>3</sup> Management's breakdown of job categories and demographic information provided is as follows: "Senior Executive" is defined as an employee at Grade 32 and above. "Manager" is defined as an employee at Grade 27 to 31 for U.S. employees and Grade 26 to 31 for international employees."Other Nonproduction Employee" is defined as an employee who works at an office location and is at Grade 26 and below for U.S. employees and Grade 25 and below for International employees. "Other Nonproduction Employee" is defined as an employee who works at a production location and is at Grade 26 and below for U.S. employees and Grade 25 and below for International employees. "Dther Nonproduction Employee" is defined as an employee who works at a production location and is at Grade 26 on below (International and U.S.). Grade levels are defined by Clorox's human resources compensation structure. The definitions for these categories differ from those of the metrics listed on the scorecard on pages 11-12. See page 82, which lists additional definitions for scorecard data. Employees of Nutranext – which was acquired in FY18 – are excluded from FY18 diversity metrics but included in FY21 diversity metrics due to timing of Nutranext integration with Clorox's system.

## **Financial Footnotes**

See footnotes below for descriptions of these not generally accepted accounting principles, or non-GAAP measures, how management uses them, the reasons management believes they are useful to investors, and reconciliations to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP. The non-GAAP financial measures should not be considered in isolation or as a substitute for the comparable GAAP measures and should be read in connection with the company's consolidated financial statements presented in accordance with GAAP.

#### <sup>1</sup> Reconciliation of EBIT and Adjusted EBIT

Dollars in millions	FY21	FY20	FY19
Earnings from continuing operations before income taxes	\$ 900	\$1,185	\$1,024
Interest income	(5)	(2)	(3)
Interest expense	99	99	97
EBIT – non-GAAP <sup>(i) (iii)</sup>	\$ 994	\$1,282	\$1,118
EBIT margin – non-GAAP <sup>(II) (III)</sup>	13.5%	19.1%	18.0%
Saudi JV acquisition gain (10)	(82)	\$0	\$0
VMS impairment <sup>(w)</sup>	\$ 329	\$0	\$0
Professional Products supplier charge <sup>(vi)</sup>	\$28	\$0	\$0
Adjusted EBIT – non-GAAP <sup>(i) (iii)</sup>	\$1,269	\$1,282	\$1,118
Adjusted EBIT margin – non-GAAP(ii) (iii)	17.3%	19.1%	18.0%
Net sales	\$7,341	\$6,721	\$6,214

BBIT (a non-GAAP measure) represents earnings before income taxes (a GAAP measure), excluding interest income and interest expense, as reported above. EBIT margin is the ratio of EBIT to net sales.

- <sup>(0)</sup> Adjusted EBIT (a non-GAAP measure) represents earnings before income taxes (a GAAP measure), excluding interest income, interest expense and other noncash charges (such as noncash asset impairment charges and other noncash, nonrecurring gains or losses), as reported above. Adjusted EBIT margin is the ratio of adjusted EBIT to net sales.
- In accordance with the SEC's Regulation G, this schedule provides the definition of certain non-GAAP measures and the reconciliation to the most closely related GAAP measure. Management believes the presentation of EBIT, EBIT margin, adjusted EBIT and adjusted EBIT margin provides useful additional information to investors about trends in the company's operations and is useful for period-over-period comparisons. These non-GAAP financial measures should not be considered in isolation or as a substitute for the comparable GAAP measures. In addition, these non-GAAP financial measures may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded. They should be read in connection with the company's consolidated financial statements presented in accordance with GAAP.
- On July 9, 2020, the company increased its investment in each of the two entities comprising its joint venture in the Kingdom of Saudi Arabia (Saudi joint venture). As a result of this transaction, a noncash, nonrecurring net gain was recognized of \$82 (\$76 after tax) in Other (income) expense, net in the quarter ended Sept. 30, 2020, primarily due to the remeasurement of the carrying value of the company's previously held equity investment to fair value.
- During the quarter ended March 31, 2021, noncash impairment charges of goodwill, trademarks and other assets were recorded of \$329 (\$267 after tax).
- <sup>60</sup> During the quarter ended June 30, 2021, noncash charges of \$28 (\$21 after tax) were recorded on investments and related arrangements made with a Professional Products strategic business unit supplier.

#### <sup>2</sup> Reconciliation of Economic Profit<sup>(i)</sup>

Reconcination of Economic Front			
Dollars in millions	FY21	FY20	FY19
Earnings before income taxes	\$ 900	\$1,185	\$1,024
Add back:			
Noncash U.S. GAAP charges (1)	357	2	2
Interest expense	99	99	97
Less:			
Saudi JV acquisition gain (iii)	(82)	—	_
Earnings before income taxes, noncash U.S. GAAP items			
and interest expense 🕅	\$1,274	\$1,286	\$1,123
Less:			
Income taxes on earnings before income taxes, noncash			
U.S. GAAP items and interest expense (v)	264	267	222
Adjusted after-tax profit	\$1,010	\$1,019	\$ 901
Less:			
After-tax profit attributable to non-controlling interest	9		_
Average capital employed (vi)	\$3,655	\$3,478	\$3,231
Less:			
Capital charge (vii)	\$ 329	\$ 313	\$ 291
Economic profit® (adjusted after-tax profit attributable to Clorox less capital charge)	\$ 672	\$ 706	\$ 610

<sup>®</sup> Economic profit (EP) is defined by the company as earnings before income taxes, excluding noncash U.S. GAAP items (such as restructuring, intragible asset impairment charges, and other noncash, nonrecuring gains or losses) and interest expense; less income taxes (calculated based on the company's effective tax rate), less after tax profit attributable to noncontrolling interests, and less a capital charge (calculated as average capital employed multiplied by a cost of capital rate). EP is a key financial metric that the company's management uses to evaluate business performance and allocate resources, and is a component in determining employee incentive compensition. The company's management believes EP provides additional perspective to investors about financial returns generated by the business to generate that profit.

<sup>60</sup> Fiscal year 2021 includes impairment charges of \$329 (after tax \$267) of which \$228, \$86, and \$15 related to the goodwill of the VMS reporting unit, certain indefinite-lived trademarks and other assets, respectively, and noncash charges of \$28 (\$21 after tax) on investments and related arrangements made with a Professional Products SBU supplier.

- On July 9, 2020, the company increased its investment in each of the two entities comprising its joint venture in the Kingdom of Saudi Arabia. As a result of this transaction, a noncash, nonrecurring net gain was recognized of \$82 (\$76 after tax) in Other (income) expense, net in the quarter ended Sept. 30, 2020, primarily due to the remeasurement of the carrying value of the company's previously held equity investment to fair value.
- <sup>64</sup> The tax rate applied is the effective tax rate before the identified noncash U.S. GAAP items, was 20.7%, 20.8% and 19.8% in fiscal years 2021, 2020, and 2019, respectively. The difference between the fiscal year 2021 effective tax rate on earnings of 20.1% is due to the tax rate impacts of the Professional Products supplier charge, VMS impairment, and Saudi JV acquisition gain of 0.1%, (0.4)%, and 0.9%, respectively.
- <sup>60</sup> Total capital employed represents total assets less noninterest-bearing liabilities. Adjusted capital employed represents total capital employed adjusted to add back current year after tax noncash U.S. GAAP items, deduct the current year after-tax noncash, nonrecurring gain. Average capital employed is the average of adjusted capital employed for the current year and total capital employed for the prior year, based on year-end balances. See below for details of the average capital employed calculation.
- <sup>(4)</sup> Capital charge represents average capital employed multiplied by a cost of capital, which was 9% for all fiscal years presented. The calculation of capital charge includes the impact of rounding numbers.

Dollars in millions	FY21	FY20	FY19
Total assets	\$6,334	\$6,213	\$5,116
Less:			
Accounts payable and accrued liabilities (vii)	1,670	1,327	1,033
Current operating lease liabilities	81	64	_
Income taxes payable	_	25	9
Long-term operating lease liabilities	301	278	_
Other liabilities (vii)	819	755	774
Deferred income taxes	67	62	50
Noninterest-bearing liabilities	2,938	2,511	1,866
Total capital employed	3,396	3,702	3,250
After tax noncash Ú.S. GAAP items®	212	2	1
Adjusted capital employed	\$3,608	\$3,704	\$3,251
Average capital employed	\$3,655	\$3,478	\$3,231

(\*\*\*) Accounts payable and accrued liabilities and Other Liabilities are adjusted to exclude interest-bearing liabilities.

<sup>3</sup> Reconciliation of Adjusted EPS <sup>(i)</sup>	Diluted Earnings Per Share Twelve Months Ended June 30			
Dollars in millions except per share data; shares in thousands	FY21	FY20	FY19	
As reported (GAAP)	\$5.58	\$7.36	\$6.32	
Professional Products supplier charge <sup>(ii)</sup>	0.17	_		
VMS impairment <sup>(ii)</sup>	2.10			
Saudi JV acquisition gain <sup>(iv)</sup>	(0.60)	_	—	
As adjusted (Non-GAAP)	\$7.25	\$7.36	\$6.32	

<sup>(II</sup> Adjusted EPS is supplemental information that management uses to help evaluate the company's historical and prospective financial performance. The company's management believes that by adjusting for certain nonrecurring or unusual items, such as significant losses/(gains) related to acquisitions, impairment charges and other nonrecurring or unusual items, investors and management are able to gain additional insight into the company's underlying operating performance on a consistent basis over time.

<sup>(0)</sup> During the quarter ended June 30, 2021, noncash charges of \$28 (\$21 after tax) were recorded in connection with investments and related arrangements made with a Professional Products SBU supplier.

During the year ended June 30, 2021, noncash impairment charges of goodwill, trademarks and other assets were recorded of \$329 (\$267 after tax) related to the VMS SBU.

On July 9, 2020, the company increased its investment in each of the two entities comprising its joint venture in the Kingdom of Saudi Arabia. As a result of this transaction, a noncash, nonrecurring net gain was recognized of \$82 (\$76 after tax) in Other (income) expense, net in the quarter ended Sept. 30, 2020, primarily due to the remeasurement of the carrying value of the company's previously held equity investment to fair value.

#### <sup>4</sup> Reconciliation of Free Cash Flow

Dollars in millions	FY21	FY20	FY19
Net cash provided by operations (GAAP)	\$1,276	\$1,546	\$ 992
Less:			
Capital expenditures	(331)	(254)	(206)
Free cash flow (non-GAAP)	945	1,292	786
Free cash flow as a percentage of net sales (non-GAAP)	12.9%	19.2%	12.6%
Net sales	\$7,341	\$6,721	\$6,214

The company's management uses free cash flow and free cash flow as a percent of net sales to help assess the cash generation ability of the business and funds available for investing activities, such as acquisitions, investing in the business to drive growth, and financing activities, including debt payments, dividend payments and share repurchases. Free cash flow does not represent cash available only for discretionary expenditures, since the company has mandatory debt service requirements and other contractual and nondiscretionary expenditures. In addition, free cash flow may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded. IGNITE

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# PURPOSE & VALUES

Whether doing all we can to support employee safety or bringing joy to life's everyday moments for consumers, our company purpose to champion people's well-being is a strong motivator. At the heart of our business success is a resolve to do this work while operating ethically, putting people at the center of our decision-making and always maintaining a competitive edge.

## **NEW COMPANY PURPOSE**

We champion people to be well and thrive every single day.

## REFRESHED VALUES

 Do the right thing Put people at the center • Play to win

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The brand made us feel valued. They saw our love for Hidden Valley Ranch and showed us they love us back.

> **Makayla and Halie** Hidden Valley Ranch superfans Geneva, Nebraska

CEO

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# **PURPOSE & VALUES**

From our inception in 1913, The Clorox Company has stood for health and wellness. We started out as an industrial manufacturer, selling bleach to places like hospitals, schools and food manufacturers that needed to maintain a germ-free environment. Early on, we began selling a less-concentrated product for household use, not only to brighten laundry but also to clean and disinfect surfaces and — during wartime and following natural disasters — make contaminated water safe to drink.

## **A New Purpose and Refreshed Values**

Our heritage and commitment to do the right thing guided us last year during a time of uncertainty, and we focused on supporting the health and wellness of our teammates, consumers and communities. These decisions helped crystallize our company purpose: We champion people to be well and thrive every single day.

Our purpose starts from within. Ensuring the health of our teammates means providing a safe work environment, but it also means building a workplace culture that celebrates diversity and enables everyone to contribute, grow and do their best work.

We champion our consumers to be well and thrive by making the world around them cleaner and healthier, by strengthening their bodies and minds, by bringing them together to enjoy a good meal, by caring for the pets they love, by bringing a little more joy to each and every day.

And, lastly, it's a commitment we make to champion the people in our communities, support justice and equality, and make our planet healthier for everyone.

The purpose of our purpose? It is our why — why we do what we do. Guiding our choices, our actions and the commitments we make to all of our stakeholders.



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## **Refreshing Our Values**

Development of the new company purpose, which was announced in fiscal year 2021, also informed our transition to a refreshed set of values to better reflect who we are today and who we aspire to be tomorrow, while maintaining a connection to who we've always been.

"Do the Right Thing" has long been part of our DNA, and it remains a company value. By leading with integrity, we earn people's trust — in every moment and with every choice. Growing our business is important, and it must be done the right way. When facing a decision, this value will continue to guide us in making the right choice.

"Put People at the Center" is a new value that's nonetheless familiar to us. We've always been a peoplecentered company; in fact, it's something we built into our IGNITE strategy in 2019. As the world faced daunting challenges during the past year, we put those words into action. That meant keeping our team members safe in an uncertain environment, focusing on our products that met people's most urgent health and safety needs, and stepping up to create a more just and equitable world. The words will continue to guide us as we strive to be better.

"Play to Win" speaks to our growth aspirations and resolve to achieve them. In an environment where the only constants are change and rising consumer expectations, we know we'll need to embrace new ways of thinking, be courageous in our decisions, become more resilient and aspire to something bigger.





## Driving Success With an Intentional Approach to Talent

Putting people at the center and expecting everyone to play to win is a strategic imperative at Clorox that will help each team member be successful and achieve better outcomes. Our approach to talent management has to be consistent with that goal. In fiscal year 2021, we established a framework called Talent@CLX, assigning six dimensions to that work — performance, behaviors, differentiation, responsibility, transparency and flexibility — and began to review all our talent practices to ensure they were aligned with this new talent approach.

We also outlined expectations for everyday behavior and what it means to be guided by our purpose, values and strategy. We called this Success@CLX — something that requires head, heart and guts. Using your head, you know where you need to go and are determined to get there.

Putting people at the center to help everyone play to win, be successful and achieve better outcomes is a strategic imperative at Clorox.

With your heart, you invest in helping teammates be their best. And it takes guts to set a high bar and persevere. All three behaviors, practiced every single day, are critical to being successful at Clorox.

Our purpose informs all of our choices. Our values help define who we are. Together, they drive us to make a unique and positive impact on the world around us.



## **Brand Purpose and Commitments**

Individual business units continued the important work of pursuing purpose-driven work, including environmental and social commitments. It's an approach consistent with our corporate strategy, purpose and values as well as a priority for many of our stakeholders. Additionally, many of our businesses declared or refreshed their own brand purposes and detailed actions that would help bring them to life.

## Hidden Valley Ranch

Everyday moments in life can be the ones that are most meaningful. The Hidden Valley business has taken that to heart.

## **Sparking Joy**

Everyday moments in life can be the ones that are most meaningful. Hidden Valley Ranch super fans — who find joy in everything ranch, from the product itself to proclaiming their love for it — understand that. The business has taken that to heart, coalescing around an approach to spark people to create food joy in their own original ways. In fiscal year 2021, we continued to feed that need through perennial offerings in our online swag store, with top sellers like the RANCH sweatshirt, a lifetime supply of Hidden Valley Ranch and, for the very first time, ranch bottles with personalized labels. One ordered for Valentine's Day 2021 included a marriage proposal! Honored to be a part of this special occasion, Hidden Valley wanted to do more. With the custom ranch bottle at the heart of the proposal, the brand also gave the couple the perfect setting for a proposal: a romantic getaway. The purpose? To celebrate the couple's love and their love of ranch — in a big way.

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Hidden Valley

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## **Delivering on a Circular Economy and Positive Societal Impact**

Building on its prior goal period accomplishments, the Burt's Bees business established a new 2025 vision to foster a circular economy. In fiscal year 2021, the CarbonNeutral-certified brand launched its first waste-free product in partnership with TerraCycle's Loop program and began working with The Recycling Partnership to fund infrastructure improvements in U.S. municipal recycling systems. It's also aiming to cut use of virgin packaging materials by a third by 2025 and by half by 2030. It will strive to make all its packaging 100% recyclable, reusable or compostable.

Making a positive social impact is another important priority for Burt's Bees. The business will more than double its commitment to enhancing the livelihoods of over 50,000 people in communities where ingredients and packaging are sourced and products are made, including by investing in 20 ingredient partnerships that help safeguard access to clean water; support women's and children's empowerment; and promote health, safety and biodiversity. Additionally, through responsible sourcing assessments and third-party audits, it will continue to focus on ensuring the well-being of workers, upholding human rights along with the highest health, safety and labor standards and practices as well as business ethics and environmental protection. For more information on Burt's Bees' efforts to enhance suppliers' health and well-being initiatives, see the Thriving Communities section of this report.



Glad

**Doing More to Waste Less** 

Our Glad business is creating new solutions and

reduce overall material use. It has declared specific

sustainability targets to reduce its environmental footprint by 2030 within four distinct pillars: product, production, packaging and partnerships. Minimizing dependence on virgin materials will deliver the greatest

impact, and through 2020, Glad has successfully reduced virgin plastic use across its trash business by 13% and across both trash and food protection by 48%. As of January 2021, Glad converted to 100% renewable electricity across its North American operations and announced that 99% of its packaging is now recyclable,

Lastly, the brand announced a partnership with Recyclops, a technology-enabled sustainability and recycling startup, to expand access to recycling for more than 100,000 U.S. households that are currently without viable curbside options. For more information about Glad's sustainable innovation efforts, see the Growing Investments section of this report or visit

www.glad.com/sustainability.

systems to divert material from landfills and

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## Making Water Good for People and the Planet

For the leader in at-home water filtration products, it's important that the way we consume water is not only good for people but also good for the environment. Using its 2020 life cycle analysis, the Brita business set goals for the planet of having zero plastic waste to landfill by 2030<sup>1</sup>, creating completely curbside recyclable packaging, developing innovation that will lower its carbon and plastic footprint, and removing 20 billion single-use plastic water bottles from circulation per year by 2030. It also set a goal of providing 500,000 people with access to clean water in vulnerable U.S. communities with poor-quality tap water by 2024 and 1 million people by 2030. By the end of fiscal year 2021, the business had eliminated 12.6 billion singleuse plastic water bottles and announced a partnership with environmental organization Parley for the Oceans to address the interconnected global crises of plastic waste and water scarcity.



<sup>1</sup> Plastic waste = Brita products made of plastic, including nonrecyclable filters, single-use films, systems (pitchers, dispensers) and hard-sided plastic bottles.

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# GROWING **INVESTMENTS**

Investing behind our brands and people to drive long-term growth

+7M **DISINFECTING WIPES** 250+ **CANISTERS PER MONTH** From new production line NEW PRODUCTS Innovation launched in FY21 2/3+**OF TOTAL MEDIA SPENDING ON DIGITAL** 

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Wipes, kills covid-19 virus Fresh Scent 35 wipes

## 6699

It was important for us to step up production quickly to fulfill the unprecedented demand for Clorox wipes. I'm proud of the people at Atlanta West for making a lasting impact on our company and the consumer at a time when our brand was needed most.

> **Murray Jenkins** Plant Manager Forest Park, Georgia

CEO

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At Clorox, we deliver purpose-driven growth by meeting rapidly changing consumer needs as well as by investing in our strong brands and our people. Even as we continued to address a confluence of challenging conditions in fiscal year 2021, we didn't ease up on our investments. By keeping our focus squarely on those priorities — as outlined in our IGNITE strategy — we believe we'll be well positioned for the long term.

## **Capital: Expanding Capacity to Better Meet Demand**

## **Adding a New Production Line in Our Wipes Plant**

To meet unprecedented demand for our disinfecting products during the pandemic, we identified ways to expand product supply wherever possible. In addition to further expanding our third-party contract manufacturers, we launched a second production line for disinfecting wipes in March at our Atlanta West facility in Forest Park, Georgia.

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To complete this new line, we worked with federal agencies to facilitate the import of equipment and visa approvals for external contractors from around the world, adhering to strict COVID protocols throughout the process. While prioritizing safety, our dedicated team expedited the normal timeline by more than a year. Just nine months after commissioning the project, we started production. The new line — capable of producing 7 million canisters per month — increased our total wipes production capacity to 1.5 million packs per day, with further rampup planned through the end of the calendar year. In the process, we created close to 100 new jobs in metro Atlanta.

> Increased our total wipes production capacity to

PACKS PER DAY



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## **Breaking Ground on a New Cat Litter Plant**

During the past year, we saw heightened demand across our portfolio as consumers spent more time at home cooking, cleaning and caring for their pets. As a result of continued momentum in our cat litter business, we broke ground on a state-of-the-art facility in Berkeley County, West Virginia, which will manufacture Fresh Step, Ever Clean and Scoop Away products. The new manufacturing plant, which will start operations in 2022, is projected to bring nearly \$200 million in economic investment to the region and create approximately 100 jobs. In addition to offering salaries above the county average, the jobs come with benefits such as health and dental coverage, a retirement program with employer matching, paid sick leave and training and development opportunities.



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Construction began for a new state-of-the-art cat litter plant in Berkeley County, West Virginia.



As part of our commitment to do the right thing, our team has built relationships with residents, area businesses and state and local government officials. We're communicating regularly with neighbors about construction updates and featuring adoptable cats from a local shelter. In addition, the team has participated in regular meetings with Rotary clubs, the chamber of commerce, local schools and daycare facilities, as well as making donations to schools, youth and civic organizations and animal shelters.

While embracing the community, we've shown our ongoing commitment to protecting the planet too. By using nearby rail to transport local limestone — a key ingredient in our cat litter — we'll minimize use of road transportation and reduce our carbon footprint. It's estimated that rail produces 75% fewer greenhouse gas emissions than trucks.

From maximizing supply of our disinfecting wipes to breaking ground on a new manufacturing plant, in fiscal year 2021 we reaffirmed our commitment to investing in our businesses to drive long-term growth and support the well-being of our own people as well as our communities.



## Innovation: Bigger, Faster and Bolder for Superior Value

Innovation remains a cornerstone of our IGNITE strategy, critical to our growth plans. While products remain at the core, our approach has evolved to expand the innovation ecosystem, allowing us to scale original ideas to make them much bigger and come to life much faster.

We continued to build bigger, more enduring innovation. Through extensions focused on sustainability and well-being, our innovation takes a longer-term focus, with many of our platforms, such as Fresh Step Clean Paws and Clorox Scentiva, still growing years after their introduction.

### **Multitype Innovation: Beyond the Product Idea**

Another recent area of emphasis has been multitype innovation, which involves looking at new ways to innovate beyond the product itself, such as through subscriptions and services. This expands the overall ecosystem to get to bigger ideas that improve the overall consumer experience.





## Glad: Supporting a Circular Economy Through Community, Retailer Recycling Initiatives

For example, building on the big idea of more sustainable trash, in fiscal year 2021 we went beyond our original product innovation to form a partnership with Recyclops that's expanding access to recycling services in suburban and rural communities where services don't currently exist. The partnership also is experimenting with ondemand recycling services in urban markets where those

ces often fall short. To reduce waste created in the ing process, we began working with our retail ers to recover previously discarded plastic waste the potential to reuse it to make trash bags for them I from those recovered materials. This innovation orts a circular economy that reduces waste in the y chain. IGNITE

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## KING FORD GRILL & BOX

### Kingsford: Making Grilling More Accessible

Another example of multitype innovation came in our Kingsford business, where we launched a first-of-its-kind service to make the grilling experience accessible to first-time grillers. To deliver a complete outdoor grilling experience, we partnered with a restaurant start-up company to establish a convenient door-todoor delivery service providing everything needed for a backyard barbecue — the food, the grill, the utensils and the Kingsford briquets.













## Brita: Meeting Needs of Municipalities Without Clean Drinking Water

Tapping into its greatest asset, our Brita business has taken a step to help advance public health in communities that discover lead contamination caused by old lead service lines. By partnering directly and through third parties with municipalities affected by lead contamination and other safety issues, we're finding ways to help households in need have access to clean drinking water. We're offering an integrated solution for these communities --- most recently in Denver, Colorado, and Clarksburg, West Virginia — with both testing and product solutions.

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All told, we introduced more than 250 new products around the world throughout the year, with dozens of additional multitype test-and-learn initiatives introduced across the U.S. While innovation has taken various forms and will continue to expand across multiple focus areas, it remains rooted in building trusted brands people love.





## Clorox

- Clorox<sup>®</sup> Scentiva<sup>®</sup> (Tahitian Grapefruit Splash<sup>®</sup> scent in wipes and sprays)
- Clorox disinfecting wet mopping cloths (Rain Clean<sup>®</sup> scent)
- Clorox multi-purpose paper towel wipes
- Clorox disinfecting wipes To Go Pack (20-count)
- Clorox Turbo<sup>™</sup> Power electrostatic sprayer and disinfectant cleaner
- Clorox disinfecting all-purpose cleaner
- Clorox Clinical<sup>™</sup> disinfecting wipes and sprays

#### CloroxPro

- Clorox TurboPro<sup>™</sup> handheld electrostatic sprayer
- Clorox Turbo Pro<sup>™</sup> disinfectant cleaner for sprayer devices





#### **Burt's Bees**

- Burt's Bees Rescue balm
- Burt's Bees Squeezy tinted lip balm

#### **Hidden Valley Ranch**

- Hidden Valley Secret Sauce (Golden flavor)
- Hidden Valley Original Ranch<sup>®</sup> Plant Powered topping and dressing

- **Fresh Step**
- Fresh Step<sup>®</sup> with Febreze freshness and Gain scent litter
- Fresh Step Clean Paws® Calm litter

### Kingsford

• Kingsford hardwood pellets (Classic, Hickory, Signature, Maple, Cherrywood)



#### **Renew Life**

New and improved platform



• Brita<sup>®</sup> Longlast+ filters

#### Glad

- Glad with Clorox trash bags
- Glad ForceFlex Plus trash bags (with 50% recovered plastic)



#### **INTERNATIONAL**

#### Clorox

 Clorox Expert<sup>™</sup> disinfecting wipes



 Improved platform with new fragrances plus disinfection with Clorox endorsement

## Ever Clean

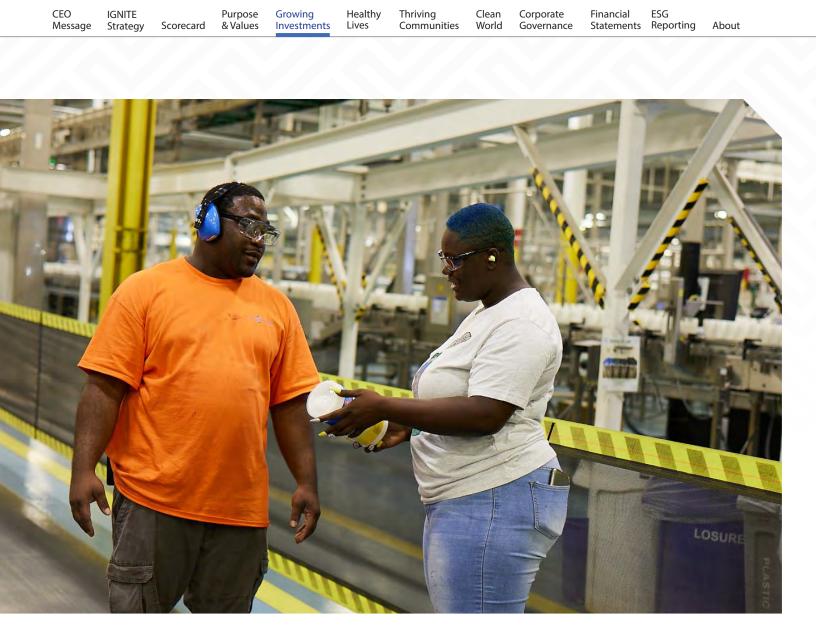
 Ever Clean<sup>®</sup> Spring Garden cat litter

## **Burt's Bees**

Res-Q platform



- Glad
- Glad to Be Green<sup>™</sup> 50% Plant Based platform



## **People and Technology**

Investing in both our team and technology capabilities is critical if we're to continue elevating our performance in order to better serve all our stakeholders.

#### Supply Chain: Digital Planning to Support Demand Response

We continued our multiyear journey to accelerate the technology transformation of our supply chain across a digital supply network. Through the commitment of our teams and ongoing strategic investments, we overcame unique challenges in fiscal year 2021 to increase product supply for our communities in support of public health.

In a rapidly evolving marketplace, supply chain planning is critical to ensure adequate inventory, capacity and material availability. Scenario planning is important to enhance responses during times of global uncertainty, while automation helps create greater employee efficiency. A tool that serves those needs for us is our digital planning platform. Implemented across Latin America in fiscal year 2021 as part of a global rollout, this next-generation, cloud-based technology provides a variety of capabilities to help our teams more accurately plan for product demand and supply. It provides real-time visibility to pinpoint which customers are driving demand so we can monitor orders, identify issues and proactively engage with their teams. Additionally, we can adjust forecasts in a matter of minutes versus days, which leads to faster information flow to production facilities and greater responsiveness to changes.



## **Transportation Management: Driving Safety** and Efficiency

In responding to unprecedented demand for our products during the pandemic, safety and efficiency of our transportation network were top priorities. Our new transportation management system was critical in helping us track shipments of raw materials to our plants and finished product to our customers in real time. We launched new capabilities, including integrated reporting on export shipments from the U.S., increased visibility and reporting on returns, and an integrated dock scheduling platform to increase the efficiency of pickups and drop-offs. The transportation management system also delivered substantial cost savings in fiscal year 2021.

To enhance the safety of drivers, supplier partners and our distribution teams, we also reimagined the pickup and delivery process to eliminate physical contact. Historically, drivers and plant employees swapped papers, signatures and information face-to-face, but this changed during the pandemic. Today, in our Atlanta-area facilities, this process is managed through a mobile app, which drivers use to notify the plant of their arrival and delivery or pick-up contents. The team can message the driver with any special instructions and track the driver's movements while onsite. Finally, the driver provides a signature and photographs the load to document it, and everything is saved to the cloud and accessible in seconds. We expect this process to be reviewed and rolled out more broadly pending approval in other regions.

#### **Product Quality: Commitment to Trust**

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Since our founding in 1913, we've delivered high-quality products that consumers trust across our portfolio. While many things have evolved over time, our commitment to quality has remained constant. In fiscal year 2021, we completed the global rollout of our digital guality management system. This cloud-based tool gives us insights and visibility of critical data at our fingertips. As a result, we can better track and measure the quality of raw materials and finished goods across our supply chain while ensuring compliance, reducing risk and minimizing waste from processes that had been manual. All business units now use the same integrated system for global quality processes, which results in faster, more efficient and more informed decision-making.



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#### Digitally Enabled Workforce: Serving Our Future Needs

As part of the broader Reimagine Work choice within our IGNITE strategy, we're galvanizing our people to drive growth by simplifying our operations and moving more quickly. Streamlined processes with more modern technology will help us accomplish that.

With COVID providing an additional catalyst for change, Clorox began the transformation of work initiative in fiscal year 2021 focusing on the future of work and a digitally enabled workforce. A cross-functional team is working to create a more uniform digital experience that could include a unified workforce platform, personalized and secured with identity access and utilizing artificial intelligence and machine learning, to enhance critical capabilities and deliver IGNITE. The goal is to support the needs of a hybrid workforce while at the same time preserving what's good for our business.

> The transformation of work initiative will support the needs of a hybrid workforce while preserving what's good for our business.



Leaders need visibility across multiple businesses and functions, with a consolidated view of the company's operations and performance.

#### Data-Driven Insights: Supporting Better, Faster Decision-Making

We're making big investments in our capabilities to support effective decision-making with improved efficiency and agility across our enterprise and businesses.

With a large portfolio of brands, leaders need visibility across multiple businesses and functions, with a consolidated view of the company's operations and performance. In fiscal year 2021, we built a cloud-based enterprise data and business intelligence solution incorporating information from those different sources. This "single source of truth" on insights enables teams to reach consensus more easily and drive quicker business decisions. In support of this data-driven approach, we're continuing to invest in privacy and security as well as developing a governance model.

This initiative was part of a broader effort to transform the way we work by making the right data available with the right level of analytic power. For example, in fiscal year 2021 we modernized and transformed the finance forecasting process, creating a more holistic view that operates from a common platform. We also developed a more forward-looking approach for category forecasting, building analytic models into the process to help account for uncertainties such as inflation, recessions and pandemics.

The transformation has the power to impact the entire way we develop insights. In fiscal year 2021 we initiated a pilot to automate insight generation using natural language processing and machine learning. These techniques provide visibility into patterns that might be missed through human analysis. Not only is this approach faster, more efficient and more thorough, but it also empowers decision-making and enables the company or businesses to pivot quickly.





## **Advertising and E-Commerce**

We increased advertising investments across our portfolio to support a robust innovation program in fiscal year 2021. Those investments represented 11% of sales, compared to 10% last year. With more people purchasing our products online — a trend spurred further by the pandemic digital continued to grow, reaching more than two-thirds of our overall media spend.

#### **Personalization: Tailoring Content to Build Relationships, Drive Results**

We believe a personalized experience translates to brand loyalty — which, in turn, supports growth. As part of our IGNITE strategy, our goal is to customize the majority of

consumer interactions by getting to know 100 million users in the U.S. by 2025. To accomplish this, we've broken it down into three actions: 1) knowing more about people; 2) generating more content; and 3) orchestrating experiences.

Building on our year one progress, we're now over 50% of the way to our goal of establishing these consumer relationships. For us, knowing more about people means understanding preferences so we can deliver the types of products and information that are relevant and useful to them.

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#### **Clorox: Using AI, Chatbots to Reach Consumers With Vital Public Health Information**

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Last year when COVID-19 hit, we wanted to be able to provide support during a time of heightened anxiety, especially as the supply of our disinfecting products couldn't keep up with unprecedented demand. Our Clorox brand turned to artificial intelligence and chatbots to provide consumers with vital information about sanitizing and disinfecting, including how Clorox can help prevent the spread of SARS-CoV-2, flu and other viruses on hard surfaces. Through machine learning and natural language processing technology, we were able to respond to questions and understand user intent so sanitizing and disinfecting recommendations were tailored specifically to the consumer. A chatbot was incorporated into digital ads and as a pop-up on the COVID resources hub of the brand's website, which was also promoted through a QR code in national free-standing inserts. The initiative exceeded activation and engagement benchmarks, with users going on average three "conversations" deep per visit. Nearly two-thirds of those surveyed were satisfied or very satisfied with their experience, demonstrating the utility of educational information provided through the chatbot, especially in an environment where there were supply challenges.

Through machine learning and natural language processing technology, sanitizing and disinfecting recommendations were tailored specifically to the consumer.

## **Stronger Connections**

Burt's Bees: Delivering Personalized Content for

With its holiday campaign, the Burt's Bees business was able to deliver content that was personalized and therefore more relevant to consumers, enhancing the chances for a stronger connection. A comprehensive set of assets was created that felt unique to the brand while also being seasonally relevant and distinct from everyday assets. Our first-ever "unboxing" video — showing gift set packaging being "opened" through a series of sequences across social media and retailer sites --- conveyed brand spirit and product benefits, all in 15 seconds. The brand also designed a fully digital shopping journey with the right content at the right time to enable fully omnichannel experiences, reaching consumers regardless of the way they shop. As a result, the holiday campaign generated positive sales growth for the brand.



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A fully digital shopping journey

with the right content at the right

time generated positive sales

growth for the brand

#### Kingsford: Using Data to Create Shopper Experiences That Matter

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Shopper experiences that are successful are also grounded in data to determine what matters to consumers. With families cooking more meals at home, in fiscal year 2021 Kingsford worked with grilling partner Masterbuilt to create a YouTube content series, which included bringing 30-minute meal inspiration to consumers. The content series saw a 19% improvement in engagement compared to other creative content, driving 37 million clicks.

To establish relationships at scale, we're continuing to transform our data strategy as well as evolve brand engagement across our portfolio.



With families cooking more meals at home, the series saw a 19% improvement in engagement compared to other creative content, driving

37M



#### **Investing in our Future**

We're investing \$500 million over the next five years to enhance our digital and people capabilities. This investment, which starts in fiscal year 2022, will drive productivity and better position the company in supply chain, digital commerce, innovation and brand building over the long term.



#### **Accelerating E-Commerce**

Creating a frictionless shopping experience for consumers — whether they want to shop in person or online — was already a priority for Clorox before the pandemic shifted buying habits dramatically and suddenly. Thanks to our leading brands as well as capabilities that encompass physical and digital, including insights, we're able to keep providing a competitive advantage to our retail partners.

To continue acceleration of our e-commerce business, we created a new organizational model that embeds these capabilities into our business units, integrates key people and incorporates critical elements into all brand strategies and plans, including innovation, packaging, content and supply chain. We also created a new team focused on developing the enterprise capabilities required to accelerate e-commerce growth for Clorox and our customers.

As e-commerce grew in fiscal year 2021 to about 13% of total net customer sales — nearly doubling in two years — this new model represents another step in creating a seamless omnichannel experience that makes it easier for consumers to get the brands they want, find the product information they need and choose the purchase method they prefer.

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Guided by our IGNITE strategy, we continued to evolve our portfolio to meet people's needs. During the pandemic, they've been focused on staying safe and comfortable at home. With a diverse portfolio, Clorox has been uniquely suited to support consumers' evolving preferences and priorities.

#### Global Disinfecting Strategy: Serving People's Needs Wherever They Are

Before the onset of the pandemic, most people thought of cleaning as an activity they only did in their own homes. The pandemic shifted this behavior, prompting more people to consider the importance of cleaning and disinfecting away from home. Today they're much more cognizant of ways that viruses like COVID-19 — but also cold and flu, MRSA and other germs — can spread.

In response to this consumer shift, our cleaning business adopted a growth strategy to build a truly global cleaning and disinfecting brand. The approach involves developing a strong ecosystem with more growth runways, including strategic partnerships, new technologies and new channels and markets.

Most notably, we continued to build out our newly established Out of Home business to provide support to companies as they incorporate new processes, technologies and disinfecting products into their





practices and work to restore consumer confidence as more people leave their homes for entertainment, travel and other activities post-pandemic. In fiscal year 2021, we added Enterprise Holdings, which includes the Enterprise, Alamo and National rental car brands; Live Nation; MGM Resorts International; National Basketball Association and Women's National Basketball Association; and National Hockey League to our roster. We also became the official cleaning partner of NBA, WNBA and NHL arenas in Atlanta, Chicago, New York, San Francisco and Washington, D.C.

The cleaning business also launched innovation to satisfy this consumer mindset. For example, our Clorox brand created new one- and 20-count disinfecting wipes on-thego packs, significantly increasing on-the-go distribution and giving people a portable option for when they leave their homes.

Additionally, the brand introduced new technologies such as the Clorox TurboPro electrostatic sprayer, which is intended for small and large businesses. To develop technology beyond surface disinfection, we entered into an exclusive multiyear trademark licensing agreement with Hamilton Beach Brands Inc. — a market leader in small household appliances — to launch a line of premium air purifiers under the Clorox brand name that will remove 99.97% of allergens and particulates from pollen, dust, smoke and mold.

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With every region around the world affected by COVID-19, there was strong demand for our disinfecting wipes beyond the U.S. To meet that demand, we established a dedicated international supply chain in less than five months from original concept to start of shipment. The new supply chain allowed us to launch our new Clorox Expert disinfecting wipes line in more than 30 countries.

Given the severity of the pandemic, in fiscal year 2020 we began focusing on a small group of critical products so we could streamline manufacturing and get as many wipes into consumers' hands as possible. As more of the U.S. population became vaccinated and COVID-19 restrictions continued to ease, we began to resume production of a full assortment of Clorox products people have come to expect to see on shelf in their stores. Late in the 2021 fiscal year, products such as Clorox Scentiva wipes, Clorox compostable cleaning wipes and multipack canisters of Clorox disinfecting wipes were all reintroduced.



ESG

A dedicated international supply chain allowed us to launch our new Clorox Expert disinfecting wipes line in





#### **Household and Lifestyle: Enhancing People's Well-Being**

Similarly, our household and lifestyle brands — from food to vitamins — provided an important function for consumers as they spent more time at home and prioritized their well-being.

A number of our businesses adapted their offerings to serve people's unique needs during the pandemic. Innovation such as the Kingsford 100% hardwood pellets; Brita LongLast+ filter; and Glad ForceFlex with Clorox trash bags, which eliminate food and bacterial odor throughout the product, helped enhance people's comfort and wellbeing while at home.

With everyone focused on staying well, our vitamins, minerals and supplements business provided support to consumers seeking more balance in their lives. The business relaunched its RenewLife brand, with products designed to support priority areas such as digestive wellness and immune health, with a core emphasis on meeting women's needs. Similarly, the Natural Vitality CALM brand crystallized its role around helping consumers take care of their mental and physical wellbeing. Specifically, the brand highlighted product benefits that included offering a healthy response to stress.

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# **HEALTHY LIVES**

Improving people's health and well-being

## **0.26** Safety incidents per

Safety incidents per 100 employees in FY21

CLOROX COMPANY BRANDS IN 9/10 U.S. HOMES

> Donated **\$1**M TO ESTABLISH PUBLIC HEALTH RESEARCH FUND AT CLEVELAND CLINIC

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## 6699

Having extra support to manage my anxiety helped me gain confidence, establish boundaries and feel more secure — ultimately leading to greater productivity, better work-life balance, healthier habits and more gratitude for every day.

> **Nate Dias** Global Disinfection Devices Engine Research and Development Pleasanton, California

## **HEALTHY LIVES**

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Clorox is a health and wellness company at heart.

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We prioritize the safety and well-being of our employees, taking a holistic approach to caring for them and their families. We do that through benefits and programs designed to support their physical, mental and financial well-being.

Our diverse portfolio of products kill germs, clean water, enhance nutrition, harness the power of nature and more. And we provide transparency about our ingredients in order to help consumers make the best choices for them.

Through these actions and more, we contribute to a healthier world.

## **Employee Well-Being**

#### **Making Safety Personal**

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Our focus on safety is another example of our commitment to the well-being of our people reflected in our IGNITE strategy. We fulfill that pledge through a combination of education, training and related policies, while also operating in compliance with the U.S. Department of Labor's Occupational Safety and Health Administration guidelines or the applicable requirements in the countries where we operate. This priority was particularly important as the company continued to navigate the global pandemic and implemented enhanced safety protocols across our facilities, including preventive detection measures, contact tracing, frequent cleaning and sanitizing, required use of personal protective equipment, adjustment of work schedules to reduce exposure and retention of medical experts to advise us on plant practices and procedures.



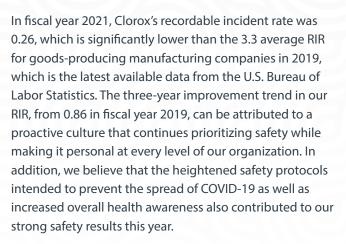


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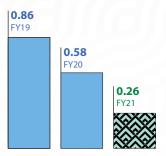
#### **Enhancing Well-Being Through Expanded Benefits**

To support our people's financial well-being, Clorox offers market competitive compensation — including short- and long-term incentives — to attract and retain top talent. Our pay-for-performance philosophy and commitment to pay equity helps ensure our compensation is fair and rewards employees for their contributions. As part of our ESG commitments, we support our employees' retirement readiness by offering third-party financial planning services and a 401(k) plan that is above-market relative to the industry average, with Clorox contributing up to 10% of U.S. employee wages.

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Maintain our recordable incident rate of <1.0 with a comprehensive safety management effort striving for an injury-free workplace





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The company continued to support employee well-being during the global pandemic by offering additional physical and mental health benefits, including supplemental emergency paid time off for COVID-19 exposure, illness, caregiving and vaccinations; 100% employer-paid coverage of COVID-19 testing and treatment; no-cost virtual medical care for U.S. employees; and a \$1 million global employee relief fund. Clorox also provided ongoing health and safety education, bringing in experts on topics such as mental health and COVID-19 vaccines.

To further support our employees' well-being this past year, we enhanced our benefits offerings to include caregiving support such as subsidized back-up care, continued free access to a meditation and relaxation app, monthly quiet days and periodic focus weeks to limit distractions and help manage stress, and additional flexible work options for how and where our employees work. Some of these programs were developed and implemented in partnership with our Parents and our Mental Health Champions employee resource groups. Lastly, we announced Juneteenth as a new paid company holiday for our entire U.S. workforce.

Grounded in the belief that our pets make us happier, more complete, and give us purpose, our Fresh Step brand contributed to our efforts to support the mental wellbeing of Clorox employees through pet ownership and advocacy. They included cat adoption reimbursement and formation of a Clorox Cat People panel to gain insights from employee pet owners while sharing products they've come to trust and love.





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**S1M** GLOBAL EMPLOYEE RELIEF FUND



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## **Consumer Well-Being**

## Supporting Public Health In and Out of Homes

During the most challenging public health crisis of our lifetimes, we have remained dedicated to supporting public health needs by not only offering our disinfecting products in healthcare, business and home settings but also by educating people about their proper use, consistent with public health guidance. The U.S. Centers for Disease Control and Prevention continues to recommend cleaning and disinfecting as part of a holistic strategy to prevent the spread of germs and recommends disinfecting if someone is sick or has tested positive for COVID-19. As new, more virulent strains of the SARS-CoV-2 virus have emerged, we have used independent testing labs to confirm the efficacy of some of our most popular disinfecting products, including all disinfectants used with the Clorox® Total 360® and other electrostatic devices, Clorox disinfecting wipes and Clorox Clean-Up® cleaner + bleach.

### Partnering With Health Leaders to Instill Public Confidence

Additionally, we've taken action to advance health through collaboration, sharing our expertise in cleaning and disinfection for the public good. Through a partnership with Cleveland Clinic, a world-renowned nonprofit multispecialty academic medical center that integrates clinical and hospital care with research and education, we're working to instill confidence in the safety of shared spaces. Some of the joint initiatives have included development of free educational materials for businesses and consumers. Working with Cleveland Clinic and the CDC Foundation, we also formed the Safer Today Alliance to fuel research and innovation with the goal of enhancing public health and safety outside the home, now and beyond the COVID-19 pandemic. The alliance provides guidance to leading companies across key sectors including retail, travel, hospitality, entertainment and transportation, including on the use of Clorox disinfecting products, best practices for cleaning and disinfecting, public health best practices for prevention of COVID-19 and support in the development of their enhanced safety protocols from experts at Cleveland Clinic. Through a \$1 million donation to establish the Public Health Research Fund at Cleveland Clinic, we're helping fund the exploration of innovative research ideas, advance new training and education opportunities and launch promising healthcare innovation.



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#### Enhancing Knowledge and Use of Wellness Products

As a whole, our diverse portfolio of products had a total household penetration of 89% as of the end of our 2021 fiscal year<sup>1</sup> — enabling us to have a meaningful impact on people's well-being. Despite this progress on a portfolio level, we were not able to achieve our annual goal of increasing the number of our wellness-related product categories in U.S. homes. These categories include natural-origin personal care; vitamins, minerals and supplements; water filtration and hydration; and cleaning products. This year, the total number decreased by 1.7 million, or 1%, driven by a decrease in naturalorigin personal care, which along with the category was impacted by COVID-19-related store closures, mask mandates and stay-at-home measures.



Our diverse portfolio of products enabled us to have a meaningful impact on people's well-being.



Another way we serve the well-being of consumers is through education — something we take to heart across our portfolio. For example, 40% of women in the U.S. are currently managing digestive health issues or treating them, according to a 2021 study from the Natural Marketing Institute — and probiotics provide relief for many. In fiscal year 2021, our RenewLife brand launched its biggestever educational campaign, informing women about its reformulated probiotics featuring diverse strains and non-GMO ingredients. The brand also continued to help women determine the best products for their needs, providing information on how they could support immune health.

<sup>1</sup> For the 52-week time period ending June 13, 2021, versus the corresponding 2020 period. Source: IRI Panel Data, Total U.S. All Outlets, NBD Weighted; 52 weeks ending June 13, 2021.

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## **Being Good Stewards of Our Brands**

We know what goes into our products is important to the people we serve, which is why using ingredients that are both effective and safe is a top priority for us. Our IGNITE goals call for us to demonstrate leadership in responsible product stewardship with a focus on progressive actions to enhance the practices of our company and the consumer packaged goods industry overall.

#### **Expanding Ingredient Transparency**

This includes commitments to ingredient transparency and chemical management. In fiscal year 2021, we shared a restricted substances list for our domestic retail cleaning products publicly and committed to participate in the Chemical Footprint Project to assess and manage the chemical footprints of products in our domestic cleaning product portfolio. We're working to develop and share restricted substances lists for additional product categories as well as increase the reach of SmartLabel — an industrywide platform that provides easy access to detailed information about a variety of consumer products — to expand our scope of consumer-meaningful information.

#### Advancing Use of Safer, More Sustainable Ingredients

As a testament to our holistic approach to product safety, in fiscal year 2021 the U.S. Environmental Protection Agency named our company a 2020 Safer Choice Partner of the Year Award winner for outstanding achievement in the manufacturing of products that are safer for families, pets, workplaces, communities and the environment. Safer Choice is a voluntary program that brings together stakeholders to advance the use of safer chemicals and promote sustainability in products. Products can earn the Safer Choice label if they meet EPA's Safer Choice standard, which includes stringent criteria to help advance the EPA's mission to protect human health and the environment. Recently, Clorox compostable cleaning wipes and the Real Simple® product line earned the Safer Choice certification.



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# THRIVING **COMMUNITIES**

Investing in our people and communities to contribute to a more equitable world

#### Improved and diversified livelihoods of

**HOUSEHOLDS IN COMMUNITIES IN INDONESIA** 



**TO CLEARTHELIST FOUNDATION** For teacher resources to help students succeed

Donated



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Advocating for criminal justice reform is one way we can begin to remove the burden of excessive supervision and oversentencing that restricts Georgia citizens, especially those who are Black, from accessing basic and fundamental needs.

> **Elizabeth Rainwater** Fellow, Georgia Justice Project Atlanta, Georgia

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## **THRIVING COMMUNITIES**

Our values-based culture has guided us over the decades. We believe everyone should have the opportunity to be the best version of themselves, which is why we strive to make our workplace inclusive and equitable, where all people are able to realize their potential and feel like they belong. We apply a continuous improvement mindset to our work and professional development to drive our individual and collective success. It's also why we support the communities we're a part of — from helping our neighbors when they need us most to working to ensure our suppliers are promoting human rights and protecting the environment. As a purpose-driven company, we're committed to building thriving communities — within our walls and beyond.

## **An Inclusion and Diversity Governance Structure to Drive Change**

Guided by our commitment to put people at the center, we work to create a workplace where all feel respected, valued and seen. We believe diverse backgrounds and perspectives create stronger teams, unlock more innovation and ultimately contribute to a better society. When our employees and leadership represent the diversity of consumers we serve around the world, we're better able to gain insights into different cultures and

backgrounds, which ultimately helps us better address consumer needs. And when we invest in the skills of our people, they can reach their full potential.

To drive accountability and action, we have in place an inclusion and diversity governance structure including an executive council — ensuring engagement at the highest levels of the organization. Metrics are also included in the corporate scorecard and reviewed regularly by the board of directors to assess performance, reflecting our view that advancing inclusion and diversity is essential to our long-term business success. Our strategy development and execution are led by our vice



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president of inclusion and diversity and supported by a dedicated team of senior-level employees and task forces across different functions. Collectively, they bring to life the critical initiatives that help us drive progress in our ongoing inclusion and diversity journey.

## Hiring, Development and Retention

Another component of our growth mindset around building an engaging culture at Clorox is our investment in employee professional development.

We look to attract and retain the best talent to help the company deliver against our strategy and commitments. We prioritize career growth and leadership development because growing our talent and building our capabilities supports our retention efforts and helps us establish a strong foundation for long-term success. Our investments include a suite of training and education for people managers to help them become effective coaches and leaders, mentoring programs and initiatives to help build a pipeline of diverse talent, such as recruiting events developed with our employee resource groups, our Future Leaders@CLX internship program for first-year college students and partnerships with third-party organizations that work to advance equity and opportunity for protected classes. We also conduct a robust talent review and leader succession planning process annually to ensure a strong pipeline for key roles.

In fiscal year 2021, we continued to support people managers through ongoing enhancements to programs and tools, including Manager Central, a one-stop shop with resources and job aids, and Learn & Lead, a platform that offered new content in areas such as

> In fiscal year 2021, we continued to have high employee engagement of





managing virtually, managing through change, emotional intelligence and mental health, helping more than 500 people managers support their teams during the pandemic. Other initiatives included offering guidance to help managers deal with dynamic situations, including COVID-19, as well as a feedback tool to help managers take control of their own development and provide better leadership for their teams based on core competencies and behaviors.

### Cultivating Diverse Leadership: Recruitment and Succession Planning

We consistently work to cultivate a diverse group of leaders who represent the many consumers we serve — from the highest levels of the company to all employees, whom we're seeking to empower to be the best version of themselves at work, every single day. Our focus is on thoughtful succession planning to ensure we're able to integrate a multitude of perspectives into our business processes.

#### **Listening to Grow Engagement**

Caring starts with listening. We strive to understand how our teammates around the world are feeling about their experiences at the company, including their work, our IGNITE strategy and our leadership. We implement IGNITE

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an ongoing listening strategy to ensure we're setting them up for success, living up to their expectations and continually becoming a better place to work. In fiscal year 2021, we continued to have high employee engagement of 87% that puts us in the top quartile for employee engagement among the Fortune 500. Some of the areas of strength identified by employees included a belief that Clorox is a good place to work, cares about employees' health and well-being, and provides work that is intrinsically motivating.

### **Committing to Equitable Pay**

Pay equity is another important component of our commitment to inclusion and diversity, helping ensure people are paid fairly and based on factors that should matter, including their job, level in the organization, tenure, experience and performance. Factors such as gender, sexual orientation, race and ethnicity should not impact compensation. We're committed to ensuring equitable pay for our people by conducting annual equity analyses, improving our processes and helping to address the systemic societal inequality that continues to impact people of color and women.

## **Earning Recognition Outside Our Organization**

As one measure of our progress advancing overall equity in the workplace, Clorox was recognized by a number of third parties for our efforts. For example, we were included in the 2021 Bloomberg Gender Equality Index, which measures gender equality across the pillars of female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies and pro-women brand. We also earned a 100% score on the Human Rights Campaign's 2021 Corporate Equality Index for a 15th year, were named to the 2021 Parity.org Best Places for Women to Advance list and were ranked No. 8 on Diversity MBA magazine's 50 Out Front list of the Best Places for Women and Diverse Managers to Work.

#### **Increasing Diverse Representation**

We continue to work toward advancing diversity in our ranks, from production employees to our board of directors. As of June 30, 2021, people of color represented 42% of U.S. production employees, 38% of U.S. nonproduction employees and 31% of U.S. nonproduction managers. Women made up 52% of our global nonproduction employees and 46% of our global nonproduction managers. Clorox is one of a small number of Fortune 500 companies led by a woman. Women make up half of the Clorox Executive Committee, and people of color make up a quarter. Additionally, as of June 30, 2021, 42% of our board members are female, and 33% are people of color, with our Nominating, Governance and Corporate Responsibility Committee and our Audit Committee both chaired by people of color.

We took a number of proactive steps in fiscal year 2021 to achieve greater diversity and inclusive leadership, global workforce and culture. For example, the company continued to expand unconscious bias education to better recognize, acknowledge and minimize blind spots we each may have. Our Breaking Bias programming grounded in neuroscience — aims to lessen the influence of bias in order to consider diverse perspectives and make better people- and business-related decisions. Additionally, through the participation of our CEO, we renewed our commitment to CEO Action for Diversity, reflecting a personal pledge to advance inclusion and diversity, and we joined the Business Coalition for the Equality Act as part of our long-standing engagement with the LGBTQ+ community and our partnership with the Human Rights Campaign, the largest LGBTQ+ advocacy group in the U.S.

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Organizations that are working at the community level to address social determinants of health and racial justice issues.

#### **Youth Development/Education**

1 Community Wellness

Programs that increase equity of opportunity, access and outcomes to create lasting social impact.

#### **Sustainability**

Organizations that focus on solving environmental issues that disproportionately impact urban areas and communities of color.

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## **Community Well-Being**

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We believe in contributing to a healthy and equitable society to ensure our collective well-being for generations to come. This includes supporting our communities when they need us most, serving in ways we're uniquely able to deliver. Our commitment to our communities became even stronger as we battled COVID-19, a common enemy, which elevated our role as a health and wellness company.

#### **Focusing Foundation Mission on Health Security**

As part of our ongoing journey focusing on well-being, The Clorox Company Foundation realigned its purpose. A new mission — to foster healthy and inclusive communities so people can be well and thrive — enabled the foundation to develop an updated signature theme, health security, that will now guide its community support going forward.

Health security is based on the belief that health and wellness is a basic human right. The Clorox Company

Foundation has organized its philanthropy around efforts to help ensure equality of opportunity among underresourced people and within our communities. We provide support to improve their overall physical and mental health and help them flourish and are also aligning our foundation giving to programs that advance the relevant U.N. Sustainable Development Goals.

Based on the promise of health security, the foundation will now focus on programs that support three areas:

2 Disease Prevention

#### 3 **Disaster Relief and Preparedness**

Organizations that focus on emergency preparedness, response and recovery, locally and nationally.

Organizations that educate and/or provide

supplies to people and healthcare facilities,

or that conduct research regarding infection

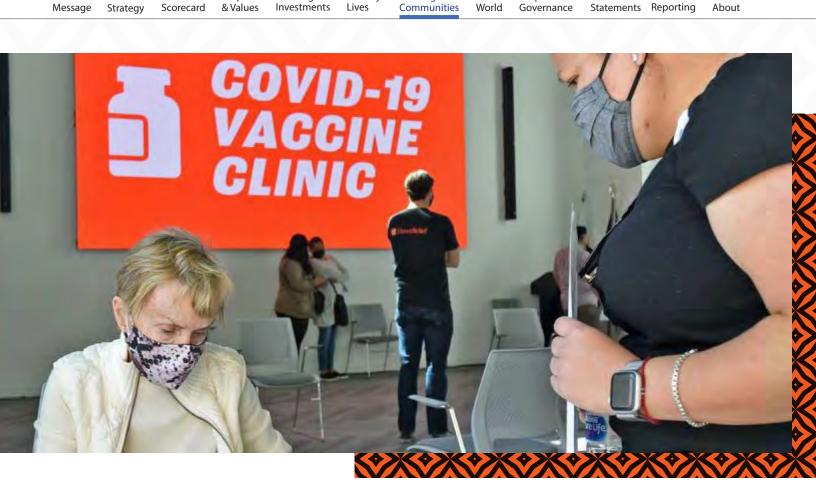
control, including preventing the spread of germs/disease in a post-pandemic life.

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During the past year, some of the highlights of our giving included the following:

#### Vaccine Support

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We provided \$250,000 to Direct Relief, including \$200,000 in cash and \$50,000 in product, to support vaccine administration in underresourced communities through its network of local health centers, enabling 300,000 people to be vaccinated in our largest communities.



#### Convalescent Plasma for COVID

We donated more than 100,000 canisters of Clorox disinfecting wipes to American Red Cross blood centers supporting identification and collection of convalescent plasma for COVID-19 patients in need. Because convalescent plasma — antibodies, or special proteins, generated by the body's immune system after someone has recovered from an illness — already has a track record of success in other illnesses, it was studied as a potential treatment for patients with COVID-19.

Criminal Justice Reform for Racial Justice

In support of criminal justice reform, we provided grants to Equal Justice Works to support legal fellows in Oakland and Atlanta. These fellows provide free legal services to low-income individuals and engage in policy reform on issues that disproportionately impact communities of color: probation, re-entry following incarceration and evictions.



brands supported initiatives aligned with their priorities to advance social good.

**Advancing Social Good Through** 

#### **Pine-Sol: Supporting Black Women Entrepreneurs**

Our Pine-Sol brand partnered with Essence Communications for a second consecutive year to support the fast-growing but historically underfunded demographic of Black women entrepreneurs. Through the "Build Your Legacy" contest, women who are creating a positive economic impact in their communities were awarded \$100,000 in grants in 2021 and six months of business coaching with entrepreneur and "She's the Boss" television star Nicole Walters. The brand continues to donate 100% of proceeds from the online Pine-Store to digitalundivided, a nonprofit leveraging data, advocacy and innovative programs to support women of color entrepreneurs and their communities.

#### **Clorox: Supplying Resources to Teachers to Set Up Students for Success**

Whether preparing to head back to the classroom or for virtual learning at home, teachers play a critical role in helping families adjust to this new normal wherever students may be learning. New research from the Clorox brand found that the majority of teachers (88%) worried students wouldn't have the supplies they needed at home to support remote learning during the pandemic. This is an even bigger concern for teachers who report working in underserved schools. With distance learning exacerbating issues with access to supplies, 90% said they planned to purchase items out of their own pocket to help their students. To ease the burden of an unprecedented school year, Clorox donated \$1 million to the ClearTheList Foundation to supply the resources teachers needed to set their students up for success at home or in the classroom.

#### **Kingsford: Sustaining Communities Through** the Power of Barbecue

To support the rich tradition of barbecue in the Black community while helping invest in its future, Kingsford launched its Preserve the Pit<sup>™</sup> program. The Preserve the Pit



Fellowship gave a select group of aspiring barbecue professionals an opportunity for one-on-one mentorship with dedicated industry leaders to learn skills through hands-on and immersive training, gain help from a network of advisers and other business resources, create lasting relationships with key leaders and experts, and receive a capital investment to kick-start their businesses.

Additionally, with restaurant traffic and sales down nationwide during the COVID-19 pandemic, beloved barbeque joints across the country were in dire need of support. Kingsford launched Together With BBQ 2.0, opening \$5,000 tabs at 18 barbeque restaurants and inviting locals to stop in to try the pitmasters' signature dishes. The program offered financial relief for restaurants, as well as driving local interest, excitement and media attention extending far after the open tabs were spent.





CEO Message Strategy

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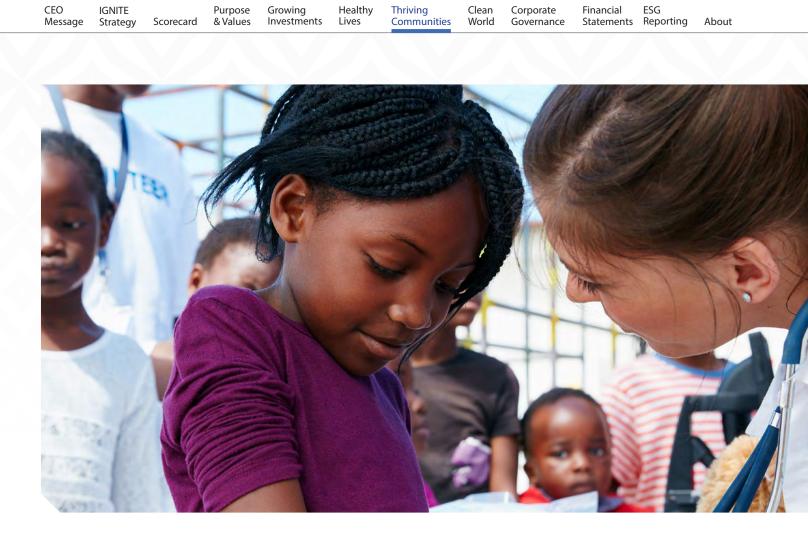
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## Giving in Volunteer Hours and Donations

Volunteering was challenging in 2020, with most organizations only accepting virtual contributions due to the social distancing required by the pandemic. That didn't stop our people from volunteering 54,000 hours of their time globally, which is the equivalent of \$1.5 million.

## Improving Sustainability in Our Upstream Supply Chain

Our commitment to treating people with respect and striving for a more just, inclusive world extends to our business partners. Through our responsible sourcing program, we assess and work to improve our upstream supply chain because we know that the way we buy goods and services affects people and the environment.

To advance sustainability in our supply chain, we enhanced our formal global risk assessment and auditing program supporting verification of compliance to the principles described in the Clorox <u>Business Partner Code</u> <u>of Conduct</u>. In addition, in fiscal year 2021 we developed a Responsible and Sustainable Sourcing Policy that includes standards for responsible sourcing and, more specifically, sourcing of raw materials of agricultural or mining origin and carbon reduction. These expectations are integrated

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into our Business Partner Code of Conduct and are being incorporated into supplier requests for proposal, contracts and our supplier relationship management platform, ensuring that, at a minimum, suppliers comply with our social, ethical and environmental standards. The carbonreduction standard is rooted in our commitment to reduce greenhouse gas emissions in our supply chain (scope 3) through supplier engagement and by tracking supplier progress against targets, in line with supporting the Science-Based Targets initiative.

Additionally, we continued investing in programs to enhance the well-being of communities in our supply chain. We provided ongoing support for the Earthworm Foundation's Aceh Landscape Program, which advances long-term, landscape-level sustainability transformation in the Indonesian region of Aceh, Sumatra. The Aceh Landscape — home to the biodiverse Leuser Ecosystem and the Rawa Singkil Wildlife Reserve — is also one of the poorest areas in Indonesia. Between 2016 and 2019, the program contributed to a 60% reduction in deforestation and diversified the livelihoods of more than 2,000 households in forest-frontier communities and strengthened local leadership and entrepreneurship of women and youth. We also provided technical support for palm oil replanting in Indonesia, training over 300 people, including 150 high school students and members of a young farmers group.



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Through Burt's Bees' Global Supply Chain Investment Program, we work with our ingredient sourcing communities, suppliers, industry collaborations, donors and NGOs to develop projects that help safeguard access to clean water; support women's and children's empowerment; and promote health, safety and biodiversity in communities where we source key ingredients in Tanzania, Vietnam, Ghana, Burkina Faso, Peru, Brazil, Indonesia, India, Madagascar and the U.S. For example, the brand began supporting a new partnership to upgrade educational facilities in communities in Madagascar where cica, a key ingredient in Burt's Bees' new Natural Acne Solutions product line, is responsibly sourced by women collector groups while their children attend school. A newly launched \$2 million, three-year partnership with the U.S. Agency for International Development, Partnership for Natural Ingredients, Burt's Bees and its ingredient suppliers is helping support 1,200 participants in women-led sheaproducing communities in Ghana by developing their beekeeping capacity while expanding shea processing capabilities. The Burt's Bees SheKeeper partnership will build smallholder capacity, diversify income and increase exports from West Africa while having the potential to establish a scalable framework for the future to improve livelihoods of the more than 16 million women collectors and processors across 21 African countries making up the shea processing industry. These activities help advance Burt's Bees' and USAID's shared women's economic empowerment and gender equality priorities.

#### **Supporting Community Well-Being Through Diverse Supplier Spending**

As we worked to address our COVID-related supply chain challenges, our spending with diverse suppliers increased from \$147 million in fiscal year 2020 to \$151 million in fiscal year 2021, advancing our commitment to source from diverse suppliers, which include minority-, women-, service-disabled- and veteran-owned business enterprises as well as LGBT business owners in the U.S. This represented 5.4% of our overall supplier spending. We've also invested in understanding the diverse ownership categorization of our existing suppliers - with the intention of potentially allocating more toward them — by completing an evaluation of our research and development suppliers and issuing a questionnaire to all other suppliers.

**The Burt's Bees SheKeeper** partnership ... will improve livelihoods of the more than 16 million shea collectors and processors across 21 **African countries** 



Additionally, the company and its foundations awarded \$9 million in grants plus \$2.7 million in cause marketing and \$8 million in product donations - for a total community impact of about \$20 million. Our people were as generous with their money as they were with their time. Our employee participation in giving was up 14% over last year, with an additional \$2.3 million donated, for a total of \$7.1 million donated to over 4,700 organizations.

# **CLEAN WORLD**

Taking climate action and reducing plastic and other waste



ZERO WASTE TO LANDFILL

vs. 100% goal by 2025



For U.S. and Canada operations vs. 100% goal by 2025

## 11%

VIRGIN PACKAGING REDUCTION

Per case of product sold (vs. 2018 baseline) vs. 50% goal by 2030



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Sustainability is important because we have just one planet. We need big changes, and now we have the opportunity to do it.

> Matthias Palm Research Director, Global Packaging and Sustainability Pleasanton, California

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## **CLEAN WORLD**

People can only thrive on a healthy planet. The threats posed by climate change and waste are significant, but because we put people at the center of everything we do, we're committed to doing our part so that our shared home and future generations can prosper.

## **Integration of ESG Priorities**

In addressing these daunting challenges, we take a holistic approach. It starts with embedding ESG priorities across the enterprise. And it extends to our Sustainability Center — a group of cross-functional senior leaders overseen by our chief sustainability officer — to spearhead integration of our IGNITE ESG commitments into our business units. Through this approach, we're harnessing the passion of our employees to embed social and environmental sustainability into the way we work. With a designated sustainability leadership team champion in every business unit and dedicated ecochampions within our R&D organization, we're better equipped than ever to contribute to a more sustainable and inclusive world. Lastly, through a long-term planning process, we aspire to engage our entire company — every person and every brand — on this journey. We're better equipped than ever to contribute to a more sustainable and inclusive world.



CEO Message	IGNITE Strategy	Scorecard		Growing Investments	Healthy Lives	Thriving Communities		Corporate Governance	Financial Statements		About
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#### **Reducing Our Product and Packaging Footprint**

We realize natural resources are limited, and waste is increasingly threatening our quality of life. We also understand the role we can play, as a manufacturer of consumer goods, in helping people make purchase choices in line with their values and enhance their own sustainability practices. That's why when we formulate, manufacture and package our products, we strive to minimize waste and work to choose materials with a better environmental footprint.

As part of our IGNITE strategy, we prioritized packaging and manufacturing waste as key focus areas. Three-quarters of our packaging is now recyclable, reusable or compostable, and we have achieved 22% of our goal of combined reduction in virgin plastic and fiber packaging by 2030. We also continue to make progress reducing waste sent to landfill — 45% per case of product sold and 34% on an absolute basis — between our 2018 baseline year and 2020.

GOAL	СҮ18	СҮ19	CY20
<b>50%</b> combined reduction in virgin plastic and fiber packaging by 2030	n/a	Goal established in late CY19; initial measurement calculated in CY20.	<ul> <li>11% combined virgin plastic and fiber packaging reduction, per case of product sold vs.</li> <li>2018 baseline /</li> <li>22% progress to goal<sup>1</sup></li> </ul>
<b>100%</b> recyclable, reusable or compostable packaging by 2025	<b>74%</b> of packaging is recyclable, reusable or compostable as of CY18 baseline	New measurement methodology implemented in CY20; restated CY18 baseline to reflect new methodology but did not recalculate CY19 results.	<b>76%</b> of packaging is recyclable, reusable or compostable
<b>Double</b> post- consumer recycled (PCR) plastic in packaging by 2030 (+50% by 2025)	<b>11%</b> of plastic packaging is PCR as of CY18 baseline	New measurement methodology implemented in CY20; restated CY18 baseline to reflect new methodology but did not recalculate CY19 results.	<b>11%</b> of plastic packaging is PCR / unchanged versus baseline
<b>100%</b> global facilities zero waste to landfill by 2030 (plants by 2025) <sup>2</sup>	FY19: 23% of global facilities 26% of plants	FY20: 30% of global facilities 38% of plants	FY21: 40% of global facilities 56% of plants

<sup>1</sup> In our FY20 annual report, we projected for CY20 that the impacts of initiatives launched January through June 2020 to result in 15% progress toward our goal of 50% virgin material reduction versus our CY18 baseline. The actual reduction for CY20 of 22% progress toward our goal — or 11% reduction — exceeded our FY20 projection.

<sup>2</sup> Where infrastructure allows.



#### **Integrating Sustainability Into Our Businesses**

Our focus on waste reduction is integrated into our businesses, with brands keeping sustainability top of mind as they develop new products. The following are some examples of that innovation across the portfolio:



## Clorox compostable cleaning wipes

Reintroduced after removing the product from the market to focus on maximizing production of core disinfecting products during the pandemic.

## Burt's Bees rescue balm

Uses 100% natural origin ingredients and comes in a unique tube that incorporates plant-based bio resin and postconsumer recycled plastic.



## Burt's Bees Truly Glowing gel cleanser

Launched in March in a reusable glass bottle with waste-free delivery, with returns via Loopstore.com or LoopbyUlta.com.





## Brita Longlast+ filter

Enhancements to last three times longer than other filters<sup>1</sup> and replace 900 single-use plastic water bottles.<sup>2</sup>



## Glad to Be Green 50% Plant Based Cling Wrap

Introduced in 2020 in Australia, these innovative food wraps are made from plant-based material and have a lower carbon footprint than comparable wraps while maintaining our airtight seal. Glad ForceFlex Plus trash bags

Launched with 50% recovered plastic in the U.S. and 100% recycled packaging, manufactured with 100% renewable energy in a plant that's zero waste to landfill.





### Clorox disinfecting multi-purpose spray cleaning system starter kit

Refillable bottle — designed to last more than 10 years — saves 75% more plastic compared to purchasing a new product.

<sup>1</sup> Versus 40-gallon filters.

<sup>2</sup> Versus standard 16.9-ounce bottles.

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Additionally, many of our brands — including Brita, Burt's Bees and Glad — have declared ambitious, public-facing, impact-informed sustainability goals. They also have formed partnerships to help advance those goals (see Brand Purpose and Commitments section).

As we advance our goals, we face a number of industrywide challenges. They include development and access to more sustainable technologies; access to high-quality post-consumer resin that will not compromise the integrity of our products; and industry transformation to allow for hard-to-recycle formats, including flexible and

small packaging, to be made from recyclable materials and be collected and processed by recycling facilities at scale. Change will also require collaboration with retail partners, suppliers and industry peers to help shift consumer behavior and provide access to materials that provide consumer value. To overcome these barriers and push for change at a broader level, we are part of the Ellen MacArthur Foundation's global Plastics Pact Network, and signed the New Plastics Economy Global Commitment in fiscal year 2019 to realize meaningful, targeted outcomes for a circular economy for plastics.

## Global Zero-Waste-to-Landfill Sites

In fiscal year 2021, an additional seven sites achieved zero-waste-to-landfill status, bringing our total to 23 facilities with this designation. As of June 30, 40% of our global facilities where we have operational control of waste, including 56% of our plants, achieved ZWtL status. All U.S. cleaning plants have now met Clorox's ZWtL criteria, joining Glad facilities, which achieved this status worldwide in fiscal year 2019.

#### The seven plants that achieved ZWtL are:



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## **Climate Action**

We believe climate change is a serious threat to the well-being of people and the planet and requires urgent action. It is also an issue of equality, as the impacts of climate change are expected to have a disproportionate effect on disadvantaged communities in the U.S. and across the globe.



### **Taking Action to Get to Net Zero**

That's why we also took action to address climate change within our operations. In January, we first acheived our 100% renewable electricity IGNITE goal for U.S. and Canada operations four years earlier than originally planned, in large part because of a 12-year, 70-megawatt virtual power purchase agreement. Moving forward, we will maintain our renewable electricity goal through this agreement and other market purchases of renewable energy credits, or RECs.

Advancing another IGNITE goal, we received approval from the Science Based Target initiative on targets that will drive ambitious science-based climate action across our value chain. We set targets to reduce absolute scopes 1 and 2 greenhouse gas emissions 50% by 2030 from a 2020 baseline and to reduce absolute scope 3 GHG emissions from purchased goods and services and use of sold products 25% by 2030 from a 2020 baseline. The targets covering GHG emissions from company operations (scopes 1 and 2) are consistent with reductions required to keep warming to 1.5°C above pre-industrial levels. The goal of the Paris Climate Agreement is to limit global warming to well below 2°C, preferably to 1.5°C. As a company, it was important to align our operational emissions target to the more ambitious level. Complementing our new 2030 targets, we are strengthening our IGNITE commitment with a new goal of achieving net zero GHG emissions by 2050.

#### Advocating for the Well-Being of People and Planet

In December, the company — along with our Burt's Bees brand — signed on to America Is All In, a statement endorsed by more than 1,000 businesses, government entities, universities and other institutions, to show CEO Message IGNITE

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support for the ambitious commitments to tackle the global climate crisis and for the U.S. to rejoin the Paris Climate Agreement. As a signatory, we underscore our commitment to drive economic growth through jobcreating, sustainable investments and to do so in a manner that addresses systemic inequalities and ensures everyone benefits from the transition to climate resiliency. We also signed onto the Energy Buyer Federal Clean Energy policy statement along with more than 30 other corporations, calling for a 100% clean energy power sector.

Many of our brands have also taken an active role in addressing this threat to the well-being of people and the planet. As part of its 2025 vision, our Burt's Bees brand joined Ceres Business for Innovative Climate and Energy Policy Network and The Climate Collaborative. The business will also continue to be CarbonNeutral®-certified, building on an eight-year commitment to offset carbon emissions, including emissions from its facilities, transportation of raw materials and finished products, and employee travel.

## Building on Improvements in Operational Efficiency

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Our work to address climate change builds on our progress of reducing GHG emissions and energy and water consumption in our operations. While our absolute GHG emissions, energy consumption and water withdrawals increased by 6%, 1% and 2% between our 2018 baseline and 2020 due to increased production in response to the COVID pandemic, our plants were able to drive efficiencies and reduce GHG emissions by 11%, energy consumption by 15% and water withdrawals by 14% per case of product sold between our 2018 baseline year and 2020.



### Seeing New Opportunities to Reduce GHG Emissions

Despite the pandemic, we needed to continue critical environmental compliance work across our manufacturing operations, so we revamped our compliance audit process using existing tools and technology to allow for work to proceed remotely. Relying on cloud storage technology as the repository for compliance documentation that was accessible by remote audit teams, we used smart glasses and smartphones to observe local site conditions in areas of particular environmental interest to execute internal and third-party compliance audits with no travel. This transformative digital approach is expected to continue selectively post-pandemic, enabling the team to keep reducing costs and emissions associated with travel to our plants.



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A commitment to strong corporate governance allows others to maintain trust in our company and brands and enables us to create long-term shareholder value.

Our governance framework is overseen by an experienced board of directors. The directors bring with them expertise in diverse areas that include operations, finance, human capital management, regulatory, retail, risk management, strategy and governance, enabling them to serve as responsible stewards of the company. Through active engagement with stockholders, our lead independent director and later our board chair stayed informed of the issues that were most important to our investors.

Some examples of Clorox's adherence to best practices in governance include the following:

#### Board Makeup and Governance:1

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• Annual director elections, with a majority voting standard for election.

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- Diverse board composition: five female directors; four directors are people of color; two-thirds of committee chairs are people of color; all directors except for the CEO are independent.<sup>1</sup>
- Independent board chair.
- Active, 100% independent committee chair leadership and board refreshment, with average board tenure of slightly less than six years.
- Shareholders have the right to call special meetings.

The company also has demonstrated an openness to stockholder feedback, considering, and in some cases adopting, changes to governance guidelines and/or practices:

- For the first time, we are sharing our employment workforce representation data by race/ethnicity, gender and Clorox-defined job category as part of this integrated annual report. This is an evolution from last year when we first shared EEO-1 data along the same categories that we report annually to the U.S. Equal Employment Opportunity Commission in our report. EEO-1 data and the EEO-1 report that we submitted during FY20 to the EEOC can now be found on our corporate website.
- Given the critical importance of climate issues and consistent with evolving stakeholder expectations, especially those of shareholders, our board has direct oversight of the company's climate risks and strategies; they have been identified by our Enterprise Risk Management Steering Committee as a top risk for the company. The steering committee presents regularly, and at least annually, to the board of directors on climate-related risks and mitigation plans.
- Our full board receives regular updates on ESG matters, including climate risks, as part of our enterprise risk management updates.





<sup>1</sup> Board composition information as of June 30, 2021.

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## **Board of Directors<sup>+</sup>**



Matthew J. Shattock Independent Chair



Amy Banse Senior Adviser to the Executive Committee Comcast Corporation



Richard H. Carmona, M.D., M.P.H., F.A.C.S. Chief of Health Innovations Canyon Ranch



Spencer C. Fleischer Chairman FFL Partners



Esther Lee Former Executive Vice President Global Chief Marketing Officer Metlife Inc.



A.D. David Mackay Retired President and Chief Executive Officer Kellogg Company



Paul Parker Senior Vice President Strategy and Corporate Development Thermo Fisher Scientific Inc.



Linda Rendle Chief Executive Officer The Clorox Company



Kathryn Tesija Former Executive Vice President and Chief Merchandising and Supply Chain Officer Target Corporation



Pamela Thomas-Graham Founder and Chief Executive Officer Dandelion Chandelier LLC



Russell J. Weiner Chief Operating Officer Domino's Pizza Inc. President Domino's U.S.



Christopher J. Williams Chairman Siebert, Williams and Shank LLC

CEO

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## **Clorox Executive Committee<sup>†</sup>**



Linda Rendle **Chief Executive Officer** 



**Kevin Jacobsen** Executive Vice President and **Chief Financial Officer** 



**Kirsten Marriner** Executive Vice President and Chief People and Corporate Affairs Officer



**Tony Matta** Executive Vice President and Chief Growth Officer



**Eric Reynolds Executive Vice President and** Chief Operations Officer



Chau Banks Senior Vice President and Chief Information and Enterprise Analytics Officer



**Diego Barral** Senior Vice President and General Manager -International Division



**Denise Garner** Senior Vice President and **Chief Innovation Officer** 



**Stacey Grier** Senior Vice President and Chief Marketing and Strategy Officer



**Angela Hilt** Senior Vice President and Chief Legal Officer



**Rick McDonald** Senior Vice President and Chief Product Supply Officer

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## **Condensed Consolidated Statements of Earnings**

Years ended June 30 Dollars in millions, except share and per share data	:	2021	2	2020	2	2019
Net sales Cost of products sold	\$	7,341 4,142	\$	6,721 3,658	\$	6,214 3,486
Gross profit		3,199		3,063		2,728
Selling and administrative expenses Advertising costs Research and development costs Goodwill, trademark and other asset impairments		1,004 790 149 329		969 675 145 —		856 612 136
Interest expense Other (income) expense, net		99 (72)		99 (10)		97 3
Earnings before income taxes		900		1,185		1,024
Income taxes		181		246		204
Net earnings		719		939		820
Less: Net earnings attributable to noncontrolling interests	\$	9	\$		\$	
Net earnings attributable to Clorox	\$	710	\$	939	\$	820
Net earnings per share attributable to Clorox Basic net earnings per share Diluted net earnings per share	\$ \$	5.66 5.58	\$ \$	7.46 7.36	\$ \$	6.42 6.32
Weighted average shares outstanding (in thousands) Basic Diluted		25,570 27,299		25,828 27,671		27,734 29,792

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# **Financial Statements**

## **Condensed Consolidated Statements of Comprehensive Income**

Years ended June 30 Dollars in millions	2021		2020		2019	
Net earnings	\$	719	\$	939	\$	820
Other comprehensive (loss) income:						
Foreign currency adjustments, net of tax		47		(36)		(22)
Net unrealized gains (losses) on derivatives, net of tax		39		5		2
Pension and postretirement benefit adjustments, net of tax		8		(7)		4
Total other comprehensive (loss) income, net of tax		94		(38)		(16)
Comprehensive income		813		901		804
Less: Total comprehensive income attributable to noncontrolling interests		9				_
Total comprehensive income attributable to Clorox	\$	804	\$	901	\$	804

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# **Financial Statements**

## **Condensed Consolidated Balance Sheets**

As of June 30		
Dollars in millions, except share and per share data	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 319	\$ 871
Receivables, net	604	648
Inventories, net	752	454
Prepaid expenses and other current assets	154	47
Total current assets	1,829	2,020
Property, plant and equipment, net	1,302	1,103
Operating lease right-of-use assets	332	291
Goodwill	1,575	1,577
Trademarks, net	693	785
Other intangible assets, net	225	109
Other assets	378	328
Total assets	\$ 6,334	\$ 6,213
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	200	
Current maturities of long-term debt Current operating lease liabilities	300 81	 64
Accounts payable and accrued liabilities	1,675	1,329
Income taxes payable	1,075	25
Total current liabilities	2,056	1,418
Long-term debt	2,484	2,780
Long-term operating lease liabilities Other liabilities	301 834	278 767
Deferred income taxes	67	62
Total liabilities		
	5,742	5,305
Commitments and contingencies		
Stockholders' equity		
Preferred stock: \$1.00 par value; 5,000,000 shares authorized; none issued or outstanding Common stock: \$1.00 par value; 750,000,000 shares authorized; 130,741,461 and 158,741,461 shares	_	
issued as of June 30, 2021 and 2020, respectively; and 122,780,220 and 126,198,606 shares		
outstanding as of June 30, 2021 and 2020, respectively, and 122, 780,220 and 120, 198,000 shares	131	159
Additional paid-in capital	1,186	1,137
Retained earnings	1,036	3,567
Treasury stock, at cost: 7,961,241 and 32,542,855 shares as of June 30, 2021 and 2020, respectively	(1,396)	(3,315)
Accumulated other comprehensive net (loss) income	(546)	(640)
Total Clorox stockholders' equity	411	908
Noncontrolling interests	181	
Stockholders' equity	592	908
Total liabilities and stockholders' equity	\$ 6,334	\$ 6,213

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# **Financial Statements**

## **Condensed Consolidated Statements of Stockholders' Equity**

Dollars in millions, except per share data	<u>Commo</u> Amount	on Stock Shares (000)	Additional Paid-in Capital	Retained Earnings	Treasury Amount		Accumulated Other omprehensive Net (Loss) Income	e Noncontrolling Interests	Total Stockholders' Equity
Balance as of June 30, 2018	\$159	158,741	\$975	\$2,797	\$(2,658)	(30,759)	\$(547)	\$ —	\$ 726
Cumulative effect of									
accounting changes <sup>1</sup>	—	_	_	36	—	—	(39)		(3)
Net earnings	_	—		820	-	—	-		820
Other comprehensive (loss) income	—	_	-		-	-	(16)	_	(16)
Dividends (\$3.94 per share declared)	—	—	_	(503)	—	—	—	_	(503)
Stock-based compensation	—	—	43	-	—	_	—	—	43
Other employee stock plan activities	—	—	28	_	124	2,178	_	—	152
Treasury stock purchased	_	_	_	_	(660)	(4,474)	_	_	(660)
Balance as of June 30, 2019	\$159	158,741	\$1,046	\$ 3,150	\$(3,194)	(33,055)	\$(602)	\$ —	\$ 559
Cumulative effect of				22					22
accounting changes <sup>2</sup>	_	_	_	22	_	_	_	_	
Net earnings Other comprehensive (loss) income	_	_	—	939	_	_	(38)	_	939 (38)
Dividends (\$4.29 per share declared)	_	_	_	(544)	_	_	(38)		(58)
Stock-based compensation	_	_	 50	(344)	_	_			50
Other employee stock plan activities			30 41		121	2,043	_		162
Treasury stock purchased	_	_		_	(242)	(1,531)	_		(242)
· · · ·				+			+(= + = )		. ,
Balance as of June 30, 2020	\$159	158,741	\$1,137	\$ 3,567	\$(3,315)	(32,543)	\$(640)	\$	\$ 908
Net earnings	_		_	710	—	_	_	9	719
Other comprehensive (loss) income Dividends to Clorox stockholders		—	_	_	—	_	94	—	94
				$(E \in A)$					$(F \in A)$
(\$4.49 per share declared)	_	_	_	(564)	_	_	_	(26)	(564)
Dividends to noncontrolling interests	_	_	—	_	_	_	_	(26)	(26)
Business combinations including purchase accounting adjustments			_		_	_	_	198	198
Stock-based compensation	_	_	50	_	_	_	_		50
Other employee stock plan activities	_	_	(1)	(37)	156	1,340	_	_	118
Treasury stock purchased					(905)	(4,758)	_	_	(905)
Treasury stock retirement	\$ (28)	(28,000)	_	\$(2,640)	\$ 2,668	28,000	_	_	
Balance as of June 30, 2021	\$131	130,741	\$1,186	\$ 1,036	\$(1,396)	(7,961)	\$(546)	\$181	\$ 592

<sup>1</sup> As a result of adopting ASU No. 2014-09, "Revenue from Contracts with Customers (ASC 606)," on July 1, 2018, the company recorded a cumulative effect of initially applying the new guidance as an adjustment to the fiscal year 2019 opening balance of Retained earnings.
<sup>2</sup> As a result of adopting ASU No. 2016-02, "Leases (ASC 842)," on July 1, 2019, the company recorded a cumulative effect of initially applying the new guidance as an adjustment to the fiscal year 2019 opening balance of Retained earnings.

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# **Financial Statements**

## **Condensed Consolidated Statements of Cash Flows**

Years ended June 30	2021	2020	2010
Dollars in millions	2021	2020	2019
Operating activities:			
Net earnings	\$ 719	\$ 939	\$ 820
Adjustments to reconcile net earnings to net cash provided by operations:			
Depreciation and amortization	211	180	180
Stock-based compensation	50	50	43
Deferred income taxes	(32)	(2)	(20)
Goodwill, trademark and other asset impairments	329		_
Other	10	30	(29)
Changes in:			
Receivables, net	82	(27)	(32)
Inventories, net	(282)	50	(7)
Prepaid expenses and other current assets	(30)	2	(6)
Accounts payable and accrued liabilities	311	291	17
Operating lease right-of-use assets and liabilities, net	(2)	19	
Income taxes payable/prepaid	(90)	14	26
Net cash provided by operations	1,276	1,546	992
Investing activities:			
Capital expenditures	(331)	(254)	(206)
Businesses acquired, net of cash acquired	(85)	—	—
Other	(36)	2	10
Net cash used for investing activities	(452)	(252)	(196)
Financing activities:			
Notes and loans payable, net	_	(396)	189
Long-term debt borrowings, net of issuance costs	_	492	_
Treasury stock purchased	(905)	(248)	(661)
Cash dividends paid to Clorox stockholders	(558)	(533)	(490)
Cash dividends paid to noncontrolling interests	(31)	—	—
Issuance of common stock for employee stock plans and other	103	162	147
Net cash used for financing activities	(1,391)	(523)	(815)
Effect of exchange rate changes on cash and cash equivalents	12	(5)	(2)
Net increase (decrease) in cash, cash equivalents and restricted cash	(555)	766	(21)
Cash, cash equivalents and restricted cash:			
Beginning of year	879	113	134
End of year	\$ 324	\$ 879	\$ 113
Supplemental cash flow information:			
Interest paid	\$ 89	\$ 89	\$87
Income taxes paid, net of refunds	303	241	207
Non-cash financing activities:	454		400
Cash dividends declared and accrued, but not paid	156	140	133

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# **Auditor Statement**

## Report of Independent Registered Public Accounting Firm on Condensed Financial Statements



To the Stockholders and the Board of Directors of The Clorox Company

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of The Clorox Company at June 30, 2021 and 2020, and the related consolidated statements of earnings, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended June 30, 2021 and the related notes (collectively referred to as the "consolidated financial statements") (not presented separately herein) and in our report dated August 10, 2021, we expressed an unqualified opinion on those consolidated financial statements. Our report included a paragraph emphasizing that The Clorox Company changed its method of accounting for leases, effective July 1, 2019, using the modified retrospective approach upon adoption of Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842). In our opinion, the information set forth in the accompanying condensed consolidated financial statements as of June 30, 2021 and 2020 and for each of the three years in the period ended June 30, 2021 (presented on pages 75 through 79) is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of The Clorox Company's internal control over financial reporting as of June 30, 2021, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated August 10, 2021 (not presented separately herein) expressed an unqualified opinion thereon.

Ernst + Young LLP

San Francisco, CA August 10, 2021

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# **Auditor Statement**

## **Report of Independent Accountants on Review of Nonfinancial Information**



To the Stockholders and the Board of Directors of The Clorox Company:

We have reviewed The Clorox Company's (the "Company") accompanying Schedule of Selected Quantitative Performance Indicators included in Exhibit A (the "Subject Matter") and as identified by the " $\clubsuit$ " symbol presented in the Company's Annual Report for the year ended December 31, 2020 or June 30, 2021, in accordance with the criteria also set forth in Exhibit A (the "Criteria"). The Company's management is responsible for the Subject Matter included in Exhibit A in accordance with the Criteria. Our responsibility is to express a conclusion on the Subject Matter based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) AT-C section 105, *Concepts Common to All Attestation Engagements*, and AT-C section 210, *Review Engagements*. Those standards require that we plan and perform our review to obtain limited assurance about whether any material modifications should be made to the Subject Matter in order for it to be in accordance with the Criteria. A review consists principally of applying analytical procedures, making inquiries of persons responsible for the Subject Matter, obtaining an understanding of the data management systems and processes used to generate, aggregate and report the Subject Matter and performing such other procedures as we considered necessary in the circumstances. A review is substantially less in scope than an examination, the objective of which is to obtain reasonable assurance about whether the Subject Matter is in accordance with the Criteria, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. A review also does not provide assurance that we became aware of all significant matters that would be disclosed in an examination. We believe that our review provides a reasonable basis for our conclusion.

In performing our review, we have also complied with the independence and other ethical requirements set forth in the Code of Professional Conduct and applied the Statements on Quality Control Standards established by the AICPA.

As described in Exhibit A, the Subject Matter is subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

The information included in the Company's Annual Report, other than the Subject Matter, has not been subjected to the procedures applied in our review and, accordingly, we express no conclusion on it.

Based on our review, we are not aware of any material modifications that should be made to the Subject Matter for the year ended December 31, 2020 or June 30, 2021 in order for it to be in accordance with the Criteria.

Ernst + Young LLP

August 10, 2021

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# **Performance Notes**

#### EXHIBIT A:

## The Clorox Company Schedule of Selected Quantitative Performance Indicators

INDICATOR NAME	SCOPE	VALUE <sup>1</sup>	UNIT	CRITERIA	
Scope 1 Greenhouse Gas (GHG) Emissions <sup>2, 3, 4</sup>	Global	75,164		The World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol Corporate Standard	
Scope 2 GHG Emissions, location-based-method <sup>2,4,5</sup>	Global	184,379	Metric tonnes of carbon		
Scope 2 GHG Emissions, market-based-method <sup>2, 4, 5</sup>	Global	184,379	<ul> <li>dioxide equivalent (tC02e)</li> </ul>	WRI/WBCSD GHG Protocol Corporate Standard, GHG Protocol Scope 2 Guidance	
Scope 3 GHG Emissions <sup>2, 6</sup>	See footnote <sup>6</sup>	370,159		WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Standard	
Energy consumption <sup>2, 4</sup>	Global	762,539	Megawatt hours (MWh)	Refer to criteria for Scope 1 & 2 GHG Emissions above	
Water withdrawal <sup>2, 4, 7</sup>	Global	3,387	Megaliters	Global Reporting Initiative Standard (GRI) 303-3a.	
People of color nonproduction employees in U.S. <sup>8,9</sup>		38%			
POC nonproduction managers in U.S. <sup>8,9</sup>	-	31%	 %		
Female nonproduction employees globally <sup>8,9</sup>		52%		GRI 405-1a.i., GRI 405-1a.iii., GRI 405-1b.i., GRI 405-1b.iii.	
Female nonproduction managers globally <sup>8, 9</sup>	See left for	46%		Management defines People of Color (POC) in alignment with the EEOC's definition o	
Female Board of Directors <sup>8</sup>	metric scope	42%	-	"Minority" as any race that is not white (Asian, Black, Latino, Native American, Native Hawaiian, or Two or More).	
POC Board of Directors <sup>8</sup>		33%	33%	-	
Female Executive Committee members <sup>8</sup>	_	50%	_		
POC Executive Committee members <sup>8</sup>		25%	_		
U.S. product donations <sup>8, 10</sup>	U.S. only	\$8 million	\$ USD	GRI 201-1a.ii. Economic value distributed (community investments)	
Recordable incident rate <sup>8, 11</sup>	Global	0.26	Rate of recordable work-related injuries	GRI 403-9a.iii. Occupational Safety and Health Administration (OSHA) Regulation (Standards-29 CFR), Part 1904 "Recording and Reporting Occupational Injuries and Illness" defines recordable work-related injuries.	
Employee engagement <sup>8, 12</sup>	Global	87%	%	Sustainability Accounting Standards Board TC-IM-330a.2.	

Note 1: Nonfinancial information is subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

<sup>1</sup> All percentages are rounded to the nearest whole number in the Annual Report.

<sup>2</sup> For all locations where The Clorox Company maintains operational control and for the calendar year ended Dec. 31, 2020.

<sup>3</sup> Scope 1 emissions include direct energy used by the company in its operations, categorized by stationary combustion, mobile combustion, refrigerant use, direct VOC loss and direct wood pyrolysis. The last two sources relate mainly to the Company's Kingsford business unit, and wood pyrolysis is considered to be a mostly carbon neutral process; therefore, CO2 emissions from Wood pyrolysis are not included in total tCO2e, but CO2 equivalent emissions from CH4 and N2O are included. Natural gas emissions, the largest Scope 1 emission source, are calculated using factors from the Environmental Protection Agency Mandatory GHG Reporting for Stationary Fuel Sources, Title 40 Part 98 Table C-1 and C-2 (December 2016) and Global Warming Potential (GWP) rates from the Intergovernmental Panel on Climate Change's Fourth Assessment Report. For Scope 1 emission selated to wood pyrolysis, the company is using the Wood & Wood Residuals emission factors under Title 40 Part 98 Table C-2.

<sup>4</sup>The company's natural gas, electricity and municipal water withdrawal data for U.S. sites are tracked by the company's thirdparty utility management company. Other sources of energy and water withdrawal in the U.S. are tracked manually on a site-by-site basis and reported to the company's corporate team on an annual basis. For international sites, all energy and water withdrawal data is tracked manually and reported annually to the company's corporate team.

<sup>5</sup> Scope 2 includes indirect emissions resulting from the company's purchased electricity use and is calculated using the EPA's 2019 GRID emission factors (published in February 2021) for U.S. locations and the International Tenrgy Agency's 2018 emission factors (published in 2020) for international locations, with the exception of Canada. For Canadian locations, the company uses 2018 emission factors (mthe 2020 Canada National Inventory Report part 3. The company agency is 2018 emission factors from the 2020 Canada National Inventory Report part 3. The company agency is suppliers, however, was unable to obtain reliable supplier-specific emission factors. The company's renewable energy certificates are not retired, and other contractual instruments and residual mix factors are not available in the locations in which the company operates. Due to the lack of market-based data available, the company's market-based emissions were calculated following the same process as the location-based-method missions.

<sup>6</sup> Scope 3 includes finished goods transportation in the U.S. only and global employee business travel. Employee business travel includes emissions from commercial air flights and rental car use by the company's employees. Commercial air flights are limited to business travel booked in the United States, United Kingdom, Hong Kong, Argentina, Chile, Mexico, Peru and Canada. Scope 3 emissions for business travel are calculated using "per vehicle-mile traveled" and "per passenger-mile traveled" emissions factors from the EPAS Center for Corporate Climate Leadership guidance (published in 2021). Emissions from finished goods transportation are calculated using "per ton-mile" emission factors, from the same guidance.

Water withdrawal includes water withdrawn at all global manufacturing sites; offices and research development centers used in 1) products sold to customers; 2) the manufacturing process; 3) irrigation and 4) water withdrawn by employees during office hours for personal needs (e.g., restrooms, break rooms). Water sources include city/municipal, well, lake and river.

<sup>8</sup> For the fiscal year ended June 30, 2021.

<sup>9</sup> Based on headcount data of employees with reported gender and ethnicities. "Manager" is defined as an "employee" at Grade 27 or above for U.S. employees and Grade 26 or above for international employees with regard to the company's human resources compensation structure. A "production employee" is defined as an employee at Grade 19 or below, and a "nonproduction employee" is defined as an employee at Grade 20 or above in both the U.S. and internationally.

<sup>10</sup> U.S. product donations refer to those donations used to aid in disaster relief or to support schools, food banks and other nonprofit organizations. Value is derived from current-year average truckload price of the product donated. Truckload prices are based on volume ordered and shipped. U.S. product donations include donations made by the company's U.S divisions and were determined based on available documentation as of July 27, 2021, for the fiscal year ended June 30, 2021.

<sup>11</sup> Recordable incident rate was determined as of July 9, 2021, for the fiscal year ended June 30, 2021. The recordable incident rate includes all reportable incidents that occurred at company facilities globally. It does not include workers at offices with fewer than 30 employees, but it does include remote workers.

<sup>12</sup> Employee engagement is measured by four questions within a survey that was administered by a third-party, Perceptyx Inc. The survey took place from Feb. 22, 2021, through March 5, 2021, and 5,938 company employees responded to the survey. Responses were scored on a scale of 1 to 5 as follows: 5: Strongly agree, 4: Agree, 3: Neither agree or disagree, 2: Disagree, or 1: Strongly disagree. A response of 5 or 4 is considered a favorable response representing active employee engagement. The employee engagement percentage is then calculated as the weighted average of actively engaged responses across the four survey questions. Thriving Communities

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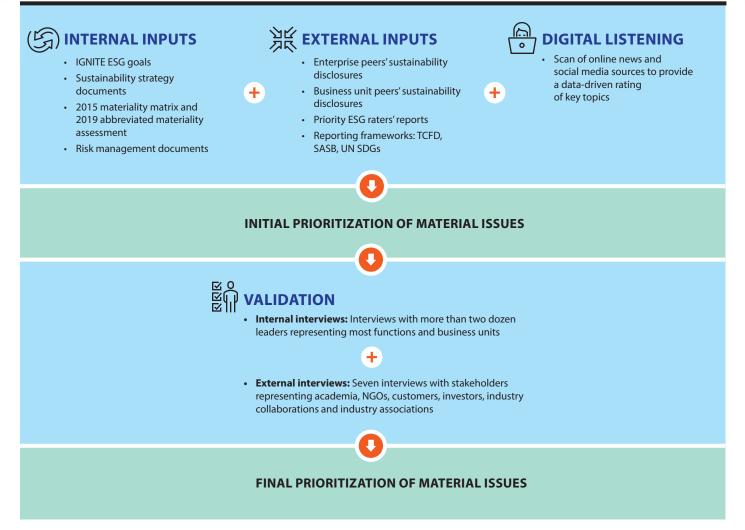
Reporting About

# **ESG** Priorities

ESG is strategically important to our business because it creates value for all our stakeholders and is essential to delivering on our purpose and values. We are committed to focusing on ESG topics that are most important to our business and our stakeholders, so we conducted a formal materiality assessment in fiscal year 2021 to verify our priorities. While we conducted an abbreviated materiality assessment when we developed our IGNITE ESG goals in 2019 and a full materiality assessment in 2015, we felt it was appropriate to step back and ensure we are directing our resources in the best way possible, given how quickly the ESG space and stakeholder expectations are evolving.

Our approach was thorough. We considered inputs such as corporate strategic choices, ESG reporting frameworks, ESG raters, peer ESG efforts and insights gained from digital listening to traditional and social media. We developed an initial prioritized list of topics, then conducted interviews with nearly three dozen internal and external stakeholders to share their perspectives and validate our findings. The list was refined based on their input, resulting in a prioritization of "High," "Higher" and "Highest" ESG topics.

### **ESG Materiality Process**



### **Clorox's Overall ESG Issues Prioritization**

### TIER "Highest"

- Packaging and plastic
- Product and ingredient safety and transparency
- Product environmental impact
- Sustainable product innovation and growth
- Ethical and transparent governance and business practices
- GHG emissions
- Employee diversity, equity and inclusion
- Employee health, safety and well-being
- Public health



- Human and labor rights in the supply chain
- Responsible marketing and advertising
- Employee engagement and development
- Resiliency (climate, natural disasters, public health)
- Renewables and energy use
- Water stewardship
- Deforestation and biodiversity
- Community impact
- Operational and supply chain waste

## TIER 3 "High"

- Animal welfare and testing
- Tax and economic contribution
- Cybersecurity, data security and privacy
- Consumer engagement on sustainability
- Advocacy and public policy practices
- Product accessibility and affordability

Recognizing that topics are not isolated and are often interdependent, we dug a level deeper to identify themes and interconnectivity among individual topics.

### **ESG Materiality Themes**



#### **Product Impact**

Our product design, material sourcing and manufacturing are all directly linked by the impacts our products can have on people and the planet.

### Climate

Our impact on and management of the impacts of climate change are important within our own operations and supply chain, but also in our ability to make a positive impact through products and advocacy.



#### Inclusion & Diversity and Human Rights

Companies are increasingly active in promotion of the important areas of diversity, equity and inclusion and respect for human rights in the workforce, supply chain and beyond.

### Circularity

Circularity connects many key issues — from reduced impacts of materials used in packaging and plastic to transitioning to a circular economy where materials are widely repurposed through innovation and advocacy.





### Health & Well-Being

Working to improve health and well-being for employees, supply chain workers and consumers has a strong link to our purpose, as does supporting public health for society overall.

### **Responsible Business**

Operating as an ethical and transparent business is important across the value chain.



We then referenced these findings with our existing ESG priorities to understand if any adjustments to our work were necessary. This process assured us that we are addressing the most relevant ESG topics. At the same time, it also provided some insights that we will consider as our work evolves. For example, we are enhancing our disclosures by adding additional metrics to our SASB table. Also, while managing product environmental and social impacts has long been a high priority for us, seeing that our top four topics were all product-related reinforced how important it is for us to remain focused on this area.

As stakeholder priorities continue to evolve, we are committed to ongoing dialog and will remain anchored to our IGNITE strategy to ensure we are focusing on the areas that will have the most meaningful outcomes.

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# **ESG Reporting**

As part of our commitment to transparency, we disclose our ESG progress through voluntary third-party frameworks. For fiscal year 2021, we continue to report through the Sustainability Accounting Standards Board standard and the Task Force on Climate-Related Financial Disclosures framework because we believe these disclosures represent some of the most meaningful ESG areas of focus for our strategy, our company's social and environmental impact and the interests of Clorox's stakeholders. We also continue to report on the Ten Principles of the United Nations Global Compact, which aim to make significant progress on global economic, social and environmental challenges. And we have begun reporting on progress

against the Sustainable Development Goals of the United Nations using a principled prioritization process to select those goals that present our greatest risks and opportunities to solve the world's most significant challenges. Clorox's CEO, CFO and general counsel approved our integrated report, which includes our sustainability reporting.

In the tables below we provide links to reporting platforms that contain more information on our ESG initiatives such as our responses to the CDP Climate Change, Forest and Water Security questionnaires, the Roundtable on Sustainable Palm Oil Annual Communication on Progress report and The Clorox Company website.

## SASB: Household and Personal Products Standard<sup>1</sup>

торіс	SASB ACCOUNTING METRIC	SASB REFERENCE CODE	LOCATION OR RESPONSE
Water Management	Total water withdrawn and percentage in regions with High or Extremely High Baseline Water Stress	CG-HP-140a.1	3,387 thousand cubic meters in CY20 19% withdrawn from regions with High or Extremely High Baseline Water Stress <u>CDP Water Security Report</u> See exhibit A: The Clorox Company Schedule of Selected Quantitative Performance Indicators for the Year Ended Dec. 31, 2020, or June 30, 2021, page 82
	Description of water management risks and discussion of strategies and practices to mitigate those risks	CG-HP-140a.2	<u>CDP Water Security Report</u> <u>Clorox website: Clean World — Water</u>
Product Environmental, Health and Safety Performance	Discussion of process to identify and manage emerging materials and chemicals of concern	CG-HP-250a.3	<u>Clorox website: Brands — What We're Made Of</u> See Being Good Stewards of Our Brands section, page 52
Packaging Lifecycle Management	Percentage of packaging made from recycled and/or renewable materials Percentage that is recyclable, reusable, and/or compostable	CG-HP-410a.1	61% of primary and secondary packaging purchased is made from recycled or renewable materials 76% of primary packaging is recyclable, reusable and/or compostable Clorox website: Clean World – Reducing plastic & other waste
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	CG-HP-410a.2	<u>Clorox website: Clean World – Reducing plastic &amp; other waste</u> See Clean World section, pages 66-69
Environmental & Social Impacts of Palm Oil Supply Chain	Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) Identity Preserved, (b) Segregated, (c) Mass Balance, or (d) Book & Claim	CG-HP-430a.1	2,076 metric tons of palm oil and palm oil ingredients (palm content only) Clorox purchased for its domestic and international businesses in CY20 41% of palm oil and palm oil ingredients (palm content only) purchased has been third-party certified through the Roundtable on Sustainable Palm Oil supply chains <u>RSPO Annual Communication of Progress, Clorox website: Supply Chain — Responsible</u> <u>Sourcing, Forest Commodities</u>
Activity Metric	Number of manufacturing facilities	CG-HP-000.B	34
Energy Management	Total energy consumed, percentage renewable	CG-BF-130a.1	◆ 762,539 global absolute megawatt hours (MWh) in CY20 Achieved goal for 100% renewable electricity in the U.S. and Canada beginning in January 2021, four years ahead of the original target year. A 70-megawatt Virtual Power Purchase Agreement that came into effect in January 2021 is expected to support about 50% of this goal; other market purchases of renewable energy credits are expected to support the remaining 50%. See exhibit A: The Clorox Company Schedule of Selected Quantitative Performance Indicators for the Year Ended Dec. 31, 2020, or June 30, 2021, page 82 <u>CDP Climate Change Report, Clorox website: Clean World — Energy</u> See Climate Action section, pages 70-71
Greenhouse Gas Emissions	Gross global Scope 1, 2 and 3 emissions	FB-AG-110a.1	◆ Scope 1 and 2: 259,543 absolute metric tons carbon dioxide equivalent (tCO2e) in CY20 Scope 3: 370,159 absolute metric tons CO2e in CY20 See exhibit A: The Clorox Company Schedule of Selected Quantitative Performance Indicators for the Year Ended Dec. 31, 2020, or June 30, 2021, page 82. <u>CDP Climate Change Report, Clorox website: Clean World — Reducing greenhouse gas emissions</u> See Climate Action section, pages 70-71
Employee Engagement	Employee engagement as a percentage	CG-EC-330a.1	87% See Listening to Grow Engagement section, pages 56-57

Reviewed by Ernst & Young LLP. Review report pages are 81-82.

1 In addition to reporting against Consumer Goods Sector: Household and Personal Products Standard, to provide greater transparency to our stakeholders we have included select metrics from other SASB industry standards to align with the issues that we consider to be priorities to us, based on a 2021 materiality assessment [Food & Beverage: Agricultural Products Standards; Consumer Goods: Building Products & Furnishings Standards and Industry E-commerce].

2 Percentage of packaging made from recycled and/or renewable materials:

Metric is global and includes both primary and secondary packaging. Domestic packaging is based on U.S. sales data and includes packaging for all products we sell in the U.S., inclusive of contract manufactured packaging from suppliers that procure packaging materials on our behalf. International packaging is based on our purchases of packaging for international operations and excludes data for packaging procured by contract manufacturers on our behalf. International CV20 data is estimated based on CV18 or CV19 purchases of packaging, adjusted to account for sales growth in CY20.

3 Percentage that is recyclable, reusable and/or compostable: Data has been calculated using the Ellen MacArthur Foundation's recyclability assessment tool, which is based on the findings of its New Plastics Economy 2021 Recycling Survey and the Ellen MacArthur Foundation's definition of recyclable packaging. Recyclability reporting is based on CY20 U.S. sales data and is estimated to reflect global results for this metric.

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# ESG Reporting (cont.)

## **TCFD Framework**

CORE ELEMENT	TCFD DISCLOSURE	THE CLOROX COMPANY DISCLOSURE
Governance	Board oversight of climate-related risks and opportunities	The board of directors' Nominating, Governance and Corporate Responsibility Committee oversees Clorox's environmental matters and compliance and is updated at least quarterly on environmental, social and governance priorities, including those related to climate change. Clorox's Enterprise Risk Management Steering Committee, which is comprised of members of Clorox's senior management, chaired by the vice president of global risk management and overseen by our chief financial officer and chief legal officer, has identified climate risk as one of Clorox's top enterprise risks and reports to the full board of directors as part of its regular (at least annual) risk discussion. The board is apprised of the status of Clorox's strategic ESG priorities, including the development and setting of science-based targets, as well as Clorox's goal to achieve net zero emissions by 2050, which was announced on Sept. 7, 2021. See <u>CDP Climate Change Report Section C1.1-C1.2</u>
	Management's role in assessing and managing climate-related risks and opportunities	The Clorox Executive Committee is responsible for overseeing the execution of its corporate strategy, called IGNITE, which integrates ESG goals related to climate stewardship, such as science- based targets to reduce greenhouse gas emissions and renewable energy. Our ESG Executive Committee, comprising Clorox's chief growth officer, chief people and corporate affairs officer and chief legal officer – each reporting to Clorox's CEO – has executive oversight of ESG, ensuring our business strategy considers and optimizes our ESG priorities, including those related to climate change. Our progress and climate change management is enabled by a cross-functional Sustainability Center led by Clorox's chief sustainability officer, and driven by our business units. See <u>CDP Climate Change Report Section C1.1-C1.2</u>
Strategy	Climate-related risks and opportunities	<ul> <li>Gorox identifies climate-related risks and opportunities in its products, operations and supply chain, and discloses details as part of its annual CDP reporting. The primary risks and opportunities associated with extreme weather conditions or water stress due to dimate change impacting our business operations, disrupting our supply chain, limiting our access to water, or impacting commodity, operational and distribution costs: short-term (1-3 years). The estimated financial impact to Clorex from a weather event could potentially be in the range. <u>of 5500,000-5500 million</u>. The lower end financial impact is based on a short-term disruptive weather event and includes cost estimates related to testing alternate raw materials and for material pre-build and other logistic costs to ensure supply and continued operation. The higher end financial impact is based on a major weather event scenario that causes a long-term (three- to four-quarter) disruption in the supply of a major commodity used at multiple manufacturing locations. To mitigate these risks, we have business continuity plans for most locations and all critical functions. As a result of learnings from recent hurricanes, we have improved and updated contingency plans to ensure both work in process and finished goods inventories are adequate leading into hurricane scans. In addition, we have systems in place to incorporate hurricane contingency plans to ensure both work in process and finished goods inventories are regulations change (potential doubling in price over 10 years) to impact our business. To mitigate these risks, we are focusing on reducing our GHG emissions as part of our commitment to achieving science-based targets by 2030 and net zero by 2050.</li> <li> • Transitional risks (medium-term) and opportunities (long-term, isk) increase. The estimated financial impact to Clorox from alse visitands) Pain work to ergo up with the consumer's growing demand for products with lower environmental footprints, and that material costs can increa</li></ul>
	Impact of climate risks and opportunities on businesses, strategy and financial planning	<ul> <li>Climate risks and opportunities that might impact our business strategy and financial planning include:</li> <li>Consumer demand for products with lower environmental footprints growing faster than we have allowed for in our innovation investment planning. This is both an opportunity for greater brand value and sales from our lower environmental impact products such as our increasingly concentrated bleach that have benefitted from our ongoing sustainability-focused investment in R&amp;D, and a risk if we cannot meet demand. That risk could entail major investment in manufacturing equipment to process and package the sustainable products, entailing a low to medium impact on capital expenditures over the next five to 10 years, as our current manufacturing capabilities may not support the processing and packaging of these sustainability innovations.</li> <li>Acceleration of infectious disease and pandemics associated with warmer climates, water-borne illness, the potential release of long-dormant viruses by the thawing of permafrost, and shifts in the proximity of animals and other sources of diseases with concentrated human populations, increasing global demand for disinfecting products and solutions in consumer and business-to-business markets – this is both an opportunity given our leadership in disinfection and a risk if we cannot meet demand or sufficiently innovate to meet particular consumer needs.</li> <li>Low carbon energy sources and material supply chains that cannot keep up with growing industry demand (e.g., for RSPO-certified palm products and PCR resin for packaging), driving up costs or limiting our ability to meet our environmental commitments or bring sustainabile innovation to market.</li> <li>More frequent and extreme weather events causing supply chain disruption and leading to health and sanitation issues due to flooding and property damage. This is a risk given the potential inreace in demand for our disinfection and warehouse storage capacity over the next 10 to 15 years for redundancy</li></ul>
	Scenario Planning	The company expects to incorporate longer-term scenario planning that considers a range of warming scenarios (e.g., at least 2° and 4°C) as it develops its longer-term net zero action plan to reduce carbon emissions across our value chain in line with the thresholds and timelines set forth by the Paris Agreement targets. Clorox plans to perform scenario analysis in the future to better quantify the possible financial and operational impacts of these risks and opportunities, which will help us improve our climate strategy and future TCFD disclosures. See <u>CDP Climate Change Report Section C3.2</u>

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# ESG Reporting (cont.)

## **TCFD Framework**

CORE ELEMENT	TCFD DISCLOSURE	THE CLOROX COMPANY DISCLOSURE
Risk Management	Process for identifying and managing climate risks	Clorox identifies opportunities and potential physical, regulatory, reputational, changing consumer trends/awareness and any other risk factors associated with climate change, GHG emissions, energy consumption and water consumption. This is done at the corporate level with the cross-functional ESG and sustainability team and cascaded to various internal stakeholders, business and functional units as appropriate. Further, the Clorox ERM steering committee, consisting of senior leaders across the organization, was established to provide a sustainable framework to proactively identify, understand, assess, prioritize, articulate and continuously manage risks, both existing and emerging, across the entire organization, including dimate risks. The ERM steering committee has responsibilities related to monitoring risks and opportunities related to climate issues. Clorox has a comprehensive enterprise risk management process to identify, assess and prioritize business risks. The process includes identifying potential risks, assessing exposures and quantifying the value at risk to the company. The evaluation considers level of potential impact, the overall vulnerability to an event based on the time and the capacity to react and adapt, and the likelihood of an occurrence. The ERM steering committee reports to the Clorox board of directors and provides the board key ERM updates, including regarding climate change, at least annually. See <u>CDP Climate Change Report Section C2.1-C2.2</u>
	Integration of climate risk management into company's overall risk management	As described above, climate risk is integrated into Clorox's enterprise risk management process. In order to mitigate the risks associated with climate change, Clorox has identified climate stewardship as a key ESG priority integrated into the company's IGNITE business strategy, building on the progress it has achieved in reducing the carbon footprint of its operations and products for more than 10 years. Through IGNITE, the company has committed to taking science-based climate action across its value chain, including opportunities in its operations, products and supply chains. Actions include compaction and other material reduction innovations to reduce material, water and transportation footprints of its products, renewable energy procurement for its operations and supply chain engagement informed by life cycle analyses to identify and address its material upstream carbon and water footprints, as well as impacts of products during consumer use and at the end of life. Life cycle analyses are also employed to inform new packaging design to ensure sustainability tradeoffs are considered during the development and commercialization of new products. For instance, plastic packaging is often lighter weight to ship and requires less energy to produce than glass or metal but has different recyclability and end-of-life considerations. To accelerate progress, and as noted above, we have established a cross-functional Sustainability Center responsible for defining, driving and tracking progress against Clorox's environmental sustainability strategy, including Clorox's climate stewardship ambitions and performance. Each business unit leadership team is responsible for defining an achieving a strategic sustainability plan for its portfolio of brands that will help deliver corporate IGNITE ESG goals and advance its brands towards becoming a sustainable business, and the Sustainability Center acts as a corporate function to enable cross-enterprise synergies, help identiffy, quantify and manage cross-enterprise sustainability

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# ESG Reporting (cont.)

## **TCFD Framework**

CORE ELEMENT	TCFD DISCLOSURE	THE CLOROX COMPANY DISCLOSURE
Metrics & Targets	Metrics used to address climate risks and	We track, manage and disclose our performance in a number of areas related to climate risk, including GHG emissions, GHG emissions intensity, energy consumption, energy intensity, water withdrawn, water intensity and water withdrawn from areas of high baseline water stress.
	opportunities	GHG emissions were estimated in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). See <u>CDP Climate Change Report section C4-C9; Clorox website: Taking Climate Action</u>
	Scope 1, 2 and 3 GHG	Scope 1: • 75,164 metric tons CO2e for CY20, 64,484 for CY19 and 73,272 for CY18.
	emissions	Scope 2: 🗇 184,379 metric tons CO2e for CY20, 170,370 for CY19 and 214,115 for CY18.
		Scope 3, combined Categories 4 and 6: 🗇 370,159 metric tons CO2e in CY20, 283,651 for CY19 and 307,750 for CY18.
		Scope 3, Category 4 U.S. Finished Goods Distribution: 369,042 metric tons CO2e in CY20, 276,768 for CY19 and 301,158 for CY18.
		Scope 3, Category 6 Employee Business Travel: 1,117 metric tons CO2e for CY20, 6.883 for CY19 and 6,592 for CY18.
		Scope 3, Category 1 Purchased Goods and Services, is reported as relevant, but not calculated for CY18 through CY19 and calculated as part of a corporate LCA we conducted to establish a CY20 baseline and targets for our science-based target. Based on this LCA, Category 1 emissions were 2,358,256 metric tons CO2e in CY20 and are included in our Scope 3 SBT. We anticipate changes to our approach for calculating Category 1 emissions in the future as data specific to our supply chains becomes more available.
		Scope 3, Category 11, Use of Sold Products (Direct), is reported as relevant, but not calculated for CY18 through CY19 and reported as 455,136 metric tons CO2e for CY20. Emissions for Category 11 were calculated as part of a corporate LCA we conducted to establish a CY20 baseline and targets for our SBT and are included in our Scope 3 SBT.
		See scorecard section, page 15; CDP Climate Change Report Section C6.1, 6.2, 6.3, & 6.5; Clorox website: Taking Climate Action
	GHG emissions targets	Set and achieve science-based targets for scope 1, 2 and 3 GHG emissions for 2030, by October 2021. Committed to net zero GHG emissions by 2050.
		SBTs submitted to SBTi in June 2021 and were approved by SBTi in August 2021:
		<ul> <li>Scope 1 / 2: 50% absolute reduction by 2030 vs. 2020 base year. This target is consistent with reductions required to keep warming to 1.5°C.</li> </ul>
		• Scope 3: 25% absolute reduction by 2030 vs. 2020 base year in Category 1, Purchased Goods and Services and Category 11, Use of Sold Products (Direct).
		Net zero emissions across scopes 1, 2 and 3 by 2050.
		See Integrated ESG Goals section, page 5; ESG Progress Update section, page 7; Climate Action section, pages 70-71. Clorox website: Taking Climate Action
	Energy consumption	762,539 megawatt hours in CY20, 666,112 in CY19 and 752,783 in CY18. <sup>1</sup>
		See <u>Clorox website: Clean World — Energy</u>
	Energy targets	100% renewable electricity consumption in U.S. and Canada in 2021.
		<ul> <li>Renewable energy goal first achieved in January 2021, maintained to date and expected to be maintained going forward.</li> </ul>
		Drive continued energy efficiency improvements that achieve or exceed our 2018 baseline levels.
		15% less energy use per case of product sold in CY20 vs. CY18 base year.
		See Climate Action section, <u>pages 70-71</u> and <u>Clorox website: Clean World — Energy</u>
	Water consumption	• 3,387 thousand cubic meters (megaliters) of water withdrawn in CY20, 2,904 megaliters in CY19, and 3,306 megaliters in CY18. <sup>3</sup> Clorox reports water consumed as water withdrawn
		630 thousand cubic meters (megaliters) withdrawn from regions with high or extremely high baseline water stress in CY20, and 410 megaliters in CY19 (not reported in CY18). We utilized Water Resource Institute's Aqueduct tool to assess all our facilities for baseline water stress.
		See Clorox website: Clean World — Water
	Water targets	Drive continued water efficiency improvements that achieve or exceed our 2018 baseline levels:
		14% less water use per case of product sold in CY20 vs. CY18 base year
		Advance a more localized approach to water stewardship in high or extremely high baseline water stress areas:
		• Seven manufacturing facilities are located in high to very high baseline water stress areas, four of which represent almost 90% of Clorox's water use in those areas. Two locations — Mexico City and Quilicura, Chile — are proceeding with localized water action plans. This includes assessing their plant water use and identifying opportunities to be more efficient. Clorox is planning to engage with a technical consultant to further this process in CY21. The water use at the two other high-water-stress locations, part of our majority ownership in our Saudi joint ventures, is being assessed.
		See Clorox website: Clean World — Water

1 Total global scope 1 and 2 GHG emissions for 2018 (the baseline year for our interim measurement period between our last goal period and our future science-based targets) were recalculated to reflect the estimated GHG emissions associated with acquisition of a majority share of our joint venture in the Kingdom of Saudi Arabia in CY20. Data for 2019 were not recalculated.

2 Total global energy consumption for 2018 (the baseline year for our energy efficiency goal) was recalculated to reflect the energy consumption associated with acquisition of a majority share in our Saudi JV in CY20. Data for 2019 were not recalculated.

3 Total global water withdrawals for 2018 (the baseline year for our energy efficiency goal) were recalculated to reflect the water withdrawals associated with acquisition of a majority share in our Saudi JV in CY20. Data for 2019 were not recalculated.

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# ESG Reporting (cont.)

## **UNGC Communication on Progress**

CATEGORY	PRINCIPLE	CLOROX POLICIES AND FY21 PERFORMANCE
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.	The <u>Clorox Code of Conduct</u> documents the ethical and legal standards of behavior and business practices that are required of all our directors, executives and employees around the world. We require all board members and employees to complete training and certify compliance with our code. Business partners are expected to comply with our <u>Business Partner Code of Conduct</u> and our <u>Responsible and Sustainable Sourcing Policy and Standards</u> . Both documents detail our expectations regarding adherence to and processes for enforcing our <u>Human Rights Commitment</u> and other expectations related to human rights and labor, health and safety, the environment, and business conduct and ethics. This code precludes the use of forced, bonded, or indentured labor or prison labor. As an additional safeguard, the company's Global Strategic Sourcing organization implemented a monitoring program in FY17 using web-crawl technology to monitor all global direct material suppliers for any activities or incidents that would pose risk to the Clorox supply chain. Through an alert system, buyers are notified of any significant findings for appropriate action and/or follow-up. GSS also began annual risk assessments of global suppliers in FY18 based on location, scale, industry and audit history to determine those suppliers at highest risk for social compliance issues, including forced labor and human trafficking. The risk assessment allows us to determine which suppliers should be selected for third-party audits to verify compliance with all principles and standards of the Clorox Business Partner Code of Conduct.
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labor; Principle 5: the effective abolition of child labor; and Principle 6: the elimination of discrimination in respect of employment and occupation.	Our responsible and sustainable sourcing program covers how we work with our business partners on key issues such as ethical business conduct and practices. This program sets out our expectations with regards to the respect for the human rights, including labor rights, of the workers in our extended supply chain, as these are all integral to the long-term success of our company and our partners. We also have grievance mechanisms available, including the Clorox compliance hotline, to ensure that individuals have a forum to raise concerns about compliance with the standards set out in our Codes of Conduct. And, in support of the <u>UK Modern Slavery Act</u> , <u>Australian Modern Slavery Act</u> and <u>California Transparency in Supply Chains Act</u> , we have established formal trainings for our Global Product Supply and GSS teams to help them identify and address potential risks of slavery and human trafficking in our supply chain. We work with external monitoring systems to enable suppliers to demonstrate compliance with our standards, including Sedex Members Ethical Trade Audit (SMETA). We audit higher risk suppliers leveraging our membership in Sedex and suppliers are required to conduct or share their most recent SMETA (or approved equivalent) audit. The audits, which are conducted by an independent third party, assess suppliers' activities in the areas of labor rights, health and safety, environmental sustainability and business ethics. Inclusion and diversity is also embedded in our IGNITE strategy. We continue to focus on increasing the diversity of our people and driving a stronger culture of inclusion. We also have made a commitment to ensuring pay equity and conduct annual reviews to ensure equitable pay among genders and racial groups. We respect the rights of workers to freely associate, organize and bargain collectively in accordance with applicable laws and the customs of the countries in which they are employed, as outlined in our Policy on Employee Freedom of Association. Employees covered in collective bargaini
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.	See CEO Message section, page 3; Clorox website: Responsible & Sustainable Sourcing; Empowering Our Employees to Thrive Environmental goals are embedded in our IGNITE strategy. These include setting and achieving science-based targets to reduce greenhouse gas emissions in our operations and across our value chain by 2030, sourcing 100% renewable electricity for our U.S. and Canada operations in 2021, and achieving ambitious targets to reduce plastic and other waste by 2030. We recently also set a new goal of achieving net zero GHG emissions by 2050. These efforts are in conjunction with long-standing efforts to reduce our GHG, energy, water and waste impacts across our value chain, from sourcing our raw materials to within our own manufacturing and operations, as well as during consumer use, such as our participation in Terracycle's Loop and recycling programs, and the Glad brand's <u>partnership with Recyclops</u> . We are also focusing on packaging innovations, compaction, light-weighting and other material reductions to reduce inputs and the footprint of products. Our commitment to environmental sustainability also includes working to ensure our products do not cause harm to the environment. We assess 100% of our product portfolio for both human and environmental sustainability throughout our business units, as well as owning our enterprise environmental goals. Each business unit leadership team is responsible for defining and achieving a strategic sustainability plan for its portfolio of brands that will help deliver corporate IGNITE ESG goals. We have also dedicated resources within our corporate and business development functions to help businesse evaluate and execute on strategic partnerships that help further our sustainability goals. As a signatory to the United Nations Global Compact, our sustainability, our sustainability on ur integrated annual report, and Clorox's CEO, CFO and general counsel approve our integrated annual report.
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	See CEO Message section, page 3; Clean World section, pages 66-71; ESG reporting, pages 85-91; Clorox website: Clean World At Clorox, our values are an intrinsic part of who we are as a company and as individuals. Clorox strictly forbids giving, soliciting, offering and accepting bribes, kickbacks and other prohibited payments by its employees, directors and business partners. We abide by anticorruption laws everywhere we do business in the world, without exception. These laws include the U.S. Foreign Corrupt Practices Act and the UK Bribery Act 2010, as well as all applicable anti-corruption and anti-bribery laws in each country in which we do business. 100% of the company's leaders and employees must go through anti-corruption training. 100% of the company's suppliers must adhere to the Business Partner Code of Conduct, which addresses ethical business practices. The Clorox board of directors meets at least quarterly to review key issues and opportunities impacting the company. See <u>Clorox website: Purpose and Values, Corporate Governance Guidelines, Policies and Practices</u>

Thriving Clean Communities World ESG

# ESG Reporting (cont.)

## **United Nations Sustainable Development Goals**

This year, we have begun reporting on progress against the Sustainable Development Goals of the United Nations, using a principled prioritization process to select those goals that reflect the findings of our recent materiality assessment and that present our greatest risks and opportunities to solve the world's most significant challenges.

#### GOAL 3:

## Good Health and Well-Being — Ensure Healthy Lives and Promote Well-Being for All at All Ages

TARGETS AND ACTIONS	FY21 OUTCOMES AND IMPACTS
Building on the strength of our brand portfolio that helps people destroy germs, clean water, enhance nutrition and harness nature, in fiscal year 2019, we have established a strong business focus on health and wellness. We also set a goal to increase people's (consumer) well-being as measured by the number of our wellness-related product categories in U.S. homes, including natural personal care;	Number of Clorox wellness-related product categories in U.S. homes decreased by 1.7 million, or 1%, vs FY19 baseline.
vitamins, minerals and supplements; water filtration and hydration; and cleaning products.	\$1 million donation to establish the Public Health Research Fund at Cleveland Clinic
Clorox bleach and an expanding portfolio of products have continued to contribute to public health for over a century — from hospitals to homes — during pandemics, hurricanes, earthquakes and other natural disasters. In fiscal year 2021, we launched	300,000 people vaccinated through Direct Relief
various initiatives to support public health during a public health crisis, including the Safer Today Alliance in partnership with the CDC Foundation and Cleveland Clinic.	More than 250 employees in 6 countries were helped through a \$1 million global COVID-19 employee relief fund
We also focused on enhancing the physical and mental health benefits offered to our employees during the pandemic. This included supplemental emergency paid time off for COVID exposure, illness, caregiving and vaccinations; 100% employer-paid coverage of	Supported financial well-being, achieving 66% employee income replacement ratio, including U.S. employees participating in Clorox 401(k) program (See <u>page 9</u> of report)

we exceeded. This supplements our ongoing benefits and commitment to support our employees' retirement readiness. See Healthy Lives section, pages 45-52; Clorox website: Consumer Health & Well-being, Employee Safety & Well-being

COVID-19 testing and treatment; no-cost virtual medical care for U.S. employees; and a \$1 million global employee relief fund, which

### GOAL 10: **Reduced Inequalities — Reduce Inequality Within and Among Countries**

TARGETS AND ACTIONS	FY21 OUTCOMES AND IMPACTS					
Clorox values and promotes equal employment opportunity and inclusion and does not tolerate discrimination, intimidation or harass- ment among employees or business partners, consistent with the United Nations Global Compact Principles on Human Rights on page 89. These expectations are outlined in our <u>Codes of Conduct</u> and <u>other policies</u> and must be adhered to by all our employees and those who do business with us.	As of June 30, 2021, people of color represented 42% of U.S. production employees, 38% of U.S. nonproduction employees and 31% of U.S. nonproduction managers. Women made up 52% of our global nonproduction employees and 46% of our global nonproduction managers. Clorox is led by a woman, Linda Rendle, who assumed the role of CEO in September 2020. Half of the Clorox Executive Committee are women and 25% are people of color. Additionally, 42% of our board members are					
To combat the risk of human rights violations in our supply chain, our responsible sourcing and sustainability program works with our	female, and 33% are people of color, with our Nominating, Governance and Corporate Responsibility					
business partners on key issues such as ethical business conduct and practices. We use external monitoring systems to enable suppliers to	Committee and our Audit Committee both chaired by POC.					
demonstrate compliance with our standards, and we engage a third party to audit higher risk suppliers. We have also established formal						
trainings to help identify and address potential risks of slavery and human trafficking in our supply chain. And we have grievance mecha-	Percentage of employees experiencing Clorox as an inclusive workplace <sup>1</sup> :					
nisms available, including the Clorox compliance hotline, to ensure that individuals have a forum to raise concerns about compliance with	• Women (Global): 80%					
the standards set out in our Codes of Conduct	• POC (ILS) • 76%					

We believe diverse backgrounds and perspectives create stronger teams, unlock more innovation and ultimately contribute to a stronger society. We focus on ensuring strong representation 3 among gender and people of color, measure people's sense of inclusion in the workplace and have also identified pay equity as a key area of focus 3. The effort is a continuation of our ongoing practice to conduct compensation reviews that look at a number of diversity variables, including gender and race. Our focus on inclusion and diversity extends to how our brands support consumers through their brand purpose.

#### Total Clorox (Global): 79%

Brand examples:

 Through the "Build Your Legacy" contest, our Pine-Sol brand funded Black women entrepreneurs who are creating a positive economic impact in their communities. Our Kingsford brand's Preserve the Pit<sup>™</sup> program provided fellowships to aspiring Black barbecue professionals.

#### 🕄 IGNITE goal

See Advancing Social Good Through Brand Initiatives section, page 60; Clorox website: Codes of Conduct, Human Rights Commitment, Freedom of Association Policy, California Transparency in Supply Chains Act disclosure statement, UK Modern Slavery Act transparency statement; Empowering Our Employees to Thrive, Responsible & Sustainable Sourcing <sup>1</sup> See footnote 7 on page 9 of this report.

CEO

Message

## **United Nations Sustainable Development Goals**

GOAL 12:

IGNITE

Strategy

## **Responsible Consumption and Production — Ensure Sustainable Consumption and Production Patterns**

	TARGETS AND ACTIONS	FY21 OUTCOMES AND IMPACTS		
t	We have set ambitious targets to reduce plastic and other waste by 2030 <sup>O</sup> . These efforts are in conjunction with long-standing efforts to reduce our waste impacts across our value chain, from sourcing our raw materials to within our own manufacturing and operations, as well as during consumer use. We are also focusing on packaging innovations, compaction, light-weighting and other material reductions to reduce inputs and the footprint of products.	11% combined virgin plastic and fiber packaging reduction, per case of product sold vs. 2018 baseline, as of CY20		
		76% of packaging is recyclable, reusable or compostable, as of CY20		
	As part of our commitment to sustainability, we aim to be transparent about our environmental challenges and opportunities. We report on sustainability in our annual integrated report, which is approved by Clorox's CEO, CFO and chief legal officer. We are also committed to reporting to external organizations that we are signatories and members of. And we encourage our business partners to commit to and report on progress on their own sustainability goals, with a particular focus for select suppliers on GHG emissions, and sustainably sourced raw materials.	11% (unchanged from 2018 baseline) of plastic used in packaging is PCR, as of CY20		
		40% of facilities, 56% of plants are zero waste to landfill		
		45% reduction in waste sent to landfill, per case of product sold between 2018 baseline and 2020.		
		Product sustainability examples: • Enhancements to Brita Longlast+ filter replace 900 single-use plastic water bottles a year • Refillable bottle in Clorox disinfecting multi-purpose spray cleaning system starter kit saves 75% more plastic compared to purchasing a new product		

See Clean World section, pages 64-71; Principles 7-8 in UNGC COP, page 89; Clorox website: Clean World

Purpose

& Values

Scorecard

Growing

Investments

### GOAL 13: **Take Urgent Action to Combat Climate Change** and Its Impacts

TARGETS AND ACTIONS	FY21 OUTCOMES AND IMPACTS
Goals on climate action are embedded into our IGNITE strategy because addressing climate change is essential to ensuring our long-term success. We have set science-based targets to reduce greenhouse gas emissions in our operations and across our value chain by 2030 <sup>2</sup> , and sourcing 100% renewable electricity for our U.S. and Canada operations in 2021 and beyond <sup>2</sup> . We recently also set a new goal of achieving net zero GHG emissions by 2050. These efforts are in conjunction with long-standing efforts to reduce our GHG and energy	100% renewable electricity for U.S. and Canada operations, first achieved beginning January 2021 through power purchased through a 70 MW solar Virtual Power Purchase Agreement and market purchases of renewable energy credits in FY21
impacts within our manufacturing and operations.	Recently obtained approval from the Science Based Target initiative on our science-based targets to reduce scopes 1 and 2 emissions by 50% and scope 3 emissions from purchased goods and services
We are also advocating for others to integrate climate change measures into their policies, strategies and planning by signing — along with our Burt's Bee's brand — on to the American is All In statement, and signing on to the Energy Buyer Federal Clean Energy policy	and use of sold products by 25% between 2020 and 2030, on an absolute basis
statement. Our Burt's Bees brand has also joined Ceres Business for Innovative Climate and Energy Policy and The Climate Collaborative.	6% reduction in GHG emissions per case of product sold between 2018 baseline and 2020.

🕄 IGNITE goal

See Climate Action section, pages 70-71; Principles 7-8 in UNGC COP, page 89; Clorox website: Taking Climate Action

Healthy Thriving Lives Communities

Clean World

Financial Statements ESG

Thriving Clean Communities World Financial

Statements

ESG

# **About This Report**



## **ESG** Priorities

The Clorox Company's integrated annual report highlights the company's financial and environmental, social and governance performance for fiscal year 2021 or the most recent ESG reporting periods. Fiscal year financial performance is presented in accordance with generally accepted accounting principles in the U.S., which include principles for determining materiality related to financial reporting.

The ESG information focuses on performance related to the company's identified ESG priorities. For purposes of this reporting, prioritization is based on how much a topic influences our business success, including alignment with our corporate strategy and purpose; potential impact on our operations, consumers, business partners and other stakeholders; potential economic, social and environmental impacts; and the importance of the topic to our stakeholders. Key ESG priorities may include, but are not limited to, topics that could have a significant financial impact on the organization.



## **Review of Nonfinancial Information**

We believe voluntary assurance strengthens our reporting process and enhances the credibility of our nonfinancial information. We engage a third party to review the following nonfinancial key performance indicators: global greenhouse gas emissions, energy consumption, water consumption, workforce and board demographics, recordable incident rate, employee engagement and U.S. product donations. Items undergoing assurance are indicated with an  $\diamond$  throughout the report.



### Third-Party ESG Frameworks

This year's report has been developed in alignment with the Sustainability Accounting Standards Board's Household and Personal Products standard, the Task Force on Climate-Related Financial Disclosures and the United Nations Global Compact's Ten Principles. We also disclose how our priority ESG initiatives support the U.N. Sustainable Development Goals.

- SASB's industry-specific standards aim to help businesses around the world identify, manage and report on the sustainability topics that matter most to their investors.
- TCFD develops voluntary, consistent climate-related financial risk disclosures for companies to provide information to investors and other stakeholders.
- The Communication on Progress describes the company's actions in implementing the Ten Principles of the U.N. Global Compact.
- The U.N. Sustainable Development Goals, adopted by all U.N. member nations, are an ambitious set of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all" by 2030.



### **Reporting Period and Boundary**

Most data in this report covers wholly and majority-owned operations for July 1, 2020, through June 30, 2021. In some instances, we have included data for a multiyear period to show year-over-year comparisons. Data in this report for environmental sustainability — excluding zero-waste-to-landfill metrics — and volunteer hours is for the period of Jan. 1, 2020, through Dec. 31, 2020, and is global, unless otherwise stated.

Healthy Growing Investments Lives

Thriving Communities Clean

# **Stockholder Information**

### **Stock Listing and Number of Record Holders**

The Clorox Company's common stock is listed on the New York Stock Exchange, identified by the symbol CLX. As of July 28, 2021, the number of record holders of Clorox's common stock was 9,624.

### **Transfer Agent, Registrar and Dividend Disbursing Agent**

Inquiries relating to stockholder records, change of ownership, change of address and the dividend reinvestment/direct stock purchase plan should be sent to:

#### Computershare

P.O. Box 505005 Louisville, KY 40233-5005

Overnight correspondence should be sent to:

#### Computershare

462 South 4th Street, Suite 1600 Louisville, KY 40202 877-373-6374 or 781-575-2726 TDD 800-952-9245 or 312-588-4110 for the hearing impaired computershare.com/investor

### Stockholder Information Service

The latest company news is available at thecloroxcompany.com.

### **Dividend Reinvestment/Direct Stock Purchase Plan**

Clorox has authorized Computershare to offer a dividend reinvestment/direct stock purchase plan. Registered stockholders can purchase additional shares. Nonstockholders may join the plan with an initial investment, lump sum or bank debit. Most fees are paid by Clorox.

For more information or plan materials, visit the clorox company.com > Investors > Investor Resources > Online Document Library or contact Computershare (see above).

#### **Management Report on Internal Control Over Financial Reporting**

Clorox management, under the supervision and with the participation of the chief executive officer and chief financial officer, has assessed the effectiveness of the company's internal control over financial reporting as of June 30, 2021, and concluded that it is effective. For more information, see Item 9.A. of the company's Form 10-K for the fiscal year ended June 30, 2021.

### 2021 Financial Information

Full financial statements are provided in the company's 2021 proxy statement and annual report on Form 10-K. Detailed financial information is available without charge through the following sources:

- The company's proxy statement is available at <u>thecloroxcompany.com</u> and through the SEC's EDGAR database.
- The company's annual report on Form 10-K for the fiscal year ended June 30, 2021, is available at the clorox company.com and through the SEC's EDGAR database.

#### **Forward-Looking Statements**

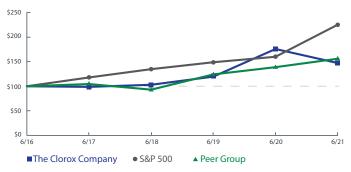
Except for historical information, matters discussed in the annual report are forward-looking statements and are based on management's estimates, assumptions and projections. Actual results could vary materially. Please review the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections in the company's annual report on Form 10-K for the fiscal year ended June 30, 2021, and subsequent SEC filings, for factors that could affect the company's performance and cause results to differ materially from management's expectations. The information in this report reflected management's estimates, assumptions and projections as of Aug. 10, 2021. Clorox has not made updates since then and makes no representation, express or implied, that the information is still current or complete. The company is under no obligation to update any part of this document.

#### **Comparative Stock Performance**

The graph below compares the cumulative total stockholder return of the Common Stock for the last five fiscal years with the cumulative total return of the Standard & Poor's 500 Stock Index and a composite index composed of the S&P 500 Household Products Index and the S&P 500 Housewares & Specialties Index (referred to below as the Peer Group) for a five-year period ending June 30, 2021. The composite index is weighted based on market capitalization as of the end of each guarter during each of the last five years. The graph lines merely connect the prices on the dates indicated and do not reflect fluctuations between those dates.

#### Comparison of Five-Year Cumulative Total Return\*

Among The Clorox Company, the S&P 500 Index and Peer Group



\*\$100 invested on 6/30/16 in stock or index, including reinvestment of dividends. Fiscal year ending June 30.

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	6/16	6/17	6/18	6/19	6/20	6/21
The Clorox Company	100.00	98.73	102.97	119.63	175.88	147.29
S&P 500	100.00	117.90	134.84	148.89	160.06	225.36
Peer Group	100.00	104.45	93.07	124.11	138.90	156.04

The stock price performance included in this graph is not necessarily indicative of future stock price performance.



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thecloroxcompany.com