

**THE CLOROX COMPANY**  
**AUDIT COMMITTEE CHARTER**

**[Effective May 11, 2015]**

**PURPOSE AND AUTHORITY**

The Audit Committee (“Committee”) is established by the Board of Directors (“Board”) for the purposes of:

1. Representing and assisting the Board in overseeing:

- The integrity of the Company’s financial statements.
- The independent registered public accounting firm's qualifications and independence.
- The performance of the Company’s internal audit function and independent registered public accounting firm.
- The Company’s systems of disclosure controls and procedures and internal control over financial reporting that management has established.
- The Company’s compliance with legal and regulatory requirements relating to accounting and financial reporting matters.
- The Company’s framework and guidelines with respect to risk assessment and risk management.
- The Company’s material financial policies and actions.

2. Preparing the report required by the Securities and Exchange Commission (“SEC”) proxy rules to be included in the Company’s annual proxy statement.

The Committee will report regularly to the Board regarding the execution of its duties and responsibilities.

The Committee has the authority to engage and terminate, and to approve the fees and other retention terms of, outside legal, accounting or other advisors, and to fully investigate any matter brought to its attention, as deemed appropriate to perform its duties and responsibilities. The Company shall provide appropriate funding, as determined by the Committee, for the Committee’s administrative expenses, and for compensation to the independent registered public accounting firm, and to any outside advisors that the Committee chooses to engage.

This Charter shall be reviewed annually and updated as necessary. Additionally, the Committee will perform an annual evaluation of its performance relative to the purpose, duties and responsibilities outlined herein. The Committee may delegate any of its duties and responsibilities to subcommittees composed of its members.

## **COMPOSITION AND MEETINGS**

The Committee shall consist of at least three directors appointed by the Board in accordance with the Company's Bylaws. Each member must be financially literate and independent under the New York Stock Exchange definition of independence for directors and audit committee members and the Company's independence standards set forth in the Company's Corporate Governance Guidelines. In addition, at least one member of the Committee must qualify as an "audit committee financial expert," as determined by the Board in accordance with criteria established by the SEC. No member of the Committee shall simultaneously serve on the audit committees of more than two other public companies, unless the Board determines that such service will not impair such member's ability to serve on the Committee.<sup>1</sup>

The Board, by majority vote of the directors attending a meeting at which a quorum is present, may remove a member of the Committee without cause or appoint a director to serve on the Committee at any duly noticed meeting of the Board.

The Committee will meet at least quarterly, and at such additional times as it deems necessary to carry out its duties. As part of all in-person meetings, the Committee will meet with the Senior Vice President – Chief Financial Officer, the Vice President – Internal Audit, the Senior Vice President – General Counsel and the independent registered public accounting firm in executive sessions. One third of the Committee members shall constitute a quorum, and all matters shall be determined by a majority vote of the members present.

## **DUTIES AND RESPONSIBILITIES**

The Committee's primary duties and responsibilities include:

### **Information Released to the Public:**

- Meet quarterly with the independent registered public accounting firm and management to review and discuss the annual audited financial statements and quarterly financial statements, including the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in its Form 10-K and Form 10-Qs, quality of earnings, reserves and accruals, suitability of and issues regarding accounting principles, areas that involve a high degree of judgment, audit adjustments, whether or not recorded, and such other areas of inquiry as may be appropriate, and annually recommend to the Board whether the audited financial statements should be included in the Annual Report on Form 10-K.
- Review earnings press releases and discuss with management and the independent registered public accounting firm the general nature of information to be disclosed and the type of presentations to be made in earnings press releases, including any "pro forma" or other financial information that does not comply with generally accepted accounting principles in the United States ("GAAP").

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<sup>1</sup> NTD: Required by NYSE 303A.07(a).

- Review and discuss with management the general nature of information to be disclosed and the type of presentations to be made in financial information and earnings outlooks provided to analysts and rating agencies.
- Review other relevant reports or financial information submitted by the Company to any governmental body or the public, including management certifications as required by the Sarbanes-Oxley Act of 2002.

### **Independent Registered Public Accounting Firm:**

- Appoint (subject to ratification by the Company’s stockholders), retain, compensate and oversee the work performed by the independent registered public accounting firm. The independent registered public accounting firm shall report directly to the Committee, and the Committee has the ultimate authority and responsibility to evaluate the performance of the independent registered public accounting firm and, where appropriate, terminate the independent registered public accounting firm. The Committee will consider and approve, in advance, any audit and permissible non-audit services to be performed by the independent registered public accounting firm and will establish policies and procedures for the pre-approval of audit and permissible non-audit services to be performed by the independent registered public accounting firm.
- At least annually, obtain and review a report by the independent registered public accounting firm describing: the firm’s internal quality control procedures; any material issues raised by the most recent internal quality control review, peer review, or any inquiry or investigation by the Public Company Accounting Oversight Board (“PCAOB”) or any governmental or professional authorities within the last 5 years, and the firm’s actions to address such issues; all relationships between the independent registered public accounting firm and the Company or individuals in financial reporting oversight roles at the Company that may reasonably be thought to bear on the independent registered public accounting firm’s independence, including the registered public accounting firm’s written affirmation that the registered public accounting firm is in fact independent and an assurance that each member of the engagement team is in compliance regarding length of service.
- Hold timely discussions with the independent registered public accounting firm regarding:
  - The potential effects of any of the relationships described in the preceding paragraph on the independent registered public accounting firm’s independence.
  - Any problems or difficulties encountered during the audit and management’s response, including any restrictions on the scope of the independent registered public accounting firm’s activities or on access to requested information and any significant disagreements with management.
  - Critical accounting policies and practices.
  - Alternative treatments within GAAP related to material items that have been discussed with management, ramifications of using such alternative treatments, the treatment preferred by the independent registered public accounting firm, and the independent registered public accounting firm’s conclusions about the treatment selected by the Company.
  - Matters required to be discussed under applicable PCAOB rules.

- Any special audit steps adopted in light of significant deficiencies or material weaknesses in internal control over financial reporting.
- Other communications between the independent registered public accounting firm and management, including any management letters and schedules of unadjusted audit differences.
- The responsibilities, budget and staffing of the internal audit function.
- Set hiring policies for employees or former employees of the independent registered public accounting firm.

### **Internal Audit:**

Oversee the internal audit function, including:

- Review and approve the appointment, replacement or dismissal of the Vice President – Internal Audit.
- Review internal audit activities, including budget, staffing, scope, plans and results of work performed, including progress against those plans/budgets and, as appropriate, confer with the internal auditors regarding the scope and results of their work.
- Review the effectiveness of the internal audit program and the independence, objectivity and performance of the internal audit function.

### **Financial Reporting Processes and Controls:**

Oversee the following:

- The Company's financial reporting processes.
- The Company's disclosure controls and procedures, and internal control over financial reporting, and review any disclosure from the Chief Executive Officer or the Chief Financial Officer of: a) significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and b) fraud that involves management or other employees involved in financial reporting.
- Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles.
- Major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.
- Analyses prepared by management regarding significant financial reporting issues, accounting principles, judgments and estimates, off-balance sheet structures and taxation matters.
- The financial reporting aspects of any related party transactions.
- The effect of pending and newly implemented regulatory and accounting initiatives related to the Company's financial statements.
- Management's establishment and maintenance of financial and accounting policies and processes to provide for compliance with such policies.

### **Risk and Compliance Oversight:**

- Oversee the Company’s compliance and risk management programs and practices related to accounting and financial reporting matters to identify, manage and monitor compliance with applicable government and regulatory requirements, including:
  - Discussion with management (including the individual responsible for day-to-day operational responsibility for the Company’s compliance and ethics program) regarding compliance with legal and regulatory requirements relating to accounting and financial reporting matters as may be appropriate (with the Nominating and Governance Committee assisting the Board in overseeing compliance with legal and regulatory requirements other than those related to accounting or financial reporting).
  - Discussion of policies or guidelines with respect to risk assessment and risk management, accounting, financial reporting and disclosure matters, and anti-fraud controls.
  - Establish and maintain procedures to receive, retain and address complaints regarding accounting, internal accounting controls and auditing matters, including procedures for the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.

**Financial Policies of the Company:**

- Review the material financial policies of the Company, including financial delegation of authority and borrowing policies.
- Review and approve the Company’s policies regarding cash management, hedging, swaps, security-based swaps, derivatives, foreign currency exchange risk and debt interest rate risk. With respect to swaps and security-based swaps that are exempt from exchange-execution and clearing under “end-user exception” regulations established by the Commodity Futures Trading Commission, review and approve the Company’s policies regarding entering into such swap and security-based swap transactions, including decisions to enter into transactions that are neither cleared nor executed on a designated contract market, exchange, swap execution facility or security-based swap execution facility.

**Other Responsibilities:**

The Committee shall perform other activities consistent with this Charter, the Company’s by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

**Role of the Committee:**

Although the Committee has the powers and responsibilities set forth in this Charter, the role of the Committee generally is oversight. The members of the Committee are not employees of the Company and generally are not accountants or auditors by profession. Consequently, the Committee does not conduct audits, independently verify management’s representations, or determine that the Company’s financial statements and disclosures are complete and accurate, prepared in accordance with GAAP, or fairly present the financial condition, results of

operations and cash flows of the Company in accordance with GAAP, nor does the Committee determine that the Company's internal control over financial reporting is effective. These are the responsibilities of management. The independent registered public accounting firm is responsible for expressing an opinion on the Company's financial statements and internal control over financial reporting based upon its audit. The Committee's considerations and discussions with management and the independent registered public accounting firm do not assure that the Company's financial statements are presented in accordance with GAAP or that internal control over financial reporting is effective or that the audit of the Company's financial statements has been carried out in accordance with auditing standards generally accepted in the United States.