



NEWS RELEASE

# Evolve This: Clorox 2016 Integrated Annual Report Highlights Fiscal Year Progress Against 2020 Strategy and More Than a Century of Evolution in Health and Wellness

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OAKLAND, Calif., Sept. 26, 2016 /PRNewswire/ -- The Clorox Company (NYSE: CLX) released its fiscal year **2016 integrated annual report** highlighting its business and corporate responsibility results and its 103-year evolution focusing on the health and wellness of its consumers, communities and the planet.

"Evolution is essential to remain relevant and thrive, and we're constantly evolving our business, building on an already strong foundation to deliver good growth — growth that's profitable, responsible and sustainable — for the long term," said Chairman and CEO Benno Dorer. "From our origins in disinfecting as a bleach company to our recent acquisition of digestive health company Renew Life, Clorox offers a broad portfolio of brands that make a difference in the health and wellness of people's lives. This report also showcases how we've evolved to create meaningful value for all our stakeholders."

The report details the company's progress against its 2020 Strategy, which encompasses financial and corporate responsibility performance, in areas such as innovation, technology, employee engagement, diversity, environmental sustainability and community support. The report's feature story on health and wellness shows how the company's portfolio includes brands that encourage a better diet, enhance skin care, and help create healthier surroundings in homes and businesses. A **companion video**, featuring a conversation with Dorer, provides further insight into the company's health and wellness journey.

The company's 2016 fiscal year financial results include the following:

- \$5.8 billion in net sales

- \$398 million in cash dividends
- 36 percent total shareholder return, third in the company's peer group<sup>1</sup>
- 3 percent incremental sales from product innovation

These key nonfinancial metrics are among those highlighted in the report:

- 87 percent employee engagement, which is one point higher than last year, eight points higher than levels at global fast-moving consumer goods companies<sup>2</sup> and about three points higher than companies combining superior financial performance and human resources practices.<sup>3</sup>
- A recordable incident rate of 0.61 — a measure of workplace safety that is superior to world-class norms.<sup>4</sup>
- Diversity in corporate governance, including 50 percent minority independent board members, 30 percent female independent board members and 31 percent female Clorox Executive Committee members.
- Environmental sustainability improvements marked by cumulative reductions in greenhouse gas emissions (17 percent), solid waste to landfill (25 percent), energy consumption (14 percent) and water consumption (14 percent) since 2015 and cumulative product sustainability improvements to 31 percent of the company's portfolio of products.
- Nearly \$17 million in community impact from foundation cash grants, employee volunteerism<sup>6</sup>, U.S. cause marketing contributions and U.S. corporate product donations.

As part of Clorox's efforts to continually enhance the rigor of its corporate responsibility reporting, an independent accounting firm provided review-level assurance for 14 key nonfinancial metrics. These performance indicators are shown with an "A" symbol throughout the report.

Clorox followed the Global Reporting Initiative G4 Guidelines, which provide a recommended framework and indicators for reporting. The company's report features a corporate responsibility materiality overview, including a matrix, which highlights the company's 17 priorities in this area. Incorporated into the GRI Index is the company's Communication of Progress, which describes the company's actions in implementing the Ten Principles of the United Nations Global Compact. In October 2015, the company became a signatory to the United Nations Global Compact, the world's largest organization bringing together companies, nongovernmental organizations, governments and other stakeholders to advance the most important global sustainability issues.

The 2016 integrated annual report is available online at [annualreport.thecloroxcompany.com](http://annualreport.thecloroxcompany.com). The annual report website offers animated content, video, downloadable versions of the printed executive summary and full online report, and a brief survey to share insights and feedback.

## The Clorox Company

The Clorox Company (NYSE: CLX) is a leading multinational manufacturer and marketer of consumer and

professional products with about 8,000 employees worldwide and fiscal year 2016 sales of \$5.8 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, wraps and containers; Kingsford® charcoal; Hidden Valley® dressings and sauces; Brita® water-filtration products; Burt's Bees® natural personal care products; and Renew Life® digestive health products. The company also markets brands for professional services, including Clorox Healthcare® and Clorox Commercial Solutions®. More than 80 percent 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, a community of global leaders committed to sustainability. The company also has been broadly recognized for its corporate responsibility efforts, most notably receiving two Climate Leadership Awards for Excellence in 2015 and a Safer Choice Partner of the Year Award in 2016 from the U.S. Environmental Protection Agency as well as being named to CR Magazine's 2016 Best Corporate Citizens list and included in the 2016 Newsweek Green Rankings. The Clorox Company and its foundations contributed nearly \$17 million in combined cash grants, product donations, cause marketing and employee volunteerism in the past year. For more information, visit [TheCloroxCompany.com](http://TheCloroxCompany.com), including the Good Growth blog, and follow the company on Twitter at [@CloroxCo](https://twitter.com/CloroxCo).

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## Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and such forward-looking statements involve risks and uncertainties. Except for historical information, statements about future volumes, sales, foreign currencies, costs, cost savings, margins, earnings, earnings per share, diluted earnings per share, foreign currency exchange rates, cash flows, plans, objectives, expectations, growth, or profitability are forward-looking statements based on management's estimates, assumptions and projections. Words such as "could," "may," "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," "predicts" and variations on such words, and similar expressions that reflect our current views with respect to future events and operational and financial performance, are intended to identify such forward-looking statements. These forward-looking statements are only predictions, subject to risks and uncertainties, and actual results could differ materially from those discussed. Important factors that could affect performance and cause results to differ materially from management's expectations are described in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the company's Annual

Report on Form 10-K for the fiscal year ended June 30, 2016, as updated from time to time in the company's SEC filings. These factors include, but are not limited to: intense competition in the company's markets; worldwide, regional and local economic conditions and financial market volatility; the ability of the company to drive sales growth, increase prices and market share, grow its product categories and achieve favorable product and geographic mix; volatility and increases in commodity costs such as resin, sodium hypochlorite and agricultural commodities, and increases in energy, transportation or other costs; dependence on key customers and risks related to customer consolidation and ordering patterns; risks related to reliance on information technology systems, including potential security breaches, cyber-attacks, privacy breaches or data breaches that result in the unauthorized disclosure of consumer, customer, employee or company information, or service interruptions; costs resulting from government regulations; the ability of the company to successfully manage global, political, legal, tax and regulatory risks, including changes in regulatory or administrative activity; risks related to international operations, including political instability; government-imposed price controls or other regulations; foreign currency exchange rate controls, including periodic changes in such controls, fluctuations and devaluations; labor claims, labor unrest and inflationary pressures, particularly in Argentina; and potential harm and liabilities from the use, storage and transportation of chlorine in certain international markets where chlorine is used in the production of bleach; risks related to the possibility of nationalization, expropriation of assets or other government action in foreign jurisdictions; risks relating to acquisitions, new ventures and divestitures, and associated costs, including the potential for asset impairment charges related to, among others, intangible assets and goodwill; the ability of the company to develop and introduce commercially successful products; supply disruptions and other risks inherent in reliance on a limited base of suppliers; the impact of product liability claims, labor claims and other legal proceedings, including in foreign jurisdictions; the success of the company's business strategies; the ability of the company to implement and generate anticipated cost savings and efficiencies; the company's ability to attract and retain key personnel; the company's ability to maintain its business reputation and the reputation of its brands; environmental matters, including costs associated with the remediation of past contamination and the handling and/or transportation of hazardous substances; the impact of natural disasters, terrorism and other events beyond the company's control; the company's ability to maximize, assert and defend its intellectual property rights; any infringement or claimed infringement by the company of third-party intellectual property rights; risks related to the potential increase in the company's purchase price for The Procter & Gamble Company's (P&G) interest in the Glad® business and the impact from the decision on whether or not to extend the term of the related agreement with P&G; the effect of the company's indebtedness and credit rating on its business operations and financial results; risks related to the company's discontinuation of operations in Venezuela; the company's ability to pay and declare dividends or repurchase its stock in the future; the company's ability to maintain an effective system of internal controls, including after completing acquisitions; uncertainties relating to tax positions, tax disputes and changes in the company's tax rate; the accuracy of the company's estimates and assumptions on which its financial projections are based; and the impacts of potential stockholder activism.

The company's forward-looking statements in this press release are based on management's current views and assumptions regarding future events and speak only as of their dates. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by the federal securities laws.

1 June 30, 2015, through June 30, 2016 (assumes reinvestment of quarterly dividends). Peer companies — an average of 16 consumer packaged goods companies, excluding Clorox — used for benchmarking purposes.

2 The Willis Towers Watson global fast-moving consumer goods norm consists of over 162,000 employees from 59 companies. This norm is comprised of a weighted average of employee survey results from a cross-section of organizations who produce fast-moving consumer goods. The data are derived from recent client studies and a representative sample of employee data collected through general workforce attitude studies conducted by Towers Watson. The norm is updated annually.

3 The Willis Towers Watson global high-performance norm is based on responses from 145,000 employees at 28 companies. Companies qualify for the norm by meeting two criteria: 1) superior financial performance, defined by net profit margin and/or return on invested capital that exceeds industry averages; and 2) superior human resources practices, defined by employee opinion scores near the top among the most financially successful companies surveyed by Willis Towers Watson.

4 Based on corporate benchmarking by Clorox, we consider a recordable incident rate, or RIR, of 1.0 or less to be world-class. Our FY16 RIR of 0.61 means that for every 100 Clorox employees, we averaged less than one reportable incident during this past year. According to the latest available data from the U.S. Bureau of Labor Statistics, the average RIR for goods-producing manufacturing companies is 3.8. The criteria used to determine RIR follows U.S. Department of Labor Occupational Safety and Health Administration guidelines and is applied globally.

5 CY 2015 vs. CY 2011 per case of product sold.

6 Financial equivalent of 123,053 volunteer hours, calculated at \$23.56 per hour, based on the 2015 U.S. value of volunteer time from IndependentSector.org. Less than 5 percent of these hours are by employees outside the U.S., but all are calculated using the U.S. average rate.

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