# CDP Water Security Questionnaire 2020

# W0. Introduction

## W0.1

**(W0.1) Give a general description of and introduction to your organization.**

The Clorox Company (NYSE: CLX) is a leading multinational manufacturer and marketer of consumer and professional products with approximately 8,800 employees worldwide and fiscal year 2019 sales of $6.2 billion. Clorox markets some of the most trusted and recognized consumer brand names, including its namesake bleach and cleaning products; Pine-Sol® cleaners; Liquid-Plumr® clog removers; Poett® home care products; Fresh Step® cat litter; Glad® bags and wraps; Kingsford® charcoal; Hidden Valley® dressings and sauces; Brita® water-filtration products; Burt's Bees® natural personal care products; RenewLife® digestive health products; and Rainbow Light®, Natural Vitality™ and NeoCell® dietary supplements. The company also markets industry-leading products and technologies for professional customers, including those sold under the CloroxPro™ and Clorox Healthcare® brand names. Nearly 80% of the company's sales are generated from brands that hold the No. 1 or No. 2 market share positions in their categories.

Clorox is a signatory of the United Nations Global Compact and the Ellen MacArthur Foundation's New Plastics Economy Global Commitment. The company has been broadly recognized for its corporate responsibility efforts, included on Barron's 2020 100 Most Sustainable Companies, the Human Rights Campaign's 2020 Corporate Equality Index and the 2019 Bloomberg Gender Equality Index, among others. In support of its communities, The Clorox Company and its foundations contributed about $12 million in combined cash grants, product donations and cause marketing in fiscal year 2019. For more information, visit TheCloroxCompany.com, including the Good Growth blog, and follow the company on Twitter at @CloroxCo.

With nearly half of our sales coming from products that have water as a key ingredient, maintaining freshwater health is fundamental for us. We've found opportunities in our supply chain and product development areas to realize ambitious water conservation goals while also reducing costs, distinguishing our brands, meeting consumers' needs and growing our business. Since 2008, we have reduced our water consumption by 39 percent on an intensity basis (per case of product sold) and 25 percent on an absolute basis. This represents a reduction of 258 million gallons of water used in 2019 versus 2007. As of 2014, we've conducted third-party independent assurance of our water use. In 2012, we set a goal to cut our water usage another 20 percent (per case of product sold) by 2020 versus 2011 base year. As of 2018 when we closed out our 2020 strategy period, we had exceeded this goal two years early with a 21% decrease in water use versus our 2011 base year.

As we move forward on our journey in water stewardship, our strategic focus will be to complete localized risk assessments and create actions plans that reflect the risks and issues

unique to watersheds supporting the areas in which we operate. As we do so, we will we continue to ensure all our facilities are managing their water use responsibly and seeking further efficiency gains and other opportunities to reduce their overall water use, helping to offset and reduce the effects of increased water consumption due to business growth. In 2019 we reset our water use baseline and challenged our facilities to maintain or reduce their water use to calendar year 2018. In 2019 we achieved a 6% absolute and 5% intensity reduction (per case of product sold) in water use relative to 2018.

As a leader in environmental sustainability, in 2019 Clorox unveiled an ambitious set of environmental, social and governance (ESG) goals integrated with our strategic business choices. Clorox's integrated IGNITE Strategy along with our Environmental Policy puts environmental, social and governance (ESG) priorities at the forefront of our decision-making to ensure Clorox remains a leader in corporate responsibility.

# W0.2

**(W0.2) State the start and end date of the year for which you are reporting data.**

| | Start date | End date |
|---|---|---|
| Reporting year | January 1, 2019 | December 31, 2019 |

# W0.3

**(W0.3) Select the countries/areas for which you will be supplying data.**

Argentina
Canada
Chile
China
Colombia
Costa Rica
Mexico
Peru
Philippines
Puerto Rico
United States of America

# W0.4

**(W0.4) Select the currency used for all financial information disclosed throughout your response.**

USD

# W0.5

**(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.**

Companies, entities or groups over which operational control is exercised

## W0.6

**(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?**

No

# W1. Current state

## W1.1

**(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.**

| | Direct use importance rating | Indirect use importance rating | Please explain |
|---|---|---|---|
| Sufficient amounts of good quality freshwater available for use | Important | Neutral | Direct use is important as water is the primary ingredient in many of our finished products and is integral to our manufacturing processes. Many of the raw materials used in our food products and natural product lines are sourced from agricultural products for which water is needed for growth and yield. We recognize that some commodity crops are grown in water stressed areas. Good quality freshwater is required for consumers to utilize many of our products. Water related risks are analyzed on a country by country basis. Since most production capacity is located in the US, this is the country of greatest concern relative to revenue. Clorox has enterprise risk management processes to identify, assess and prioritize business risks, using a systematic process to evaluate risks that includes identifying risks, assessing exposures and quantifying the value at risk to the company. The evaluation considers level of potential impact, overall vulnerability to an event based on the time and our capacity to react and adapt, and likelihood of an occurrence.<br>Water related risks are also analyzed on a site specific basis using Water Resource Institute's (WRI's) Aqueduct Tool. This data is being used to develop site specific water management plans designed to address future water risk. We anticipate future water dependency at the same or lower level relative to current dependencies. The success of our business is highly dependent on our |

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| | | | ability to adapt to changes in fresh water availability in the future through a variety of mechanisms, including product concentration, supplemental water programs, education/training, and increased use of recycled water for both direct and indirect uses. |
| Sufficient amounts of recycled, brackish and/or produced water available for use | Important | Neutral | Many of our plants use recycled water in their operations. Kingsford relies on recycled water for exterior wash-down and quenching operations. Other locations have taken various steps to reduce our freshwater water usage globally by increasing their recycled water use, including: 1. Our Kingsford Division, which uses recycled water in their processes at 6 of 7 sites. 2. Our Atlanta Main, GA, Atlanta West, GA, Caguas, PR, Bogota, COL and Quilicura, CHL Plants which use recycled wash water from product changeovers and reworked product to make finished product. 3. Our Puerto Rico and Aberdeen, MD plants use rain water to manufacture bleach. Our sites in Pleasanton and Redlands, CA use recycled waste water for irrigation. We continue to look for ways to increase the quantity of recycled water used in our manufacturing operations.<br><br>Clorox has enterprise risk management processes to identify, assess and prioritize business risks, using a systematic process to evaluate risks that includes identifying risks, assessing exposures and quantifying the value at risk to the company. Since most production capacity is located in the US, this is the country of greatest overall concern with water use relative to revenue. We anticipate increasing our use of recycled water in the future, in part, to offset water withdrawals. |

# W1.2

**(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?**

| | % of sites/facilities/operations | Please explain |
|---|---|---|
| Water withdrawals – total volumes | 100% | Water is a primary ingredient or raw material for many of our businesses. As such, each location is responsible for tracking their water use and we |

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| | | have a corporate environmental resource dedicated to compiling and evaluating water consumption across the company. We track all of our water withdrawals at all of our locations. Our International locations track utility invoiced water and manually tracked water withdrawals at the site level. Our North American locations track utility invoiced water withdrawals online monthly through a contracted vendor and non-invoiced water usage manually at the site level. This includes well water, pond/river/lake water, storm water used in operations, and water delivered by third parties. |
| Water withdrawals – volumes by source | 100% | Our water tracking systems are designed to capture water volume down to the source. Our North American invoiced water or utility based water is tracked online through a contracted vendor and our International plants track invoiced water at the plant. All of our non-invoiced water usage and invoices in are tracked at the site level by sources: well water, pond/river/lake water, rain water (where used), storm water, and water delivered by third parties.<br>Facilities/sites/operations includes all of the locations where we have operational (meter level) control over water use. This covers all of our owned/operated manufacturing plants, R&D centers, main offices, and distribution centers (includes third party operated locations where Clorox is responsible for utilities).<br>As part of our 2020 Global Environmental Sustainability strategy, we have been reporting our water withdrawals by source for 100% of our facilities since 2007. |
| Water withdrawals quality | 100% | The quality of incoming water is measured at the site levels to ensure quality meets standards and specifications, depending on the source. Utility delivered water, for example, is required by regulation to meet certain standards. In some cases, additional treatment may be needed, such as removal of dissolved solids, prior to use in production. This water is tested at the plant level to ensure that it meets quality standards.<br>Similarly, water quality for site based water withdrawals is monitored depending on the use or regulatory requirements (e.g. annual discharge |

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| | | sampling). Water used for cleaning at our food and personal care plants is monitored for to insure it meets the applicable standards.<br>Overall each site is responsible for measuring the quality of incoming water to ensure it meets their respective quality standards and specifications.<br>Facilities/sites/operations includes all of the locations where we have operational (meter level) control over water use. |
| Water discharges – total volumes | 76-99 | Water discharges are measured and reported on a site by site basis where needed for compliance purposes. Plants and R&D centers measure industrial waste water that is either discharged directly or hauled to waste water treatment facilities. Some plants have permits that require pre-treatment and monthly discharge volume reporting, including those located in rural areas that discharge septage waste water. All water discharges are treated before being discharged, when required to comply with federal, state and local laws.<br>The exception to tracking are plants that don't have discharge meters and so waste water is indirectly tracked as a percent of consumed water. Some plants discharge water to ponds for reuse. Water that is recycled from ponds is not always tracked due to the complexities of measuring these water volumes.<br>In 2019, Clorox started rolling up waste water discharges from all facilities. The goal of this effort is to improve our waste water discharge accounting. |
| Water discharges – volumes by destination | 76-99 | Water discharges are measured and reported on a site by site basis where needed for compliance purposes. As noted above, plants that track their waste water discharge volumes identify the destination, whether it is hauled to an offsite treatment facility, discharged directly to a sewer system, or discharged to a local water body.<br>Clorox is rolling up the waste water discharge volumes, categorized by discharge destination.<br>All water discharges are treated before being discharged when required to comply with federal, state and local laws.<br>The exception being some plants that discharge water to ponds for reuse. The volume of water |

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| | | that is recycled vs the volume that discharges from the pond outfalls is not always tracked due to the complexities of measuring these water volumes. |
| Water discharges – volumes by treatment method | 100% | Water discharges are measured and reported on a site by site basis where needed for compliance purposes. Plants that have pre-treatment systems document the water discharge volume from those systems. All water discharges are fully treated, when required, before being discharged to comply with federal, state and local laws. Onsite and offsite treatment methods are known and monitored locally. |
| Water discharge quality – by standard effluent parameters | 100% | Water discharges are measured and reported on a site by site basis where needed for compliance purposes. All water discharges are fully treated before being discharged to comply with federal, state and local laws. We monitor locally for the permitted or required standard effluent parameters (including COD, BOD, TSS, pH, etc.) and track and report violations globally. Sites that are required to sample their discharge for effluent parameters monitor and send the data to the local responsible agencies. |
| Water discharge quality – temperature | 51-75 | Water discharges are measured and reported on a site by site basis where needed for compliance purposes. All water discharges are fully treated before being discharged to comply with federal, state and local laws. Onsite and offsite treatment methods are known and monitored locally. Water discharges are subject to permit regulations by the local publically owned treatment works facility and permit requirements specify acceptable temperature range for discharge. Temperatures of discharges are monitored at the site level, when required by permit or regulation |
| Water consumption – total volume | 76-99 | We have been reporting our water withdrawals as water consumption for 100% of our facilities since 2007. We estimate that approximately 80 percent of the water withdrawn is consumed, with the remaining 20% being returned to the source. Water consumption includes water at all global manufacturing sites, offices and research development centers used in 1) products sold to customers, 2) the manufacturing process, 3) |

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| | | irrigation and 4) water consumed by employees during office hours for personal needs (e.g., restrooms, break rooms). Water sources include city/municipal, well, lake, river, pond, storm water, and water provided by private third party sources. |
| Water recycled/reused | 76-99 | We have a corporate environmental resource dedicated to tracking water consumption across the company. Our North American invoiced water or utility based water is tracked online through a contracted vendor and our International plants track invoiced water at the plant. All of our non-invoiced water usage is tracked at the site level including well water, pond/river/lake water, storm water, and water delivered by third parties. Recycled water is tracked at the site level and included in facility water accounting. We account for recycled water at most plants by using direct read meters and recording the volumes monthly. Recycled/Reused water at our Kingsford Plants is not reported because the volumes are based on engineering estimates and is metered at just a couple of locations. The water savings from using recycled/reused water at Kingsford are captured through reduced fresh water withdrawals. |
| The provision of fully-functioning, safely managed WASH services to all workers | 100% | The Clorox company has standards as part of our Global Safety and Health guidelines which set expectations for all global sites to provide water for food service, drinking, maintenance and toilets for all employees. Municipal metered water is provided to all employees at all our facilities. This is tracked and reported as part of our annual global water consumption. |

# W1.2b

**(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?**

| | Volume (megaliters/year) | Comparison with previous reporting year | Please explain |
|---|---|---|---|
| Total withdrawals | 2,904 | About the same | Our water withdrawals in 2019 were about the same (less than 5% lower) compared to 2018 on a per stat case (production) basis. There were no significant changes in the business or |

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| | | | our water supply. The year-over-year change was primarily due to decreased consumption in our LATAM plants, specifically to reduced production and the closure of a plant.<br>We measure our water use by location and by water source, globally. We meter the amount of water withdrawn. As part of our 2020 Global Environmental Sustainability strategy, we have been reporting our water withdrawals by source for 100% of our facilities since 2007. From 2008 to 2011, we reduced our water use by 14% (per case of product sold). In 2012, we set a goal to cut our water usage another 20 percent (per case of product sold) by 2020 versus 2011 base year. As of 2018 when we closed out our 2020 strategy period, we had exceeded this goal two years early with a 21% decrease in water use versus our 2011 base year. In 2019 we reset our water use baseline to calendar year 2018. In 2019 we achieved a 6% absolute and 5% intensity reduction (per case of product sold) in water use relative to 2018.<br>We have a corporate environmental resource dedicated to tracking water consumption across the company. Our North American invoiced water or utility based water is tracked online through a contracted vendor and our International plants track invoiced water at the plant. All of our non-invoiced water usage is tracked at the site level including well water, pond/river/lake water, storm water or water delivered by third parties. Water usage will continue to fluctuate slightly, year to year, mostly due to changes in production volume balanced with continued water efficiency efforts. |
| Total discharges | | About the same | We measure water discharges where needed for local compliance purposes, but we do not report it publicly. As there have been no major changes to our operations we estimate that there would be no change versus the previous year. In 2019 we started rolling up the total industrial waste water discharges for internal review. |
| Total consumption | 2,904 | | Clorox uses the same values for water consumption as we do for water withdrawals |

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| | | | since we do not account for water withdrawals that are returned to the original withdrawal source. Our water withdrawals were about the same (less than 5% lower) between 2018 vs 2019. There were no significant changes in the business or our water supply. This change was primarily due to decreased consumption in our LATAM plants, specifically to reduced production and the closure of a plant.<br>Water consumption includes water 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 consumed by employees during office hours for personal needs. Water usage will continue to fluctuate slightly, year to year, mostly due to changes in production volume balanced with continued water efficiency efforts.<br>For example, in 2019 we initiated project to concentrate bleach products by 12 to 13%, which will reduce our water use and overall footprint since more concentrated product results in less water withdrawn and more efficient distribution. We anticipate seeing the results of this effort in CY20. |

## W1.2d

**(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.**

| | Withdrawals are from areas with water stress | % withdrawn from areas with water stress | Comparison with previous reporting year | Identification tool | Please explain |
|---|---|---|---|---|---|
| Row 1 | Yes | 11-25 | Lower | WRI Aqueduct | Clorox uses the Water Resource Institute's (WRI) Aqueduct tool to evaluate water-risk across our global operations to help direct our focus and resources to these geographies. Each year Clorox screens all of our global locations (Plants, R&D Centers, Offices, and Distribution Facilities) the Aqueduct tool. |

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| | | | | | Each year we identify all sites located in high or extremely high baseline water stressed areas as defined by WRI. Our manufacturing and research facilities, which account for over 99% of our water withdrawals are further evaluated for risk related to quantity and quality, reputation and regulatory risk and future water stress up to 20 years in the future (using the default and business as usual settings).<br>Our withdrawals from water stressed areas, as measured by water withdrawals at sites located in high or extremely high baseline water stress areas, account for 14% of our total water withdrawals for 2019. This is down from 27% in 2018, mostly due to an update of the Aqueduct tool in 2019. Of these sites, five are manufacturing sites where water is used to produce our brands and five sites are distribution centers or office locations with minimal water footprint.<br>The Clorox Company is developing an enterprise wide framework and approach to prioritize local water risk issues and potential actions in all of the global regions in which we operate. We continue to identify and implement water efficiency projects at our manufacturing locations to decrease the amount of water withdrawals, including withdrawals in high/extremely high baseline water stress areas, and to help offset the effects of increased |

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| | | | | | water consumption due to business growth. |

## W1.2h

**(W1.2h) Provide total water withdrawal data by source.**

| | Relevance | Volume (megaliters/year) | Comparison with previous reporting year | Please explain |
|---|---|---|---|---|
| Fresh surface water, including rainwater, water from wetlands, rivers, and lakes | Relevant | 591 | Lower | We measure our water use by location and by water source, globally. We meter the amount of water withdrawn. As part of our 2020 Global Environmental Sustainability strategy, we have been reporting our water withdrawals by source for 100% of our facilities since 2007. Our withdrawals of fresh water are slightly lower, with a decrease of about 6% vs 2018. The decrease is due in part to a decrease in production in our LATAM plants and efficient improvements in our NA Plants. In future years, we expect a lower variance in year over year fresh water usage with only minor fluctuations due to increases /decreases in our production volume. |
| Brackish surface water/Seawater | Not relevant | | | We do not use brackish surface/seawater in our operations. |
| Groundwater – renewable | Relevant | 964 | Lower | We measure our water use by location and by water source, globally. We meter the amount of water withdrawn. As part of our 2020 Global Environmental Sustainability |

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|---|---|---|---|---|
| | | | | strategy, we have been reporting our water withdrawals by source for 100% of our facilities since 2007. Our withdrawals of ground water are slightly lower with a decrease of 5% vs 2018. The decrease is due in part to a decrease in production in a LATAM plants that use the most groundwater. Future year over year variances will continue to be in the 0-5% range, mostly related to impacts from changes in production volume and continued water efficiency efforts. |
| Groundwater – non-renewable | Not relevant | | | We do not use non-renewable groundwater in our operations. |
| Produced/Entrained water | Not relevant | | | We do not used produced/entrained water in our operations. |
| Third party sources | Relevant | 1,349 | About the same | Our third party sources are municipal water suppliers. We measure our water use by location and by water source, globally. We meter the amount of water withdrawn. As part of our 2020 Global Environmental Sustainability strategy, we have been reporting our water withdrawals by source for 100% of our facilities since 2007. Our withdrawals of municipal water are about the same vs 2018. Future year over year variances will continue to be in the 0-5% range ,mostly related to impacts from changes in production volume and |

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|---|---|---|---|---|
| | | | | continued water efficiency efforts |

# W1.2i

**(W1.2i) Provide total water discharge data by destination.**

| | Relevance | Please explain |
|---|---|---|
| Fresh surface water | Relevant but volume unknown | Water discharges are measured and reported on a site by site basis where needed for compliance purposes. All water discharges are fully treated before being discharged to comply with federal, state and local laws. |
| Brackish surface water/seawater | Not relevant | We do not discharge to brackish surface/seawater. |
| Groundwater | Not relevant | We do not discharge to groundwater. |
| Third-party destinations | Relevant but volume unknown | Water discharges are measured and reported on a site by site basis where needed for compliance purposes. All water discharges are fully treated before being discharged to comply with federal, state and local laws. In 2019 we started rolling up the total industrial waste water discharges for internal review |

# W1.4

**(W1.4) Do you engage with your value chain on water-related issues?**

Yes, our suppliers

# W1.4a

**(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?**

**Row 1**

**% of suppliers by number**

1-25

**% of total procurement spend**

51-75

**Rationale for this coverage**

We developed a process and scorecard to engage our top tier suppliers in several focus areas, including water use. Through fiscal year 2019, we scored our top 100 suppliers (approximately 2/3 of our suppliers by $ spend) for 6 consecutive years on their reporting of water use and reduction goals. Going forward, we are transitioning from score-carding our suppliers to focusing our supplier engagement on GHG emissions reporting and target setting as part of our strategic priority of setting and achieving a

science-based target for our Scope 1, 2 and 3 emissions. In 2019 we joined the CDP Supply Chain and have asked our top suppliers representing approximately 70% of our global spend to report their emissions. We are following up with the same top suppliers by actively querying web sites, documenting reported water use and public commitments toward water security, and are evaluating approaches to follow up with suppliers that have the largest potential impact on our water footprint.

**Impact of the engagement and measures of success**

In 2019, 100% of our Top 100 suppliers responded to our survey. Of those who responded, approximately 76% responded that they are measuring their water usage, and 38% reported that they have set public water reduction goals. Since launching our Top 100 supplier scorecard in 2014, we have seen a 25 percentage point increase in supplier response rate, a 15 percentage point increase in suppliers measuring water use, and an 8 percentage point increase in suppliers setting public water reduction goals. We are focusing on top supplies who have the biggest potential water footprint with respect tracking their water usage, setting public reduction goals and engaging in water conservation and reduction efforts.

**Comment**

We are following up with the same top suppliers by actively querying web sites, documenting reported water use and public commitments toward water security, and are evaluating approaches to follow up with suppliers that have the largest potential impact on our water footprint.

## W1.4b

**(W1.4b) Provide details of any other water-related supplier engagement activity.**

**Type of engagement**

Onboarding & compliance

**Details of engagement**

Requirement to adhere to our code of conduct regarding water stewardship and management

**% of suppliers by number**

76-100

**% of total procurement spend**

76-100

**Rationale for the coverage of your engagement**

Water stewardship and risk management are components (along with many others) that are considered in supplier selection and evaluation. The Clorox Business Partner Code of Conduct (BPCOC) covers many principles including stating that Business Partners must demonstrate stewardship of the environment and work to reduce the environmental impacts of their operations. This specifically includes water related Pollution Prevention and Waste by stating that Business Partners "… use commercially

reasonable efforts to eliminate waste of all types, including source reduction, recycling, composting, reusing materials and conserving water and energy." All suppliers are expected to adhere to the BPCOC, and more than 85% of spend is with suppliers who are either contractually obligated or have self-certified acceptance of the Code, or have publicly shared corporate principals that align with the Clorox BPCOC.

**Impact of the engagement and measures of success**

Our spend with suppliers who are contractually obligated or have self-certified acceptance of the Code or have publicly shared corporate principals that align with the Clorox BPCOC has increased from 60% to over 85%. We developed a process and scorecard to engage our top tier suppliers in several focus areas, including water use. Through fiscal year 2019, we scored our top 100 suppliers (approximately 2/3 of our suppliers by $ spend) for 6 consecutive years on their reporting of water use and reduction goals. In 2019, 100% of our Top 100 suppliers responded to our survey. Of those who responded, approximately 76% responded that they are measuring their water usage, and 38% reported that they have set public water reduction goals.

**Comment**

We have engagement plans in place to increase the response rate and the number of suppliers who self-certify compliance with the BPCOC.

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**Type of engagement**

Innovation & collaboration

**Details of engagement**

Educate suppliers about water stewardship and collaboration

**% of suppliers by number**

1-25

**% of total procurement spend**

51-75

**Rationale for the coverage of your engagement**

We developed a process and scorecard to engage our top tier suppliers in several focus areas, including water use. Through fiscal year 2019, we scored our top 100 suppliers (approximately 2/3 of our suppliers by $ spend) for 6 consecutive years on their reporting of water use and reduction goals

Going forward, we are evaluating approaches to engage top supplies who have the biggest potential impact on our water footprint with respect tracking their water usage, setting public reduction goals and in water conservation and reduction efforts.

**Impact of the engagement and measures of success**

We developed a process and scorecard to engage our top tier suppliers in several focus areas, including water use. Through fiscal year 2019, we scored our top 100 suppliers (approximately 2/3 of our suppliers by $ spend) for 6 consecutive years on their reporting of water use and reduction goals. In 2019, 100% of our Top 100 suppliers responded to our survey. Of those who responded, approximately 76% responded that

they are measuring their water usage, and 38% reported that they have set public water reduction goals. Since launching our Top 100 supplier scorecard in 2014, we have seen a 25 percentage point increase in supplier response rate, a 15 percentage point increase in suppliers measuring water use, and an 8 percentage point increase in suppliers setting public water reduction goals.

### Comment

Going forward, we are evaluating approaches to engage top supplies who have the biggest potential impact on our water footprint with respect tracking their water usage, setting public reduction goals and in water conservation and reduction efforts.

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### Type of engagement

Onboarding & compliance

### Details of engagement

Inclusion of water stewardship and risk management in supplier selection mechanism

### % of suppliers by number

76-100

### % of total procurement spend

76-100

### Rationale for the coverage of your engagement

Water stewardship and risk management are components (along with many others) that are considered in supplier selection and evaluation. The Clorox Business Partner Code of Conduct (BPCOC) covers many principles including stating that Business Partners must demonstrate stewardship of the environment and work to reduce the environmental impacts of their operations. This specifically includes Monitoring and treating Wastewater and Solid Waste, and also Preventing Pollution and Waste by stating that Business Partners "… use commercially reasonable efforts to eliminate waste of all types, including source reduction, recycling, composting, reusing materials and conserving water and energy." All suppliers are expected to adhere to the BPCOC, and more than 85% of spend is with suppliers who are contractually obligated, have self-certified acceptance of the Code or have publicly shared corporate principals that align with the Clorox BPOC.

### Impact of the engagement and measures of success

We developed a process and scorecard to engage our top tier suppliers in several focus areas, including water use. In 2019 we score-carded our top 100 suppliers (approximately 2/3 of our suppliers by $ spend). Of those who responded, approximately 76% responded that they are measuring their water usage, and 38% reported that they have set public water reduction goals. Since launching our Top 100 supplier scorecard in 2014, we have seen a 25 percentage point increase in supplier response rate, a 15 percentage point increase in suppliers measuring water use, and an 8 percentage point increase in suppliers setting public water reduction goals.

### Comment

We are transitioning from score-carding to supplier engagement on emissions reporting for setting science-based target for our Scope 1, 2 and 3. We joined CDP Supply Chain and asked top suppliers representing ~70% of our global spend to report emissions. We are following up with the same suppliers, querying web sites, documenting reported water use and commitments toward water security. We are evaluating approaches with suppliers that have the largest potential impact on our water footprint.

### Type of engagement

Incentivizing for improved water management and stewardship

### Details of engagement

Water management and stewardship is integrated into supplier evaluation processes

### % of suppliers by number

76-100

### % of total procurement spend

76-100

### Rationale for the coverage of your engagement

Water stewardship and risk management are components (along with many others) that are considered in both the selection and evaluation of all suppliers. The Clorox Business Partner Code of Conduct (BPCOC) covers many principles including stating that Business Partners must demonstrate stewardship of the environment and work to reduce the environmental impacts of their operations. This specifically includes Monitoring and treating Wastewater and Solid Waste, and also Preventing Pollution and Waste by stating that Business Partners "… use commercially reasonable efforts to eliminate waste of all types, including source reduction, recycling, composting, reusing materials and conserving water and energy."

### Impact of the engagement and measures of success

Our spend with suppliers who are contractually obligated or have self-certified acceptance of the Code or have publicly shared corporate principals that align with the Clorox BPCOC has increased from 60% to over 85%.We developed a process and scorecard to engage our top tier suppliers in several focus areas, including water use. Through fiscal year 2019, we scored our top 100 suppliers (approximately 2/3 of our suppliers by $ spend) for 6 consecutive years on their reporting of water use and reduction goals. In 2019, 100% of our Top 100 suppliers responded to our survey. Of those who responded, approximately 76% responded that they are measuring their water usage, and 38% reported that they have set public water reduction goals

### Comment

# W2. Business impacts

## W2.1

**(W2.1) Has your organization experienced any detrimental water-related impacts?**

No

## W2.2

**(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?**

Yes, fines, enforcement orders or other penalties but none that are considered as significant

## W2.2a

**(W2.2a) Provide the total number and financial value of all water-related fines.**

**Row 1**

**Total number of fines**

1

**Total value of fines**

5,964

**% of total facilities/operations associated**

2

**Number of fines compared to previous reporting year**

About the same

**Comment**

A violation for an administrative error was issued in November 2019 to one of our plants after a water management inspection in May 2019. The agency issued the violation for not reporting the data in the format established by the authority. All waste water discharges were within permitted limits.

# W3. Procedures

## W3.3

**(W3.3) Does your organization undertake a water-related risk assessment?**

Yes, water-related risks are assessed

# W3.3a

**(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.**

## Direct operations

### Coverage
Full

### Risk assessment procedure
Water risks are assessed as part of other company-wide risk assessment system

### Frequency of assessment
Annually

### How far into the future are risks considered?
More than 6 years

### Type of tools and methods used
Tools on the market
Enterprise Risk Management

### Tools and methods used
WRI Aqueduct
COSO Enterprise Risk Management Framework

### Comment
Clorox Enterprise Risk Management (ERM) program utilizes COSO's three lines of defense model, established to provide a sustainable framework to proactively identify, understand, articulate and manage risks, both existing and emerging, across the entire organization. Water is integrated into this risk management process incorporating both direct operations and supply chain.

The Clorox Company is developing an enterprise wide approach to prioritize local water risks and potential actions in regions where we operate. This includes screening all of our global locations using the Water Resource Institute's (WRI) Aqueduct tool. Our sites are evaluated for high and extremely high baseline water stress locations. In addition, we evaluate the other potential water risks including to quantity and quality, reputation and regulatory risk and future water stress.

In 2019, we used the Aqueduct tool to identify ten (10) locations in high or extremely high baseline water stress areas as defined by WRI. The locations represent approximately 14% of the company's total water use. Of these, five (5) of the sites are not considered to be substantive due to the fact that they are distribution centers or R&D with minimal water use. Two (2) of the five (5) remaining locations withdraw less than 1.5% of the company water budget and return up to 50% of that water to the basin. Three locations have been prioritized for water use mitigation plans to help offset our baseline stress water risk.

### Supply chain

#### Coverage
Full

#### Risk assessment procedure
Water risks are assessed as part of an enterprise risk management framework

#### Frequency of assessment
Annually

#### How far into the future are risks considered?
More than 6 years

#### Type of tools and methods used
Enterprise Risk Management

#### Tools and methods used
COSO Enterprise Risk Management Framework

#### Comment
Clorox Enterprise Risk Management (ERM) program utilizes COSO's three lines of defense model and was established by Clorox to provide a sustainable framework to proactively identify, understand, articulate and manage risks, both existing and emerging, across the entire organization. The ERM Steering Committee reviews the Company's risk profile, key risks and mitigation strategy. Water is integrated into this risk management process incorporating both direct operations and supply chain.

Clorox identifies opportunities and potential physical, regulatory, reputational, changing consumer trends/awareness and any other risk factors associated with climate change, including water consumption. This is done at the corporate level with the cross-functional ESG & Sustainability team and cascaded to various internal stakeholders, business and functional units as appropriate.

### Other stages of the value chain

#### Coverage
None

#### Comment

## W3.3b

**(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?**

| | Relevance & inclusion | Please explain |
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| Water availability at a basin/catchment level | Relevant, always included | This process includes screening all of our global locations using the Water Resource Institute's (WRI) Aqueduct tool. This tool was updated in 2019 to increase the level of detail at the local water basin level. Using the tool, we identified 10 sites that are in high and extremely high baseline water risk areas. The locations represent approximately 14% of the company's total water use. Of these, five (5) of the sites are not considered to be substantive due to the fact that they are distribution centers or R&D with minimal water use. Two (2) of the five (5) remaining locations withdraw less than 1.5% of the company water budget and return up to 50% of that water to the basin. This leaves three (3) locations that have been prioritized for water use mitigation plans to help offset our baseline stress water risk<br><br>Although we do not use significant amounts of water, our line of cleaning products does contain water as a main ingredient. We are constantly looking at ways to obtain product water without causing stress to the local environment. Our Kingsford plants use recycled water at 6 of 7 sites to minimized fresh water withdrawals. Our water risk assessment process incorporates tools which allow us identify water stressed areas and ensure our strategy directs focus and resources to these geographies. |
| Water quality at a basin/catchment level | Relevant, always included | The Clorox Company is developing an enterprise wide framework and approach to prioritize local water risk issues and potential actions in all of the global regions in which we operate. In addition to understanding water-risk across our global operations, the use of tools allows us to identify water stressed areas and help direct our focus and resources to these geographies. This process includes screening all of our global locations using the Water Resource Institute's (WRI) Aqueduct tool, which was updated in 2019 to increase the level of detail at the basin level.<br><br>The WRI Tool identified two locations high risk areas for water quality (none were extremely high). These two locations do not use substantial amounts of water in their manufacturing processes (<0.3% of the company's total water withdrawals). Their water supply is primarily for employee use and is provided by local utility. Further actions are not anticipated at this time, other than continued reassessment on an annual basis. |
| Stakeholder conflicts concerning water | Relevant, always included | We seek to deliver strong water stewardship to the local communities where our manufacturing sites are located. We want to ensure the sustainability of the environment where |

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| resources at a basin/catchment level | | we operate. As part of our risk assessment, we take into account all local operating procedures and the impact of our operations on the biodiversity of the locations we set up operations at.<br><br>Clorox uses the Water Resource Institute's (WRI) Aqueduct tool to evaluate water-risk across our global operations to help direct our focus and resources to these geographies. Our plants and research facilities, which account for 99% of our water use, are further evaluated for more granularity for risk related to reputation and regulatory risk. We are able to adapt to changes in fresh water availability in the future through a variety of mechanisms, including product concentration, implementing operational efficiencies, increased use of recycled water, education/training, and community outreach and programs<br><br>The WRI Tool identified one plant located in a high risk area for Reputational and Regulatory Risk (none were extremely high). Clorox supports initiatives that address the issue of unsafe drinking water that is prevalent in the country where this plant is located. Our Clorox Safe Water Project, launched in 2012, is providing drinkable water to more than 25,000 people in 21 rural communities in northern Peru. |
| Implications of water on your key commodities/raw materials | Relevant, always included | We have evaluated the various lines of business for water use in raw material acquisition. Products that rely on commodities that require water include Foods, Kingsford, Home Care, and Personal Care. Many of the raw materials used in our food product portfolio are sourced from agricultural products for which water is needed for growth and yield. Our Kingsford Plants utilize scrap wood from the wood product industry and are somewhat dependent on ensuring water is available for growth and yield because of the longer harvesting cycle for wood. Our Home Care Plants require ingredients that are primarily water based and are depending on raw materials that are comprised of water. Our Personal Care business also relies on raw materials that contain water as an ingredient.<br><br>We are aware of the risks associated with our key commodities and raw materials as related to water. Our global strategic sourcing function has a system in place to monitor critical suppliers which may be impacted by extreme weather conditions including areas of high water stress. |

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| Water-related regulatory frameworks | Relevant, always included | |
| Status of ecosystems and habitats | Relevant, always included | All our operations meet local regulatory standards. These standards are looked into as part of our normal plant operations. Clorox tracks and complies with water related regulatory frameworks. All of our sites are audited for environmental compliance every two years, which includes water regulatory frameworks. The Clorox Company's environmental standards are used in assessing this issue.<br><br>Clorox uses the Water Resource Institute's (WRI) Aqueduct tool to evaluate water-risk across our global operations to help direct our focus and resources to these topics. This risk assessment tool regarding regulatory and reputational risk incorporates the assessment of risks related to media coverage, access to water and threatened amphibians. Our plants and research facilities, which account for 99% of our water use, are evaluated for more granularity for risk related to reputation and regulatory risk.<br>We are able to adapt to changes in fresh water availability in the future through a variety of mechanisms, including product concentration, implementing operational efficiencies, increased use of recycled water, education/training, and community outreach and programs. |
| Access to fully-functioning, safely managed WASH services for all employees | Relevant, always included | We maintain good water stewardship to incorporate the impacts on the local systems into our risk assessments. Every site undergoes annual or bi-annual environmental audits to ensure proper water stewardship. We maintain good water stewardship to incorporate the impacts on the local systems into our risk assessments. Every site undergoes annual or bi-annual environmental audits to ensure proper water stewardship.<br><br>The Clorox company has standards as part of our Global Safety and Health guidelines which set expectations for all global sites to provide water for food service, drinking, maintenance and toilets for all employees. Municipal metered water is provided to all employees at all our facilities. This is tracked and reported as part of our annual global water consumption.<br><br>Water Supply is either provided by a local utility or it is tested for water quality. There is a risk that some of these sources may be disrupted. For example, in 2019 we had a plant where the local water supply shut down. They |

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| | | mobilized immediately to bring in clean water for plant employee use. The plant ultimately installed a ground water well to offset the loss of a water source. |
| Other contextual issues, please specify | Relevant, always included | Other contextual issues considered include:<br><br>1. Estimates of future changes in water availability at a local level. Although we do not use significant amounts of water, our line of cleaning products does contain water as a main ingredient. We are constantly looking at ways to obtain product water without causing stress to the local environment. The WRI Aqueduct water risk assessment tool we will use to evaluate all of our global locations includes an assessment for projected water stress, business as usual and optimistic) for 2030 and 2040.<br><br>2. Estimates of future potential regulatory changes at a local level. All our operations meet local regulatory standards. Our corporate environmental resources embedded across our manufacturing operations monitor regulatory requirements for changes which may affect our manufacturing sites. Our health care businesses (Renew Life and Nutranext) as well as our food and cosmetics businesses (Hidden Valley and Burt's Bees) are heavily regulated by the FDA and regulations require the use of water for both cleaning and quality related reasons. We are aware of the impact and risks associated with changing regulations related to water usage in these businesses. Changes in regulations are helping to drive waste water improvements in our Latin American sites. |

# W3.3c

**(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?**

| | Relevance & inclusion | Please explain |
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| Customers | Relevant, always included | As many of our products require water use by the consumer, they play an important role in our risk assessment. In 2019 we initiated a project to concentrate bleach products approximately 12 to 13%. Two of our plants made the change in 2019, with distribution starting in 2020, when we anticipate realizing the additional water savings. This effort will help reduce our overall footprint during our new goal period since more concentrated product results in less water withdrawn and more efficient |

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| | | distribution.<br>Our Brita business promotes water conservation efforts on its website by providing water saving tips and resources to our customers and consumers. In 2018, Brita filtered the equivalent of 10.6 billion single-use plastic bottles. To raise awareness, Brita partnered with National Geographic on its Planet or Plastic? initiative. Together, they launched three documentary-style videos detailing the effects of single-use plastic on our environment. The partnership kicked off in 2-19 with a New Year's pledge to reduce single-use plastics, which resulted in nearly 30,000 pledges to reduce bottled water use. At Clorox, Brita sent toolkits of educational resources and signage to 43 locations across North America and Latin America encouraging employees to go bottled-water-free www.brita.com. |
| Employees | Relevant, always included | Reducing water consumption includes both concentrating our liquid bleach and cleaner products, and reducing the amount of process water we use. Process water reduction is driven by standardizing best water practices across our entire manufacturing plant network as well as applying new processes that recapture materials and reintroduces them back into our manufacturing to keep them out of our waste stream.<br>Clorox is committed to engaging our employees in our water conservation efforts through education. All of our Product Supply Organization employees in North and South America have gone through water awareness training which stresses water as a valued resource and educates our employees on conservation of water both in the workplace and at home.<br>In 2018, Brita filtered the equivalent of 10.6 billion single-use plastic bottles. To raise awareness, Brita partnered with National Geographic on its Planet or Plastic? initiative. Together, they launched three documentary-style videos detailing the effects of single-use plastic on our environment. The partnership kicked off with a 2019 New Year's pledge to reduce single-use plastics, which resulted in nearly 30,000 pledges to reduce bottled water use. At Clorox, Brita sent toolkits of educational resources and signage to 43 locations across North America and Latin America encouraging employees to go bottled-water-free.<br>Our R&D development process includes sustainability as a factor when formulating new products and packaging, and our product developers are working towards a 2020 goal to improve the sustainability of 50% of our product portfolio between 2012 and 2020. Water use in both the product formulation and in the consumer use phase of the product cycle are both considered in developing new formulations contributing to this product sustainability improvement goal. In |

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| | | addition, our project managers consider water impact in all of our early management efforts. Water conservation is considered in selecting equipment and infrastructure and water demands during the entire lifecycle of the project are considered, from the design phase through deployment. |
| Investors | Relevant, always included | We disclose our water footprint and have been doing so since 2007. Our manufacturing plants are low water users. We have reduced our water footprint by 14% from 2007 to 2011 and a further 21% from 2012 to 2018. In 2019 we reset our water use baseline to calendar year 2018. In 2019 we achieved a 6% absolute and 5% intensity reduction (per case of product sold) in water use relative to 2018.<br>We also include our water footprint and water consumption reduction efforts in our Integrated Annual Report. |
| Local communities | Relevant, always included | We seek to deliver strong water stewardship to the local communities where our manufacturing sites are located. We want to ensure the sustainability of the environment where we operate. As part of our risk assessment, we take into account all local operating procedures and the impact of our operations on the biodiversity of the location we set up operations at. At various office sites and warehouses, we have discontinued the use of water for decorative purposes such as fountains and also decreased the amount of irrigation needed through planting native plants which require less water to thrive. In addition, we have continued to find ways to use recycled water in our operations.<br><br>Additionally, Clorox supports initiatives that address the issue of unsafe drinking water that is still prevalent in developing countries around the globe. Through the use of bleach dispensers – a low-cost, sustainable way to treat and disinfect water – our Clorox Safe Water Project, launched in 2012, is providing drinkable water to more than 25,000 people in 21 rural communities in the Piura-Tambogrande regions of northern Peru. Our Brita brand's Filter for Good campaign brought safer water to a remote community in Kenya with the construction of a borehole well that is supporting more than 40,000 people. The company recently expanded its safe water efforts, signing a 3-year partnership with Evidence Action's Dispensers for Safe Water program to supply a portion of the bleach used for dispensers located in Kenya and Uganda, support that will reach more than 1,000,000 people in 2019 and more than 3,000,000 people by 2020. A key cost driver for the program, bleach is considered one of the most cost-effective and accessible disinfectants available across the globe. |

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| NGOs | Relevant, sometimes included | Our water risk assessment process identifies risk from our manufacturing process at a brand and location level to understand our biggest water risks and locations impacted. We focus our efforts based on risk and relevance. Although NGO's are relevant and included in our risk assessments, we have not found them to be a high priority or risk area based on our brands and the areas in which we operate. We monitor NGO-related risks ongoing. |
| Other water users at a basin/catchment level | Relevant, always included | We seek to deliver strong water stewardship to the local communities where our manufacturing sites are located. We want to ensure the sustainability of the environment where we operate. As part of our risk assessment, we take into account all local operating procedures and the impact of our operations on the biodiversity of the locations where we have operations. |
| Regulators | Relevant, always included | All our operations meet local regulatory standards. These standards are looked into as part of our normal plant operations. We strive to ensure that our water use and discharges are compliant with all applicable regulatory standards. We do this using our Safety & Environmental Management System. The system helps us manage our compliance requirements for water by flagging tasks that are required, identifying the actions required, and tracking their completion. 100 percent of our plants have implemented this system. |
| River basin management authorities | Relevant, sometimes included | Several of our plants operate in locations that have River Basin Management Authorities. Each of those plants utilizes our S&E Management System to ensure that the relevant basin management authority requirements are completed as required (e.g. annual reporting of water withdrawals). In addition, we work to minimize our impact in those basins. For example, our Kingsford manufacturing plants return a significant amount of water used in their process to the river basins through their current water utilization processes. We continue to increase our use of recycled water to minimize withdrawals from lakes and rivers at our Kingsford plants. |
| Statutory special interest groups at a local level | Relevant, sometimes included | Our water risk assessment process identifies risk from our manufacturing process at a brand and location level to understand our biggest water risks and locations impacted. We focus our efforts based on risk and relevance. Although statutory special interest groups at a local level are relevant and included in our risk assessments, we have not found them to be a high priority or risk area based on our brands and the areas in which we operate. We monitor these related risks ongoing. |

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| Suppliers | Relevant, always included | We work with our Top 100 suppliers (comprising 2/3 of our global procurement spend), engaging them to disclose their annual water consumption and working with them to create water reduction goals, along with similar requests for our Top 100 suppliers to report out and set public reductions goals against energy use, greenhouse gas emissions and waste. In 2019, 100% of our Top 100 suppliers responded to our survey. Of those who responded, approximately 76% responded that they are measuring their water usage, and 38% reported that they have set public water reduction goals.<br><br>In 2019 we joined the CDP Supply Chain and have asked our top suppliers representing approximately 70% of our global spend to report their emissions. We are following up with the same top suppliers by actively querying web sites and documenting their reported water use and public commitments toward water security. |
| Water utilities at a local level | Relevant, always included | We currently engage our water utility providers when we have changes in our manufacturing or operations processes which may affect our water usage quantities or effect a change in the water that we discharge. Each of those plants utilizes our S&E Management System to ensure that the utility requirements are completed as required (e.g. waste water discharge sampling). In addition, we work with local utilities to reduce water use.<br><br>In 2018, we partnered with our water utility in Pleasanton, California on their recycling initiatives. Specifically, we connected our irrigation systems to their recycled water system to reduce fresh water use. We have partnered with the local water authorities at our Raleigh, NC and Atlanta, GA plants to identify water savings opportunities and update our metering so that we can differentiate water that is consumed vs water that is returned for treatment. Our Atlanta Wipes Plant worked closely with the local utility to set up a process to reuse cleanout water and reduce our waste water discharge volumes. Our Bogota, COL, and Quilicura, CHL plants have been working with their local utilities to reduce the volume of water generated as waste at each site. |
| Other stakeholder, please specify | Relevant, always included | All stakeholders are covered in the above categories. |

# W3.3d

**(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.**

Clorox's Enterprise Risk Management Program evaluates risks associated with the Company based on a number of criteria, which include but are not limited to quantitative definitions such as cumulative impact to pre-tax earnings and shareholder impact from a share price/market capitalization volatility standpoint and other qualitative definitions such as reputation/brand equity, customer and consumer impact. For each of these criteria, Clorox's ERM program has established a 5 point scale from very low to very high and risks are evaluated across all the criteria/definitions. A substantive risk is one where the impact is medium to high across a number of criteria and has a high likelihood to disrupt our ability to operate our business.

Clorox's systematic process for evaluating risks includes identifying 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 our capacity to react and adapt, and the likelihood of an occurrence. While severe regional weather events have the potential to disrupt our operations, or that of our customers and/or suppliers, we believe our dispersed supply chain affords us redundancy, which mitigates risk to our business from localized events. We believe the location of our facilities limit threats from rising ocean levels. Our global strategic sourcing function also has contingency plans in place to identify critical suppliers which may be impacted by extreme weather conditions with specific focus on areas of high water stress. Additionally, Clorox engages in engineering loss-prevention strategies aimed at reducing the risk of natural and accidental hazards. The company's manufacturing locations have comprehensive emergency response plans and most locations have business continuity plans.

The Clorox Company is developing an enterprise wide framework and approach to prioritize local water risk issues and potential actions in all of the global regions in which we operate. In addition to understanding water-risk across our global operations, the use of tools allows us to identify water stressed areas and help direct our focus and resources to these geographies. This process includes screening our global locations (Plants, R&D Centers, Offices, and Distribution Facilities) using the Aqueduct tool. Annually we identify all sites located in high or extremely high baseline water stressed areas as defined by WRI, using the default and business as usual factors (e.g. water risk and dependencies at the same levels relative to current conditions).

Our plants and research facilities, which account for 99% of our water use, are further evaluated for 1) overall water risk, 2) more granularity for risk related to quantity and quality, reputation and regulatory risk and 3) future water stress up to 20 years in the future (under default and business as usual settings). We are able to adapt to changes in fresh water availability in the future through a variety of mechanisms, including product concentration, implementing operational efficiencies, increased use of recycled water, education/training, and community outreach and programs.

In 2015, we hired a third- party consultant to conduct a water audit for our top 9 water users globally. As a result we have identified further water reduction opportunities and will invest capital funds to finance these improvements. These improvement projects tie directly to meeting our 2020 water reduction goal of reducing water usage globally by 20%.

# W4. Risks and opportunities

## W4.1

### (W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

No

## W4.1a

### (W4.1a) How does your organization define substantive financial or strategic impact on your business?

Clorox's Enterprise Risk Management Program evaluates risks associated with the Company based on a number of criteria, which include but are not limited to quantitative definitions such as cumulative impact to pre-tax earnings and shareholder impact from a share price/market capitalization volatility standpoint and other qualitative definitions such as reputation/brand equity, customer and consumer impact. For each of these criteria, Clorox's ERM program has established a 5 point scale from very low to very high and risks are evaluated across all the criteria/definitions. A substantive risk is one where the impact is medium to high across a number of criteria and has a high likelihood to disrupt our ability to operate our business.

Clorox's systematic process for evaluating risks includes identifying 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 our capacity to react and adapt, and the likelihood of an occurrence. While severe regional weather events have the potential to disrupt our operations, or that of our customers and/or suppliers, we believe our dispersed supply chain affords us redundancy, which mitigates risk to our business from localized events. We believe the location of our facilities limit threats from rising ocean levels. Our global strategic sourcing function also has contingency plans in place to identify critical suppliers which may be impacted by extreme weather conditions with specific focus on areas of high water stress. Additionally, Clorox engages in engineering loss-prevention strategies aimed at reducing the risk of natural and accidental hazards and each location has backup power supply for critical functions. The company's manufacturing locations have comprehensive emergency response plans and most locations have business continuity plans. The company's headquarters also has an emergency response plan with trained floor wardens, established evacuation procedures and business continuity plans for critical functions.

The Clorox Company is developing an enterprise wide framework and approach to prioritize local water risk issues and potential actions in all of the global regions in which we operate. In addition to understanding water-risk across our global operations, the use of tools allows us to

identify water stressed areas and help direct our focus and resources to these geographies. This process includes screening all of our global locations using the Water Resource Institute's (WRI) Aqueduct tool. When referencing the Aqueduct tool, we evaluate sites located in high or extremely high water baseline waster stress areas for potential substantive impact. Several of those locations that have been prioritized for water use mitigation plans to help offset our baseline stress water risk.

An example of areas we have evaluated for substantive impact would include the potential risk of disruption to our operations due to water related impacts. Sites that we have identified through the Aqueduct tool as being located in high risk areas are evaluated for potential production impact to the business in terms of each site's stat case production as a percent of total company stat case production. In addition, we evaluate the redundancy of our manufacturing operations to ensure that any interruption in operations could be mitigated by an increase in production at another facility which manufactures the same product lines. For example, in 2017 we decommissioned a plant located in the Southern California as a cost savings initiative. This action had sustainability benefits by transferring production from a plant located in a higher baseline water stressed area to a plant in Central California which had more access to water. We achieved similar sustainability benefits in 2018 by decommissioning a smaller, underutilized plant in Illinois and transferred most of the production to a plant in Maryland. In 2018 we also sold a production facility in Argentina for economic reasons because it was located adjacent supplier that provided the same raw ingredient. We realized additional sustainably benefits through the more efficient sourcing of a water based ingredient. The company also has the ability to transition production for our Home Care Products from one plant to another as one of the tools when there are geographically based water disruptions.

# W4.2b

### (W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

| | Primary reason | Please explain |
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| Row 1 | Risks exist, but no substantive impact anticipated | Clorox has enterprise risk management processes to identify, assess and prioritize risks. Clorox's risk evaluation process includes identifying risks, assessing exposures and quantifying the value at risk to the company. The evaluation considers level of potential impact, overall vulnerability to an event, and likelihood of an occurrence. While severe regional weather events have the potential to disrupt our operations, or that of our customers and/or suppliers, we believe our dispersed supply chain affords us redundancy, which mitigates risk to our business from localized events. Additionally, Clorox engages in engineering loss-prevention strategies aimed at reducing the risk of natural and accidental hazards and each location has backup power supply for critical functions. The company's manufacturing locations have comprehensive emergency response plans and most locations have business continuity plans. We believe the location of our facilities limit threats from rising ocean levels. A substantive risk is one where the impact is medium to high across a number of criteria and |

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| | | has a high likelihood to disrupt our ability to operate our business. We have not identified any water related risks with the potential to have a substantive impact to our operations.<br><br>For example, in 2019, we used the Aqueduct tool to identify ten (10) locations were located in high or extremely high baseline water stress areas as defined by WRI. The locations represent approximately 14% of the company's total water use. Of these, five (5) of the sites are not considered to be substantive due to the fact that they are distribution centers or R&D with minimal water use. Two (2) of the five (5) remaining locations withdraw less than 1.5% of the company water budget and return up to 50% of that water to the basin. This leaves three (3) locations that have been prioritized for water use mitigation plans to help offset our baseline stress water risk. Redundancy in our manufacturing operations ensures key products are manufactured in multiple locations to ensure business continuity in the event there is an impact at a single facility. For example, product lines produced at our Wheeling, IL plant are also produced at our Reno, Nevada plant. |

## W4.2c

**(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?**

| | Primary reason | Please explain |
|---|---|---|
| Row 1 | Risks exist, but no substantive impact anticipated | Clorox has enterprise risk management processes to identify, assess and prioritize business risks. Clorox uses a systematic process to evaluate risks. The process includes identifying 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 our capacity to react and adapt, and the likelihood of an occurrence. A substantive risk is one where the impact is medium to high across a number of criteria and has a high likelihood to disrupt our ability to operate our business. We have not identified any substantive risks in our value chain, beyond direct operations.<br><br>Reducing water consumption includes both concentrating our liquid bleach and cleaner products, and reducing the amount of process water we use. Process water reduction is driven by standardizing best water practices across our entire manufacturing plant network and supplier partner network, as well as applying new processes that recapture materials and reintroduces them back into our manufacturing to keep them out of our waste stream.<br><br>Our global strategic sourcing function also has a system in place to monitor critical suppliers which may be impacted by extreme weather conditions |

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| | | including areas of high water stress. The raw materials we rely on for our product lines are not heavily water intensive or dependent so we do not foresee any substantive impact to our supply chain. |

# W4.3

**(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes, we have identified opportunities, and some/all are being realized

# W4.3a

**(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.**

**Type of opportunity**

Efficiency

**Primary water-related opportunity**

Improved water efficiency in operations

**Company-specific description & strategy to realize opportunity**

Strategically, improved water efficiency has the potential to have a substantial positive impact to our business as many of our products have water as the primary ingredient. We invest in capital and infrastructure to promote water efficiency. Capital investments fund projects to help us reach our 2020 water reduction goals. We also improve efficiency through engaging our employees in conserving water. Through these efficiencies, we are reducing our water consumption and discharge expenses, reducing our regulatory risk, and helping to preserve water supplies. Examples include:

• Plants are upgrading infrastructure to replace older below ground water and product distribution lines with above ground lines to reduce leaks and improve leak detection capabilities. Company engineering standards require all future distribution lines to be above ground.

• Plants have installed low flow utilities (Glad) and low flow cleaning nozzles (Kingsford) allowing for more efficient water.

• Kingsford Plants have identified capital projects to increase use of recycled water. Our Kingsford Plant in West Virginia is implementing several projects in 2018 and 2019 to increase use of onsite recycled water.

• Clorox constructed a new wipes plant in 2018 that was specifically designed to reduce water waste. All water used for cleaning during product changeovers is routed to a reclaim tank for reuse. Waste water has a separate piping system, and discharge is limited to spills that are collected in floor drains. The plant utilized “dry” cleaning processes to minimize water use.

• Some of our North American and LATAM cleaning plants installed systems to reclaim and reuse water between 2015 and 2018, as a result of water audits conducted by a

third party. These efforts helped us reducing water consumption and waste water discharges, allowing Clorox to achieve our production based 20% water reduction goal.

**Estimated timeframe for realization**

1 to 3 years

**Magnitude of potential financial impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

70,000

**Potential financial impact figure – maximum (currency)**

140,000

**Explanation of financial impact**

The financial impact of water efficiency training is minimal. Water efficiency training has reduced water waste, lowering water consumption. The financial impact of water savings projects will have similar benefits, lowering operating costs through lower water usage. Based on a comparison of year over year water consumption data and a review of planned capital projects with water efficiency improvements, we estimate potential efficiency increases in the range of 1% to 2% of total spend per year. This would result in a financial savings of $70,000 to 140,000 dollars annually, based on operating expenditures related to water use and consumption. We have accounted for production growth and the impact from potential new business acquisitions in this estimate.

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**Type of opportunity**

Markets

**Primary water-related opportunity**

Increased brand value

**Company-specific description & strategy to realize opportunity**

Clorox's commitment to provide bleach and other key disinfecting products to populations in areas where natural disasters have occurred is very critical to the general health and well-being of people in these areas, particularly bleach donations that support the disinfection of micro-biologically contaminated water supplies that often occur following natural disasters.

In addition, the company has been supporting the Clorox Safe Water Project in rural Peru since 2012, Partnering with a local NGO to implement a bleach-based intervention to treat micro-biologically unsafe drinking water on an ongoing basis. The company has

recently expanded its safe water efforts, signing a 3-year partnership with Evidence Action's Dispensers for Safe Water program to supply a portion of the bleach used for dispensers located in Kenya and Uganda, support that will reach 1,000,000 people in 2019 and more than 3,000,000 people by 2020. A key cost driver for the program, bleach is considered one of the most cost-effective and accessible disinfectants available across the globe. These public health interventions also provide the Clorox Company reputational value.

We set public sustainability goals which include water reduction and share these goals through our annual report and on our public Corporate Responsibility website. Strategically, sharing these goals, enhances our brand value by demonstrating to our consumers that sustainability is a key business initiative.

**Estimated timeframe for realization**

1 to 3 years

**Magnitude of potential financial impact**

Low

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact**

The Clorox Company supports global public health through its namesake brand in two ways: by donating disinfecting bleach products to aid disaster relief, and though the Clorox® Safe Water Project, by addressing the chronic problem of unsafe drinking water. To support disaster relief in CY19, the Clorox brand provided over $445,000 of bleach, wipes, and trash bag product donation to the American Red Cross, Americacares and Feeding America. The Clorox Company Foundation donated an additional $100,000 to the American Red Cross during the second half of CY19, in addition to $200,000 in cash donations in FY19. Through the Safe Water Project, the Clorox brand donated nearly $370,000 of bleach products and cash to its nonprofit partners Evidence Action and PRISMA to support safe drinking water for over 1 million people in Kenya and Peru. These CSR initiatives provide a positive impact on The Clorox Company and Clorox brand reputation, although the exact financial impact has not been quantified.

**Type of opportunity**

Products and services

**Primary water-related opportunity**

Increased sales of existing products/services

**Company-specific description & strategy to realize opportunity**

Water is the primary ingredient in many of our laundry and cleaning products. The concentration of our products (removal of water from our products without any formulation changes) makes us less dependent on water as a manufacturing input into our supply chain. It also helps reduce our transportation impacts by delivering more product (and transporting less water) per stat case.

For example, in 2019 we initiated a project to concentrate bleach products approximately 12 to 13%. Two of our plants made the change in 2019, with distribution starting in 2020, when we anticipate realizing the additional water savings. This effort will help reduce our overall footprint during our new goal period since more concentrated product results in less water withdrawn and more efficient distribution. We are continuously looking at ways to optimize our product portfolio to minimize the impact of our customer's water footprint.

This is also part of our strategy to appeal to the eco-conscious consumer who makes decisions at the shelf based in part on a company's commitment to sustainability. Making sustainable improvements through concentration and packaging reduction that resonate with our customer and consumer base has the potential to drive increased sales across our brands.

**Estimated timeframe for realization**

1 to 3 years

**Magnitude of potential financial impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

30,000,000

**Potential financial impact figure – maximum (currency)**

60,000,000

**Explanation of financial impact**

Potential financial impact through concentrating products would be reduced transportation costs and lower operating costs due to reduced water consumption. Every percent increase in product concentration has a direct impact on reducing the volume of material that is distributed for sale (e.g. product lasts longer, fewer units are sold). We have calculated the savings related to product concentration but do not share this data publicly. We estimate the financial benefit of making sustainable improvements

to our products, including the concentration of our products to reduce water consumption, to have a potential positive impact on our costs and our sales in the range of 0.5-1%, or a potential increase in revenue of $30,000,000-$60,000,000 dollars. This impact would result from increased sales through appealing to the Eco-conscious consumer who prefers products made by sustainable companies.

**Type of opportunity**

Efficiency

**Primary water-related opportunity**

Improved water efficiency in operations

**Company-specific description & strategy to realize opportunity**

We have conducted water audit workshops globally to enable our manufacturing locations to become more efficient in the way they use process water, and recycle and re-use water where possible. We have taken various steps to reduce our water usage globally, including:
1. Our Kingsford Division, which uses recycled water in their processes at 6 of 7 sites.
2. We use recycled wash water from product changeovers to make product at our Atlanta Main, GA, Atlanta West, GA, Aldo Bonzi, AR, and Caguas PR plants.
3. Our Puerto Rico and Aberdeen, MD plants use rain water to manufacture bleach. Our sites in Pleasanton and Redlands, CA use recycled waste water for irrigation purposes.
We continue to look for ways to increase the quantity of recycled water used in our manufacturing operations.

One of the opportunities we have identified includes driving increased efficiency in our operations through expanding the use of recycled water. Process water is used in our manufacturing process for cleaning tanks during product changeovers. We have identified the opportunity to expand the practice of using recycled wash water to make product at our manufacturing sites located in Latin America, having added the process to Aldo Bonzi. Projects have been chartered to support this work with a focus on optimizing production sequencing to minimize changeovers and the fresh water needed for tank cleaning and capture liquids for re-use.

**Estimated timeframe for realization**

1 to 3 years

**Magnitude of potential financial impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

8,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact**

Projects to recycle wash water for production use are at various stage of completion across our Latin American network of plants. Upon the successful implementation of these projects, we estimate that we will realize a cost savings of $2 million dollars per site as a result of not having to invest in infrastructure to process and manage large amounts of waste water as well as the subsequent savings from not using fresh water for changeovers. This will results in a total cost savings of approximately $8,000,000 dollars.

# W6. Governance

## W6.1

**(W6.1) Does your organization have a water policy?**

Yes, we have a documented water policy that is publicly available

## W6.1a

**(W6.1a) Select the options that best describe the scope and content of your water policy.**

| | Scope | Content | Please explain |
|---|---|---|---|
| Row 1 | Company-wide | Description of business dependency on water<br>Description of business impact on water<br>Description of water-related performance standards for direct operations<br>Company water targets and goals<br>Commitments beyond regulatory compliance<br>Commitment to water-related innovation | Clorox Company's commitment to water conservation, water practices and our water reduction goals are publicly available via our CSR website and available via our CDP water response. Our water reduction initiatives are company-wide and span all areas of our business – product, operations and supply chain In 2012, we set a new goal to further reduce our water consumption by 20% per case of product sold by 2020 vs. 2011 base year. We exceeded this goal in 2018 with a 21% decrease in water use versus our 2011 base year. In 2019 we closed out our 2020 strategy and reset our water use baseline to calendar year 2018. In 2019 we achieved a 6% absolute and 5% intensity (per case of product sold) reduction in water use relative to 2018. We scorecarded our Top 100 suppliers through 2019 for sustainability related KPI's which include tracking water usage and setting public water reduction goals. In 2019 we joined the CDP Supply Chain and have asked our top suppliers representing approximately 70% of our global spend to report their emissions. We are following up with the same top suppliers by actively querying web sites and |

| | | | |
|---|---|---|---|
| | | Commitment to stakeholder awareness and education<br>Commitment to water stewardship and/or collective action<br>Acknowledgement of the human right to water and sanitation<br>Recognition of environmental linkages, for example, due to climate change | documenting their reported water use and public commitments toward water security.<br>We seek opportunities to innovate in our operations through concentrating products, increasing the recycled water used in our processes, and reducing waste water in operations. We innovate and partner to help build awareness of unsafe water and increase access to safe water in communities where it is limited. Our water commitment is stated on our website at https://www.thecloroxcompany.com/corporate-responsibility/environmental-sustainability/operations/water/ |

# W6.2

**(W6.2) Is there board level oversight of water-related issues within your organization?**

Yes

# W6.2a

**(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.**

| Position of individual | Please explain |
|---|---|
| Board-level committee | The highest level of responsibility for climate change at The Clorox Company rests with the Board of Directors' Nominating, Governance and Corporate Responsibility Committee, which oversees Clorox's environmental matters and compliance and is updated at least quarterly on ESG-related priorities, including, as appropriate, those related to water. The Company's Executive Committee, a group made up of the Company's most senior leaders, including the CEO, is responsible for overseeing the our business strategy, which includes driving ESG-related priorities. This Executive Committee considers climate change and sustainability goals in our business and financial planning processes. Key ESG roles on the Executive Committee include the Executive Vice President – General Counsel and Corporate Affairs and Sustainability Executive Sponsor: Executive Vice President - Household & Lifestyle, to whom the Chief Sustainability Officer reports.<br><br>Environmental priorities are overseen by our Chief Sustainability Officer, who leads our Sustainability Center and is responsible for making sustainability-related recommendations to the Executive Committee and Board of Directors. Our Sustainability Center is a cross-functional team responsible for defining and driving progress against our sustainability strategy. This team serves an enabling function, |

| | |
|---|---|
| | building capability and supporting business units in delivering both our corporate and business unit ESG goals, including those related to climate change. The leadership team includes Vice Presidents and Senior Directors responsible for sustainability commercialization, technology, operations and supply chain, and strategy and performance, with each role supported by teams connected into the core functions. |

# W6.2b

**(W6.2b) Provide further details on the board's oversight of water-related issues.**

| | Frequency that water-related issues are a scheduled agenda item | Governance mechanisms into which water-related issues are integrated | Please explain |
|---|---|---|---|
| Row 1 | Scheduled - some meetings | Monitoring implementation and performance<br>Reviewing and guiding risk management policies<br>Reviewing and guiding strategy<br>Reviewing and guiding corporate responsibility strategy | The Nominating, Governance and Corporate Responsibility Committee oversees Clorox's environmental matters and compliance and is updated at least annually on corporate responsibility-related priorities, including those addressing water-related issues.<br><br>Additionally, Clorox has a comprehensive enterprise risk management process to identify, assess and prioritize business risks. The process includes identifying 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. An Enterprise Risk Management (ERM) Steering Committee is responsible for the management of all company-wide risks. This committee approves our framework and processes; prioritizes and allocates resources; oversees and reviews risk identification and risk mitigation strategies, tactics and assessments; drives alignment on risk appetite and tolerance. Individual executive risk owners are then identified to further Assess risks and develop, monitor, manage and be accountable for mitigation strategies for key risks they own; escalate issues and request resources as appropriate. The ERM office reports directly to the Board of Directors at least once annually. |

| | | | |
|---|---|---|---|
| | | | Key ESG roles on the Executive Committee include the Sustainability Executive Sponsor: Executive Vice President - Household & Lifestyle, to whom the Chief Sustainability Officer reports. Environmental priorities are overseen by our Chief Sustainability Officer, who leads our Sustainability Center and is responsible for making sustainability-related recommendations to the Clorox Executive Committee and Board of Directors. The Sustainability Center is a cross-functional team responsible for defining, driving and tracking progress against Clorox's sustainability strategy. This team serves as an enabling organization, building capability and supporting business units and functions in delivering both corporate planet goals, and business unit sustainability goals, including those related to climate change. The Sustainability Center's leadership team includes Vice Presidents and Senior Directors responsible for sustainability commercialization, technology, operations and supply chain, and strategy and performance, with each role supported by teams connected into the core functions.<br>Each business unit leadership team, led by a VP-General Manager, is responsible for defining and 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. Each business unit leadership team designates a sustainability champion to lead its sustainability agenda. |

# W6.3

**(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).**

**Name of the position(s) and/or committee(s)**

Chief Executive Officer (CEO)

**Responsibility**

Both assessing and managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Quarterly

**Please explain**

The Company's Executive Committee, a group made up of the Company's most senior leaders, including the CEO, is responsible for overseeing the execution of our business strategy, which includes driving ESG-related priorities. This Executive Committee considers climate change and sustainability goals in our business and financial planning processes. Key ESG roles on the Executive Committee include the ESG Executive Sponsor: Executive Vice President – General Counsel and Corporate Affairs and Sustainability Executive Sponsor: Executive Vice President - Household & Lifestyle, to whom the Chief Sustainability Officer reports.

**Name of the position(s) and/or committee(s)**

Other, please specify

Executive Vice President – General Counsel and Corporate Affairs

**Responsibility**

Both assessing and managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Quarterly

**Please explain**

The Company's Executive Committee, a group made up of the Company's most senior leaders, including the CEO, is responsible for overseeing the execution of our business strategy, which includes driving ESG-related priorities. This Executive Committee considers climate change and sustainability goals in our business and financial planning processes, including water related issues as they arise. Key ESG roles on the Executive Committee include the ESG Executive Sponsor: Executive Vice President – General Counsel and Corporate Affairs and Sustainability Executive Sponsor: Executive Vice President - Household & Lifestyle, to whom the Chief Sustainability Officer reports.

**Name of the position(s) and/or committee(s)**

Risk committee

**Responsibility**

Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Annually

**Please explain**

The Clorox Enterprise Risk Management (ERM) Steering Team has responsibilities related to monitoring climate related issues. An Enterprise Risk Management (ERM) Steering Committee is responsible for the management of all company-wide risks which include our water related risks and opportunities. This committee approves our framework and processes; prioritizes and allocates resources; oversees and reviews risk identification and risk mitigation strategies, tactics and assessments. Individual

executive risk owners are then identified to further assess risks and develop, monitor, manage and be accountable for mitigation strategies for key risks they own; escalate issues and request resources as appropriate The ERM office reports directly to the Board of Directors at least once annually on enterprise related risks, which include water and climate related risks.

**Name of the position(s) and/or committee(s)**

Other, please specify

Executive Vice President - Household & Lifestyle, Executive Sponsor Sustainability

**Responsibility**

Both assessing and managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

As important matters arise

**Please explain**

The Executive Vice President – Household & Lifestyle functions as the Executive Sponsor for Sustainability and owns the environmental aspects of the company's ESG strategy. The VP / Chief Sustainability Officer reports into this role for all Sustainability matters.

**Name of the position(s) and/or committee(s)**

Chief Sustainability Officer (CSO)

**Responsibility**

Both assessing and managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Not reported to board

**Please explain**

The CSO leads our Sustainability Center and is responsible for making sustainability-related recommendations to the Executive Sponsor for Sustainability.

**Name of the position(s) and/or committee(s)**

Sustainability committee

**Responsibility**

Both assessing and managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Not reported to board

**Please explain**

The Sustainability Center is a team reporting to the CSO, responsible for driving the company's corporate environmental priorities and enabling business units as they more deeply integrate sustainability into their own strategies. The Sustainability Center builds organizational capability and leads strategic enterprise-wide actions for speed and scale. The Sustainability Center's leadership team includes VP to Senior Director level members responsible for commercialization, technology, operations and supply chain, and strategy and performance, with roles supported by teams connected into the core functions. This team has responsibilities for sustainability for the company, which includes water stewardship. The strategy and performance lead in the Sustainability Center works with our Risk Management team to ensure water related risks are incorporated into our enterprise risk management processes and helps to establish water goals.

# W6.4

### (W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

| | Provide incentives for management of water-related issues | Comment |
|---|---|---|
| Row 1 | No, and we do not plan to introduce them in the next two years | In 2019, Clorox announced Integrated Environmental Sustainability, and Governance (ESG) Goals, called IGNITE Goals. These goals include "Enhance our leadership in ESG through an unwavering commitment to strong corporate governance and ESG performance overseen by the board of directors." This goal is supported by establishing executive compensation awards that are tied to elements of our ESG goals for members of the Clorox executive committee, including for the chair and CEO. While none of the IGNITE Goals are directly tied to water, the Board Members do ensure that the company is addressing any water related issues, including monitoring and reporting our water footprint and addressing any significant water risks, as part of their overall responsibilities. |

# W6.5

### (W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, trade associations

# W6.5a

### (W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

Clorox works closely with a number of research organizations, non-profit associations, agencies and consortiums to further environmental sustainability initiatives within our company,

industries and communities. Besides paying annual membership dues, we do not specifically provide any other funding towards the study or research of water related initiatives. We are signatories to the United Nations Global Compact, which encourage businesses like Clorox to adopt sustainable and socially responsible policies and to report on their implementation.

Our water policy is stated on our website at https://www.thecloroxcompany.com/corporate-responsibility/environmental-sustainability/operations/water/

## W6.6

**(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?**

Yes (you may attach the report - this is optional)

Clorox's annual report states that our water related risks, using SASB metrics, are reported to CDP

# W7. Business strategy

## W7.1

**(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

| | Are water-related issues integrated? | Long-term time horizon (years) | Please explain |
|---|---|---|---|
| Long-term business objectives | Yes, water-related issues are integrated | 5-10 | Water related issues are integrated into our objectives, strategy and financial planning processes as part of our enterprise risk management process and as part of our public eco goals and commitments. In 2019, we closed out our prior long-term corporate strategy, our 2020 strategy (which included goals to reduce water use and to scorecard our top-tier suppliers on water use. We introduced our IGNITE strategy, which elevates and integrates ESG goals of the highest strategic importance to the company, including environmental goals related to Climate Stewardship. In addition to IGNITE goals, the company has set additional public sustainability commitments, including to drive efficiency improvements in our water consumption as we advance a more localized approach to water, including localized water risk assessments and action plans.<br><br>We integrate our Corporate Responsibility strategy and metrics with our long-term business strategy because |

| | | | |
|---|---|---|---|
| | | | we believe our short and long-term success lies in our focus on driving good-growth, growth that is not just profitable and sustainable, but also achieved responsibly. Water stewardship is a fundamental aspect of conducting business responsibly, and our water practices also enable us to cut cost, minimize risks and protect our brand and reputation. This represents the long term aspects of our business strategy, financial planning process and risk assessment process as well as the long term potential timing for water related impacts. |
| Strategy for achieving long-term objectives | Yes, water-related issues are integrated | 5-10 | Water related issues are integrated into our objectives, strategy and financial planning processes as part of our enterprise risk management process and as part of our public eco goals and commitments. The company has set additional public sustainability commitments, including a commitment to continue to drive efficiency improvements in our water consumption as we advance a more localized approach to water, including localized water risk assessments and action plans. We integrate our Corporate Responsibility strategy and metrics with our long-term business strategy because we believe our short and long-term success lies in our focus on driving good-growth, growth that is not just profitable and sustainable, but also achieved responsibly. We believe water stewardship is a fundamental aspect of conducting business responsibly, and our water practices also enable us to cut cost, minimize risks and protect our brand and reputation. This timing represents the long term aspects of our business strategy, financial planning process, and risk assessment process as well as the long term potential timing for water related impacts. |
| Financial planning | Yes, water-related issues are integrated | 5-10 | Water related issues are integrated into our objectives, strategy and financial planning processes as part of our enterprise risk management process and as part of our public eco goals and commitments. We integrate our Corporate Responsibility strategy and metrics with our long-term business strategy because we believe our short and long-term success lies in our focus on driving good-growth, growth that is not just profitable and sustainable, but also achieved responsibly. We believe water stewardship is a fundamental aspect of conducting business responsibly, and our water practices also enable us to cut cost, minimize risks and protect our brand and reputation. |

| | | | |
|---|---|---|---|
| | | | Understanding the financial impacts of water risks and opportunities is an important part of our strategy. These financial aspects include the operation costs of water, the impact on our supply chain, customer and other stakeholder issues as well as reputational impacts. This timing represents the long term aspects of our business strategy, financial planning process and risk assessment process as well as the long term potential timing for water related impacts. |

# W7.2

**(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?**

**Row 1**

**Water-related CAPEX (+/- % change)**

0

**Anticipated forward trend for CAPEX (+/- % change)**

1

**Water-related OPEX (+/- % change)**

0

**Anticipated forward trend for OPEX (+/- % change)**

3

**Please explain**

Our capital expenditure budgets related to plant improvement initiatives including those which impact water efficiency are expected to remain flat going forward with minor fluctuations of +/- 1% based on business needs.

Operational expenditures related to the purchase of municipal water was flat between 2019 and 2019 (2% decrease in North America). We expect operational expenditures to change an average of +/- 3% per year based on business growth, efficiency improvements, divestitures and acquisitions. In CY21 we anticipate seeing an increase in overall water use, associated with increased production due to COVID19 but this may be offset by reduced water use as a percent of production from concentrating bleach formulations.

## W7.3

**(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?**

| | Use of climate-related scenario analysis | Comment |
|---|---|---|
| Row 1 | No, but we anticipate doing so within the next two years | We understand the value of scenario analysis as a lens through which to assess possible business outcomes that may occur as a result of climate change and the strategic implications of climate related risks and opportunities, including water. As part of our localized water risk assessment, we plan to consider different climate scenarios as we develop action plans. We are working to understand the best way to incorporate these scenarios into our long term strategy planning. We will use scenarios which are most applicable to our business and which will best help to ensure our strategic and financial planning processes are inclusive of all applicable risks and opportunities and ensure resilience of our strategies to climate related and water related scenarios. As our exposure to water related risks are not considered to be substantial, we foresee this initially being a mostly qualitative analysis. We plan to incorporate climate-related scenario analysis within the next two years. |

## W7.4

**(W7.4) Does your company use an internal price on water?**

**Row 1**

**Does your company use an internal price on water?**

No, and we do not anticipate doing so within the next two years

**Please explain**

Our approach to water security is driven by our overall sustainability strategy and water reduction goals and does not currently include an internal price on water.

# W8. Targets

## W8.1

**(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.**

| | Levels for targets and/or goals | Monitoring at corporate level | Approach to setting and monitoring targets and/or goals |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Row 1 | Company-wide targets and goals | Targets are monitored at the corporate level<br>Goals are monitored at the corporate level | We reduced our water consumption company-wide by 14% (per case of product sold) from 2008 to 2011. This corresponds to a 12% absolute reduction of water consumption. In 2012, we set a new goal to further reduce our water consumption by 20% per case of product sold by 2020 vs. 2011 base year. We exceeded this goal in 2018 with a 21% decrease in water use versus our 2011 base year. In 2019 we closed out our 2020 strategy and reset our water use baseline to calendar year 2018. In 2019 we achieved a 6% absolute and 5% intensity (per case of product sold) reduction in water use relative to 2018.<br><br>Water consumption is monitored monthly through online analysis tools and reports to flag any major variances in water consumption which may affect achieving our water reduction goals. We developed a process and scorecard to engage our top tier suppliers in several focus areas, including water use. We have score-carded our top 100 suppliers (approximately 2/3 of our suppliers by $ spend). We ended our sixth year of requesting our Top 100 suppliers to report out on their water use and water reduction goals, along with similar requests for our Top 100 suppliers to report out and set public reductions goals against energy use, greenhouse gas emissions and waste in 2019. In 2019, 100% of our Top 100 suppliers responded to our survey.<br>In 2019 we joined the CDP Supply Chain and have asked our top suppliers representing approximately 70% of our global spend to report their emissions. Going forward, we are following up with the same top suppliers by actively querying web sites and documenting their reported water use and public commitments toward water security.<br><br>Progress against goals are reported yearly. |

# W8.1a

**(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.**

**Target reference number**

Target 1

**Category of target**

Water consumption

**Level**

Company-wide

**Primary motivation**

Water stewardship

**Description of target**

In 2012, we set a goal to further reduce our water consumption by 20% per case of product sold by 2020 vs. 2011 base year. Since 2012, as part of our second goal period, we reduced our water footprint by an additional 21% per case of product sold (from 2012 to 2018). This translates to an 11% absolute reduction in water consumption. This is in addition to the 14% intensity and 12% absolute reduction achieved in the first goal period (2008 - 2011).

**Quantitative metric**

Other, please specify

% reduction water per case of product sold

**Baseline year**

2011

**Start year**

2012

**Target year**

2020

**% of target achieved**

100

**Please explain**

We reduced our water consumption company-wide by 14% (per case of product sold) from 2008 to 2011 (12% absolute reduction of water consumption). In 2012, we set a goal to further reduce our water consumption by 20% per case of product sold by 2020 vs. 2011 base year. Since 2012, as part of our second goal period, we reduced our water footprint by an additional 21% per case of product sold (from 2012 to 2018) or an 11% absolute reduction in water consumption (absolute reduction not a part of goal). In 2019, we closed out our 2020 strategy and reset our water use baseline to calendar year 2018. In 2019 we achieved an additional 6% absolute and 5% intensity (per case of product sold) reduction in water use relative to 2018. Going forward our goal is to drive continued water efficiency improvements vs. 2018 base year as we advance a more localized approach to water through localized water risk assessments and action plans.

## W8.1b

**(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.**

**Goal**

Engaging with local community

**Level**

Site/facility

**Motivation**

Water stewardship

**Description of goal**

We seek to deliver strong water stewardship to the local communities where our manufacturing sites are located. We want to ensure the sustainability of the environment where we operate. As part of our risk assessment, we take into account all local operating procedures and the impact of our operations on the biodiversity of the location we set up operations at. This is an ongoing goal without a specific start or end year.

**Baseline year**

2011

**Start year**

2012

**End year**

2020

**Progress**

We are on track with these goals, as we remain committed to water stewardship in the local communities where we operate. We currently engage our water utility providers when we have changes in our manufacturing or operations processes which may affect our water usage quantities or effect a change in the water that we discharge.

At our Pleasanton, CA campus, we engaged with the local POTW to add recycled water from the POTW for landscaping to reduce usage of “clean” water.

We collaborated with the local POTW in Forest Park (Atlanta), Ga to ensure the new facility that manufactures wipes was designed to minimize discharges to the County sewer system.

We have also partnered with the local water authorities at our Raleigh, NC and Atlanta, GA plants to implement water savings opportunities and update our metering so that we can differentiate water that is consumed vs water that is returned for treatment.

Our Bogota, COL, Quilicura, CHL, Lima Peru, and San Jose plants have implemented programs to reduce the volume of water generated as waste at each site by reclaiming and reusing product washwater.

We exceeded this goal in 2018, two years early. This is an ongoing goal that will carry into our next goal period.

### Goal

Providing access to safely managed Water, Sanitation and Hygiene (WASH) in local communities

### Level

Country level

### Motivation

Corporate social responsibility

### Description of goal

Clorox supports initiatives that address the chronic issue of unsafe drinking water that is still prevalent in developing countries around the globe. Through the use of bleach dispensers – a low-cost, sustainable way to treat and disinfect water – our Clorox Safe Water Project, launched in 2012, is providing drinkable water to more than 25,000 people in 21 rural communities in the Piura-Tambogrande regions of northern Peru. Our Brita brand's Filter for Good campaign brought safer water to a remote community in Kenya with the construction of a borehole well that is supporting more than 40,000 people. The company recently expanded its safe water efforts, signing a 3-year partnership with Evidence Action's Dispensers for Safe Water program to supply a portion of the bleach used for dispensers located in Kenya and Uganda, support that will reach more than 1,000,000 people in 2019 and more than 3,000,000 people by 2020. A key cost driver for the program, bleach is considered one of the most cost-effective and accessible disinfectants available across the globe. This is an ongoing goal without a specific start or end year.

### Baseline year

2012

### Start year

2012

### End year

### Progress

The company's efforts are providing communities access to safe water and education about the importance of safe water and related health and hygiene practices, while also helping to raise greater awareness of the chronic issue of unsafe water that still impacts large populations across the globe.

Through the use of bleach dispensers – a low-cost, sustainable way to treat and disinfect water – our Clorox Safe Water Project, launched in 2012, is providing drinkable water to more than 25,000 people in 21 rural communities in the Piura-Tambogrande regions of northern Peru. Our Brita brand's Filter for Good campaign brought safer water to a remote community in Kenya with the construction of a borehole well that is supporting more than 40,000 people. The company plans recently expanded its safe

water efforts, signing a 3-year partnership with Evidence Action's Dispensers for Safe Water program to supply a portion of the bleach used for dispensers located in Kenya and Uganda, support that will reach more than 1,000,000 people in 2019 and more than 3,000,000 people by 2020. A key cost driver for the program, bleach is considered one of the most cost-effective and accessible disinfectants available across the globe.

This is an ongoing goal without a specific end year.

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**Goal**

Engagement with suppliers to help them improve water stewardship

**Level**

Business activity

**Motivation**

Water stewardship

**Description of goal**

We developed a process and scorecard to engage our top tier suppliers in several focus areas, including water use. We score-carded our top 100 suppliers (approximately 2/3 of our suppliers by $ spend). In 2019 we completed six years of requesting our Top 100 suppliers to report out on their water use and water reduction goals, along with similar requests for our Top 100 suppliers to report out and set public reductions goals against energy use, greenhouse gas emissions and waste.

**Baseline year**

2013

**Start year**

2014

**End year**

2020

**Progress**

We progressed on track with these goals. In 2019, 100% of our Top 100 suppliers responded to our survey. Of those who responded, approximately 76% responded that they are measuring their water usage, and 38% reported that they have set public water reduction goals. Since launching our Top 100 supplier scorecard in 2014, we have seen a 25 percentage point increase in supplier response rate, a 15 percentage point increase in suppliers measuring water use, and an 8 percentage point increase in suppliers setting public water reduction goals. Our engagement plans included one-on-one sessions with our suppliers in which we share our sustainability goals and initiatives, our progress against our goals, and how their footprint affects our footprint. In addition, we reviewed their footprint metrics and provide feedback on areas for improvement as well as provide resources on how to better measure and track their footprint, reduce water usage and set meaningful goals.

We ended this goal in 2019 and, in 2019, joined the CDP Supply Chain and have asked our top suppliers representing approximately % of our global spend to report their emissions. We are following up with the same top suppliers by actively querying web sites and documenting their reported water use and public commitments toward water security.

# W9. Verification

## W9.1

**(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?**

Yes

Clorox CY19 Independent Accountants' Report.pdf

## W9.1a

**(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?**

| Disclosure module | Data verified | Verification standard | Please explain |
|---|---|---|---|
| W1 Current state | Data verified includes the absolute megaliters of water consumed in the reporting period year (2019). | Other, please specify<br>AICPA (AT-C section 105 and section 210) | Assurance is conducted by Ernst and Young, LLP in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) in AT-C section 105, Concepts Common to All Attestation Engagements and AT-C section 210, Review Engagements. Attached is the Independent Auditors' Report, the total water consumption by source was verified as part of the subset of data included in the total water consumed. |

# W10. Sign off

## W-FI

**(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

We have completed an external verification of our water footprint for 2019. The assurance can on Page 2 Appendix A of the attached Clorox CY19 Independent Accountants' Report.PDF. More information about our water related commitments and progress against goals can be found on our website at

https://www.thecloroxcompany.com/corporate-responsibility/environmental-sustainability/operations/water/

Clorox Signed MRL 6_25_19.pdf

Clorox CY19 Independent Accountants' Report.pdf

## W10.1

**(W10.1) Provide details for the person that has signed off (approved) your CDP water response.**

| | Job title | Corresponding job category |
|---|---|---|
| Row 1 | Environmental & Sustainability Manager | Environment/Sustainability manager |

## W10.2

**(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].**

No

# SW. Supply chain module

## SW0.1

**(SW0.1) What is your organization's annual revenue for the reporting period?**

| | Annual revenue |
|---|---|
| Row 1 | 6,200,000,000 |

## SW0.2

**(SW0.2) Do you have an ISIN for your organization that you are willing to share with CDP?**

No

## SW1.1

**(SW1.1) Could any of your facilities reported in W5.1 have an impact on a requesting CDP supply chain member?**

No facilities were reported in W5.1

## SW1.2

**(SW1.2) Are you able to provide geolocation data for your facilities?**

| | Are you able to provide geolocation data for your facilities? | Comment |
|---|---|---|
| Row 1 | No, this is confidential data | We do not want to provide this information for security reasons. |

## SW2.1

**(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.**

## SW2.2

**(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?**

No

## SW3.1

**(SW3.1) Provide any available water intensity values for your organization's products or services.**