

# Enduring Value

2012 Annual Report

Our Financial, Environmental, Social and Governance Performance



# CEO Letter

## Enduring Value | 2012 Annual Report

Our Financial, Environmental, Social and Governance Performance

**100 Years of Enduring Value:**

We are a family of 8,400 employees committed to making everyday life better, every day.

**Clorox Stakeholders:**

On May 3, 1913, five men invested \$500 to start a business, with the vision of fulfilling their American dream in a bottle of bleach. Initially challenged by operational issues and a lack of consumer awareness, the company almost folded. But two early investors, William and Annie Murray, could not afford to lose their investment. William stepped in, streamlined the company's operations and arranged new financing. Annie had the brilliant idea to market the liquid bleach to homemakers with free samples in their family's grocery store. Her customers loved it and told their friends.

Almost a century later, The Clorox Company is now a thriving \$5.5 billion company with products marketed in more than 100 countries. About 8,400 people around the world continue to uphold the Murrays' tenacious and innovative spirit and, like William and Annie, believe in the enduring value of The Clorox Company.

**We've grown our business despite the challenging economic environment.**

Today, Clorox people continue to strive for excellence, even in the face of tough economic times. Since fiscal year 2008, we have delivered solid results despite the economic recession and the ongoing challenges of the economy. We have grown

sales an average of nearly 3 percent during this period. Importantly, we have also delivered strong total stockholder returns of 59 percent, compared to an average of 47 percent by our peers and 16 percent by the S&P 500. In the last eight years, we have repurchased nearly 40 percent of our outstanding shares. Between share repurchases and increases in total annual dividends paid to stockholders, we have returned more than \$5 billion in cash to our stockholders since fiscal year 2005.

And, in keeping with tradition, strong governance and values underpin our financial performance. Corporate responsibility (CR) is embedded in all aspects of our business, and we continue to step up our CR efforts because we believe doing the right thing is simply good business.

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## Solid Results

**We delivered solid results in fiscal year 2012, and our leading brands are well positioned as the economy improves.**

Turning to our fiscal year 2012 results, we continued to face a tough global economy, including rising commodity costs and high inflation in some of our international markets. Despite these challenges, we delivered 5 percent sales growth, due, in large part, to excellent execution across our “3D” demand-creation model of *desire*, *decide* and *delight*.

We produced award-winning marketing communications to drive consumer *desire*, created standout product packaging and in-store promotions to compel purchase decisions at the point of *decide* and delivered superior-quality products to *delight* consumers. We strive to make products that are preferred by consumers versus competitors’ products. In fiscal year 2007, products with a strong consumer preference represented about 34 percent of our portfolio. In fiscal year 2012, that figure rose to 48 percent of our portfolio, and we aim to go higher over the coming years.

This year, we delivered record levels of product innovation, which contributed more than 3 percentage points of incremental sales growth. Fiscal year 2012 was the 10th consecutive year we’ve met or exceeded our annual innovation target of 2 percentage points of incremental sales growth from new products.

Since 2010, we have made sustainability improvements to 21 percent of our product portfolio, positioning us to exceed our 25 percent goal by 2013.

Innovation and improvements to our product portfolio helped us grow our U.S. market share, despite price increases we implemented across about 70 percent of our product portfolio over the last few years. We also were able to grow market share in our largest international region, Latin America.

One of our biggest challenges in fiscal year 2012 was pressure on our margins from inflation, rising commodity costs and strategic infrastructure investments, including an upgraded information technology (IT) system in Latin America and our new Pleasanton, Calif., campus. We are focused on rebuilding our margins and have plans in place to drive both our top-line and bottom-line growth.

In light of the strategic investments we continued to make to support the long-term growth of our business, we are pleased with our fiscal year 2012 results, including:

- Earnings from continuing operations that were about flat versus the prior year.<sup>1,2</sup>
- Diluted net earnings per share from continuing operations of \$4.10, an increase of 4 percent versus fiscal year 2011 diluted net earnings per share of \$3.93.<sup>1,2</sup>
- Economic profit (EP) of \$402 million, an increase of more than 2 percent, compared to \$393 million in fiscal 2011.<sup>1,3</sup>
- Free cash flow of \$428 million, or about 8 percent of net sales, versus \$462 million, or about 9 percent of net sales, in fiscal year 2011, a decrease due, in some part, to margin compression and the strategic infrastructure investments noted above.<sup>1,4</sup>

Finally, our fiscal year total stockholder return was 11 percent, versus our peer company group average of 8 percent and 5 percent for the S&P 500. We also increased our quarterly cash dividend by nearly 7 percent, making this the 35th consecutive year we increased total annual dividends paid to our stockholders.

**FY 2012**



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## Our Product Portfolio

**We strengthened our portfolio through strategic acquisitions and refocused our International strategy.**

We regularly review our business and our portfolio, using the global consumer “megatrends” of health and wellness, sustainability, multiculturalism and affordability to guide our strategic choices.

In fiscal year 2012, we continued to grow our Professional Products business, with a particular emphasis on healthcare. In January, we acquired Aplicare, Inc., a leader in infection prevention products for the skin, and HealthLink, which bundles a range of products for individual physicians, doctors’ offices, outpatient care centers and other small healthcare facilities, giving us access to an expanded sales channel. The combination of these businesses, along with our acquisition of Caltech in fiscal year 2010, has accelerated our sales growth in Professional Products and provides a platform for long-term future growth.

In our International business, we refocused our efforts on core geographies and categories where we have scale and a significant competitive advantage to generate profitable growth. This includes growing the Home Care and Burt’s Bees® businesses in Latin America. After a thorough assessment, we made the strategic decision not to expand in certain emerging markets such as India and China at this time. These markets require large capital investments, and we currently believe there are better investment choices to drive economic profit growth and create value for our stockholders.

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## Strategic Investments

**We made strategic investments for long-term, sustainable growth.**

Delivering enduring value requires making smart and timely investments. This year, we opened a new facility located in Pleasanton, Calif., which will feature state-of-the-art labs and open workspaces to encourage creativity, collaboration and innovation. We also made progress in implementing an upgraded IT system in Latin America, which is helping to streamline our operations and enable future growth.

In addition, we continued to invest in our corporate responsibility and sustainability efforts. We increased our level of transparency through our move toward integrated reporting and expanded our Ingredients Inside program, which discloses the ingredients of our U.S. and Canadian cleaning and disinfecting products. Consumers now have immediate access to this ingredient list anytime, anywhere through our mobile website and smartphone app.

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## Employee and Community Engagement

**We continued to focus on the well-being of our employees and communities.**

Ultimately, our employees drive the success of our company, so it's a priority for all of us on the management team to ensure high levels of engagement. This year, the percentage of "engaged" and "highly engaged" employees increased again, reaching a new high of 88 percent, which significantly exceeded the global benchmark for employee engagement. I believe our people programs, including diversity and inclusion, health and wellness, workplace safety, in-house training and development, and recognition, play a strong part in engaging both the heads and hearts of Clorox employees.

We also believe that vibrant, healthy communities play a significant role in the health of our business. That's why The Clorox Company Foundation has awarded cash grants totaling more than \$87 million to nonprofit organizations, schools and colleges since 1980. In fiscal year 2012, the foundation awarded \$3.5 million in cash grants, and Clorox made product donations valued at \$15 million.

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## A Smart Long-Term Investment

**We are committed to delivering enduring value for stakeholders today and into the future.**

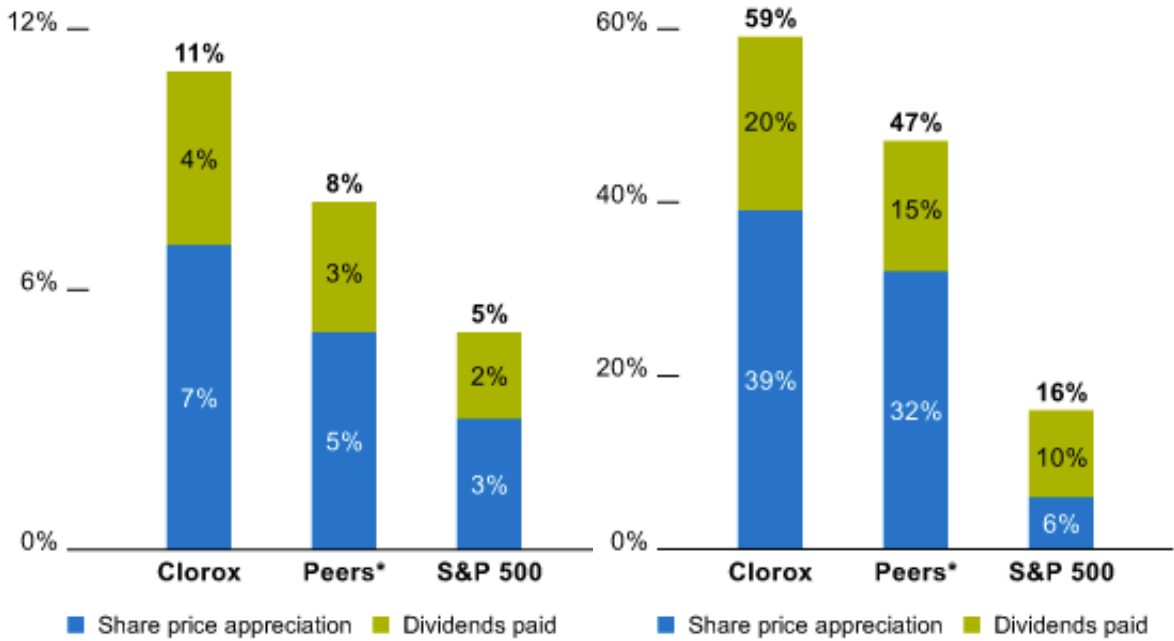
As we enter our centennial year and begin to refresh our strategic roadmap for 2020, we remain committed to having Clorox continue to be a smart, long-term investment.

Delivering value to our stockholders is our No. 1 priority, and we aim to be among the top third of companies in our peer group with respect to total stockholder returns over the coming years. Our track record of strong cash flow will enable us to continue to support our dividend, pursue strategic acquisitions and return excess cash to stockholders.

A Track Record of Superior Stockholder Returns\*

FY 2012:  
June 30, 2011, through June 30, 2012  
(assumes reinvestment of quarterly dividends)

FY 2009–2012:  
June 30, 2008, through June 30, 2012  
(assumes reinvestment of quarterly dividends)



\* Peer companies – an average of 17 consumer packaged goods companies, excluding Clorox, used for benchmarking purposes

Nearly 90% of our brands  
rank No. 1 or No. 2  
in market share\*

And to reach our ongoing goal of 3 percent to 5 percent annual sales growth, we are focused on three growth pillars: U.S. Retail, Professional Products and International. In our U.S. Retail business, which represents about 75 percent of our company sales, we will continue to grow our market share through our 3D demand-creation model. Within Professional Products, which represents about 4 percent of our total sales, we are focused on expanding our healthcare business organically and through bolt-on acquisitions, like Aplicare, Inc. and HealthLink. And with our International business, which represents over 20 percent of our total sales, we plan to increase our focus on our current markets and capture value from our technology investments.

We also will continue to accelerate our innovation efforts and have raised our annual target for sales growth from new products from 2 percent to 3 percent. Indeed, one of the biggest lessons we



learned during the recession is that providing consumers with affordable, high-quality products is the key to reinforcing the value proposition of our brands.

Clorox has come a long way since 1913. We have grown from an industrial bleach manufacturer to a global company with a diverse portfolio, with nearly 90 percent of our brands ranking No. 1 or No. 2 in market share. We have consistently delivered stockholder value even in the most challenging times. And we are a family of 8,400 employees around the world committed to delivering enduring value by focusing on our mission of making everyday life better, every day.

Thank you for your support.

Sincerely,



Donald R. Knauss  
Chairman and Chief Executive Officer  
August 24, 2012

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<sup>1</sup>This report includes certain financial measures that are not defined by accounting principles generally accepted in the United States of America (U.S. GAAP). These measures, which are referred to as non-GAAP measures, should be considered supplemental in nature and are not intended to be a substitute for the related financial information prepared in accordance with U.S. GAAP. In addition, these measures may not be the same as similarly named measures presented by other companies.

<sup>2</sup>This comparison to fiscal year 2011 is a non-GAAP financial measure since it excludes the fiscal year 2011 noncash goodwill impairment charge of \$258 million on the Burt's Bees business. See earnings from continuing operations and diluted net earnings per share from continuing operations reconciliation to the most directly comparable U.S. GAAP measure in the [Performance Footnotes](#).

<sup>3</sup>EP is a non-GAAP measure. See EP reconciliation to the most directly comparable U.S. GAAP measure in the [Performance Footnotes](#).

<sup>4</sup>Free cash flow is a non-GAAP measure. See free cash flow reconciliation to the most directly comparable U.S. GAAP measure in the [Performance Footnotes](#).

\*Source: Market share for U.S. retail brands (excluding Burt's Bees® brand) are based on Information Resources, Inc. (IRI) Infoscan Data – Total U.S. Multi-Outlet (Food/Drug/Mass, Walmart, Sam's, BJ's, Family Dollar, Fred's and DeCA) for 52 weeks ended June 24, 2012. Burt's Bees® market share (as of June 2012) is based on IRI (Grocery & Drug), SPINS (natural grocery excluding Whole Foods) and customer data for Target, Walmart and Whole Foods. International market share data is from IRI as of June 2011.



# Performance

## Enduring Value | 2012 Annual Report

Our Financial, Environmental, Social and Governance Performance

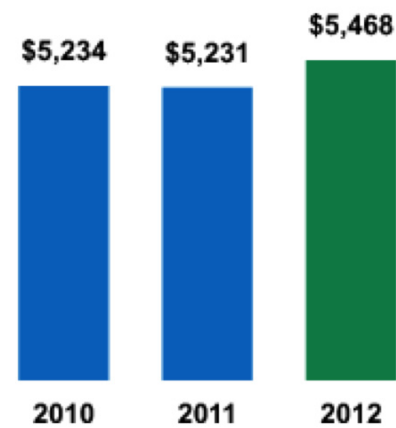
**Performance:** Achieving financial success with transparency and strong governance



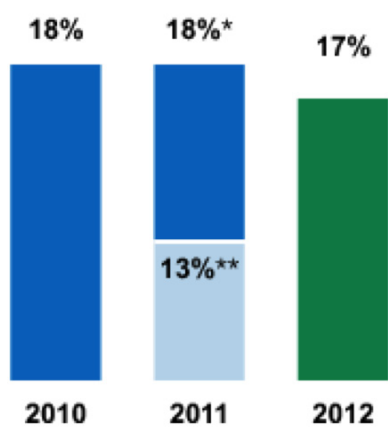
In 1913, Clorox (then known as the Electro-Alkaline Company) was launched with \$500. Today, we are a \$5.5 billion company that markets products in more than 100 countries. And while we've grown, we haven't lost sight of doing what's right for our stockholders, employees, consumers, customers and other stakeholders. A robust governance structure guides our day-to-day operations and underpins all aspects of our business.

Highlights

Net Sales  
\$ Millions



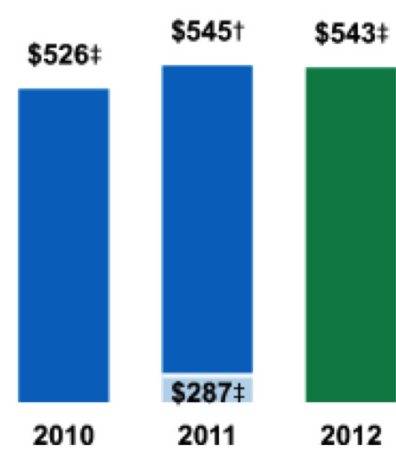
Earnings From Continuing Operations  
Before Interest and Taxes Margin  
(as a % of Net Sales)<sup>1</sup> (non-GAAP)



\* Excluding noncash Burt's Bees® goodwill impairment charge

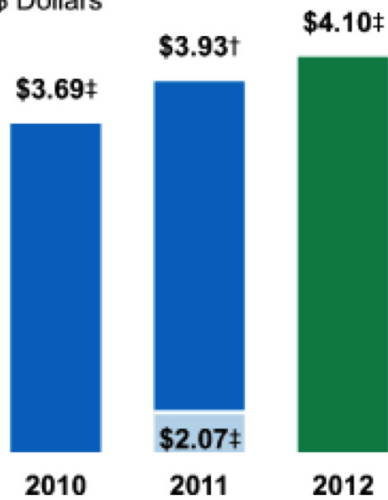
\*\* Including noncash Burt's Bees® goodwill impairment charge

Earnings From Continuing Operations<sup>2</sup>  
\$ Millions



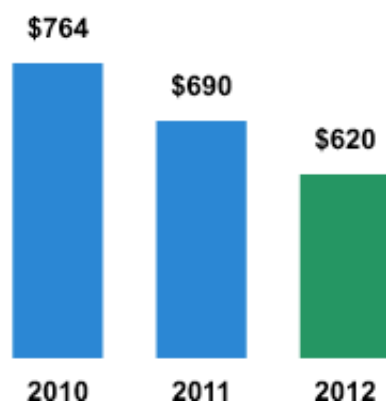
† Non-GAAP  
‡ GAAP

Diluted Earnings Per Share  
From Continuing Operations  
\$ Dollars

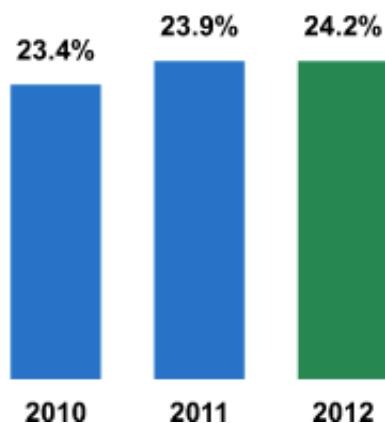


† Non-GAAP  
‡ GAAP

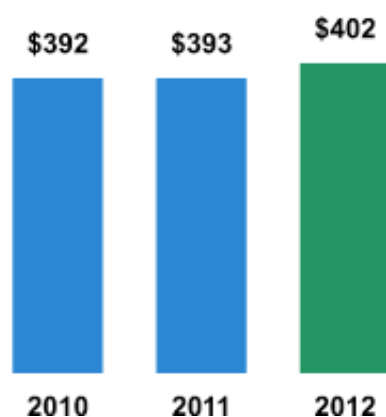
**Net Cash Provided by  
Continuing Operations**  
\$ Millions



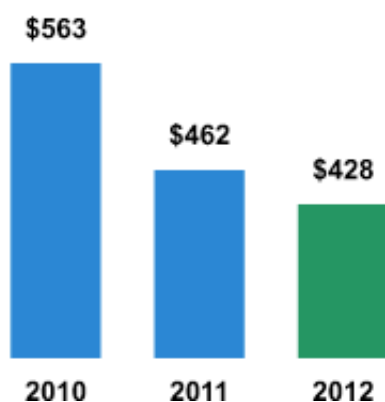
**Return on Invested Capital<sup>3</sup>**  
(non-GAAP)



**Economic Profit<sup>4</sup>**  
(non-GAAP)  
\$ Millions



**Free Cash Flow<sup>5</sup>**  
(non-GAAP)  
\$ Millions



#### Footnotes to Performance Charts

[View](#) | [Download PDF](#)

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## World-Class Governance

### The Clorox Executive Committee

Our highly experienced management team represents a diverse mix of experience, just like our employees and the marketplace do. While each person brings a unique perspective, the team

shares a common vision of driving profitable, sustainable growth while staying true to the company's values.



**Donald R. Knauss**  
Chairman of the Board  
and Chief Executive  
Officer



**Lawrence S. Peiros**  
Executive Vice  
President and Chief  
Operating Officer



**Frank A. Tataseo**  
Executive Vice  
President – Strategy &  
Growth and  
Professional Products



**Thomas P. Britanik**  
Senior Vice President  
– Chief Marketing  
Officer



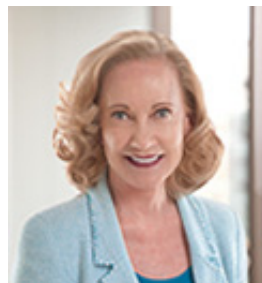
**Wayne L. Delker,  
Ph.D.**  
Senior Vice President  
– Chief Innovation  
Officer



**Benno Dorer**  
Senior Vice President  
– Cleaning Division &  
Canada



**James Foster**  
Senior Vice President  
– Chief Product Supply  
Officer



**Jacqueline P. Kane**  
Senior Vice President  
– Human Resources  
and Corporate Affairs



**Grant J. LaMontagne**  
Senior Vice President  
– Chief Customer  
Officer



**Steve M. Robb**  
Senior Vice President  
– Chief Financial  
Officer



**George C. Roeth**  
Senior Vice President  
– General Manager,  
Specialty Division



**Laura Stein**  
Senior Vice President  
– General Counsel



**Michael J. Costello**

Vice President –  
General Manager,  
International

**Board of Directors**

Clorox maintains rigorous corporate governance practices and internal controls with oversight by our board of directors, chairman and chief executive officer, general counsel, chief financial officer and other members of the company's executive committee. The board's responsibilities include overseeing management's operations of the company's business and monitoring the effectiveness of our management policies and decisions, including guiding the development and execution of our strategies, overseeing risk management activities, determining compensation and providing for management succession.

[Meet our directors](#)

**Codes of Conduct**

The Clorox Code of Conduct outlines the ethical and legal standards of behavior and business practices applicable to all our directors, executives, employees and contractors around the world. Available in English, Spanish and Chinese, our code covers such topics as environmental safety and compliance, human rights, workplace behavior, antidiscrimination, harassment prevention, antibribery and anticorruption, and political contributions.

We also developed our Supplier Code of Conduct specifically to address business practices of our third-party suppliers, including their parent companies and affiliates. Our code, based on the International Labour Organization (ILO) Core Labor Conventions, outlines our expectations that suppliers share our commitments in the areas of human rights, labor, health, safety, the environment, business conduct and ethics.

[Clorox Code of Conduct](#)

[Supplier Code of Conduct](#)

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## Financial Information

**All Financial Statements**

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**Condensed Consolidated Statements of Earnings**

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**Condensed Consolidated Balance Sheets**



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## **Condensed Consolidated Statements of Stockholders' (Deficit) Equity**

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

[View](#) | [Download PDF](#)

## **Report of Independent Registered Public Accounting Firm**

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## **Stockholder Information**

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

The Clorox Company's common stock is listed on the New York Stock Exchange, identified by the symbol CLX. As of July 31, 2012, the number of record holders of Clorox's common stock was 12,566.

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

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

Computershare  
P.O. Box 43078  
Providence, RI 02940-3078  
800-756-8200 or 781-575-2726  
TDD 800-952-9245 or 312-588-4110 for hearing impaired  
[computershare.com/investor](http://computershare.com/investor)

### **Stockholder Information Service**

Stockholders can call Clorox Stockholder Direct at 888-CLX-NYSE (259-6973) toll-free 24 hours a day to hear news and messages about Clorox, request company materials or get a 20-minute-delayed stock quote. The latest company news is also available at [TheCloroxCompany.com](http://TheCloroxCompany.com).

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

Clorox has authorized Computershare to offer a dividend reinvestment/direct stock purchase plan. Registered stockholders can purchase additional shares. Nonstockholders may join the plan with an initial investment, lump sum or bank debit. Most fees are paid by Clorox. For more information or plan materials, call 888-CLX-NYSE (259-6973) or contact Computershare (see above).

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

Clorox management, under the supervision and with the participation of the chief executive officer and the chief financial officer, has assessed the effectiveness of the company's internal control over financial reporting as of June 30, 2012, and concluded that it is effective. For more information, see Item 9.A. of the company's annual report on Form 10-K for the fiscal year ended June 30, 2012.

### **2012 Financial Information**

Full financial statements for The Clorox Company are provided in the company's 2012 proxy statement. Detailed financial information is available without charge through the following sources: The company's proxy statement is available at [TheCloroxCompany.com](http://TheCloroxCompany.com). The company's annual



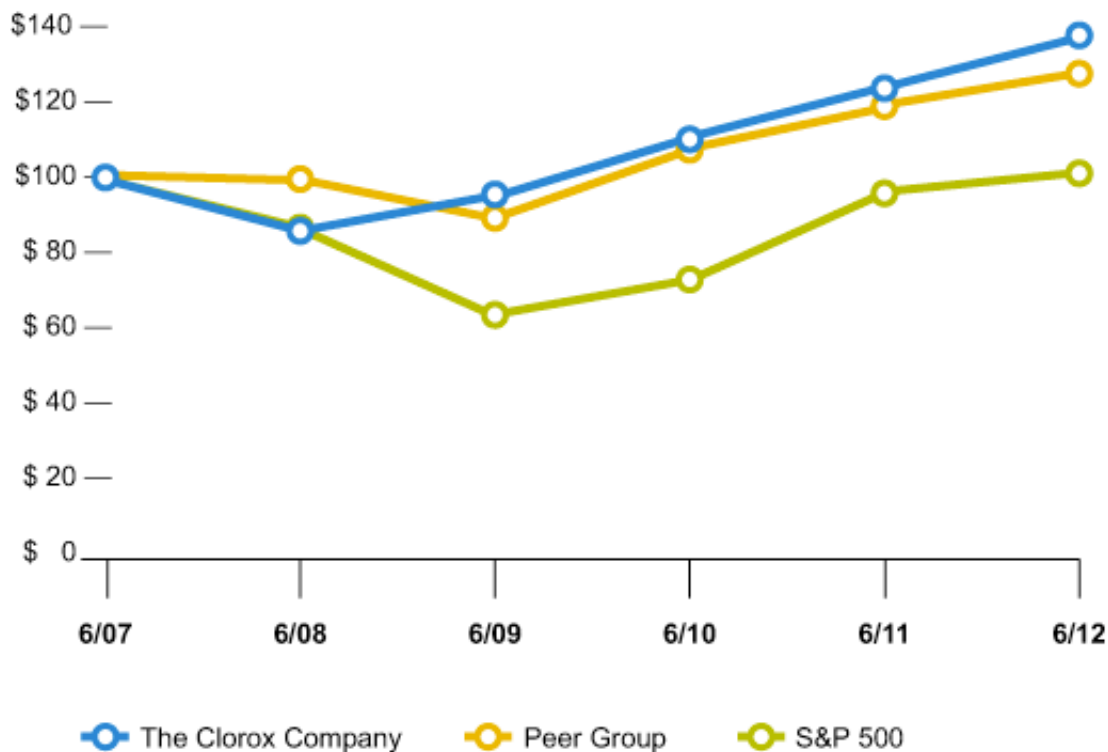
report on Form 10-K for the fiscal year ended June 30, 2012, is available at [TheCloroxCompany.com](http://TheCloroxCompany.com) and through the SEC's EDGAR database. Printed copies are available by calling 888-CLX-NYSE (259-6973).

### Forward-Looking Statements

Except for historical information, matters discussed in the executive summary annual report are forward-looking statements and are based on management's estimates, assumptions and projections. Actual results could vary materially. Please review the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections in the company's annual report on Form 10-K for the fiscal year ended June 30, 2012, and subsequent SEC filings, for factors that could affect the company's performance and cause results to differ materially from management's expectations. The information in the Form 10-K report reflected management's estimates, assumptions and projections as of August 24, 2012. Clorox has not made updates since then and makes no representation, express or implied, that the information is still current or complete. The company is under no obligation to update any part of this document.

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

The graph below compares the cumulative total stockholder return of The Clorox Company's common stock for the last five fiscal years with the cumulative total return of the Standard & Poor's 500 Stock Index and a composite index composed of the Standard & Poor's Household Products Index and the Standard & Poor's Housewares & Specialties Index (referred to below as the Peer Group) for a five-year period ending June 30, 2012. The composite index is weighted based on market capitalization as of the end of each quarter during each of the last five years. The graph lines merely connect the prices on the dates indicated and do not reflect fluctuations between those dates.



\*\$100 invested on June 30, 2007, in stock or index, including reinvestments of dividends. Fiscal year ended June 30.

## **Our Values**

Our company values guide us in achieving success and are the foundation of everything we do.

### **Do the Right Thing**

The long-term health of our company depends on our integrity. We have a tradition of honesty, fair dealing and ethical practices. We determine how to do the right thing based on the facts, and we communicate openly about our choices.

### **Stretch for Results**

Our success is measured by our ability to consistently win in the marketplace by exceeding the expectations of our consumers, customers, stockholders and each other.

### **Take Personal Ownership**

Progress is driven by people who take personal ownership in both the results and the process to get there. Each of us plays an important role in helping to ensure we deliver excellent results and achieve our goals.

### **Work Together to Win**

Our success depends on productive collaboration among Clorox people, our business partners and our communities. While individual ownership and contributions are important, teamwork is essential to achieving even greater results.

# Performance Footnotes

See footnotes below for descriptions of these non-GAAP measures, the reasons management believes they are useful to investors, and reconciliations to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

1. Earnings from continuing operations before interest and taxes (EBIT) margin (EBIT as a percentage of net sales) for fiscal year 2011 was 13 percent. Excluding the fiscal year 2011 noncash goodwill impairment charge of \$258 million for the Burt's Bees® reporting unit, EBIT margin was 18 percent. The company's management believes these measures provide additional useful information to investors about current trends in the business.

## Reconciliation of Earnings From Continuing Operations Before Income Taxes to EBIT

Dollars in millions and percentages based on rounded numbers

	FY12	FY11	FY10
Earnings from continuing operations before income taxes	\$ 791	\$ 563	\$ 805
Goodwill impairment	—	258	—
Interest income	(3)	(3)	(3)
Interest expense	125	123	139
EBIT	\$ 913	\$ 941	\$ 941
EBIT margin	16.7%	18.0%	18.0%
Net sales	\$5,468	\$5,231	\$5,234

2. Fiscal year 2011 earnings from continuing operations and diluted net earnings per share from continuing operations were \$287 million and \$2.07, respectively. Excluding the fiscal year 2011 noncash goodwill impairment charge of \$258 million (an impact of \$1.86 per diluted share) for the Burt's Bees® reporting unit, earnings from continuing operations – adjusted and diluted net earnings per share from continuing operations – adjusted (both non-GAAP measures) were \$545 million and \$3.93, respectively. The company's management believes these measures, excluding the fiscal year 2011 noncash goodwill impairment charge, are reflective of its sustainable results and trends and that this non-GAAP information provides investors with a more comparable measure of year-over-year financial performance.
3. Return on invested capital (ROIC) is calculated as earnings from continuing operations before income taxes, excluding restructuring and asset impairment costs, noncash goodwill impairment and interest expense, and is computed on an after-tax basis as a percentage of adjusted average invested capital. ROIC is a measure of how effectively the company allocates capital.

## Calculation of ROIC

Dollars in millions and all calculations on a rounded basis

	FY12	FY11	FY10
Earnings from continuing operations before income taxes	\$ 791	\$ 563	\$ 805
Restructuring and asset impairment costs	4	4	4
Noncash goodwill impairment	—	258	—
Interest expense	125	123	139
Earnings from continuing operations before income taxes, restructuring and asset impairment costs, noncash goodwill impairment and interest expense	\$ 920	\$ 948	\$ 948
Adjusted after-tax profit <sup>1</sup>	\$ 631	\$ 628	\$ 619
Adjusted average invested capital <sup>2</sup>	\$2,606	\$2,632	\$2,645
Return on invested capital	24.2%	23.9%	23.4%

1. Adjusted after-tax profit represents earnings from continuing operations before income taxes, restructuring and asset impairment costs, noncash goodwill impairment and interest expense, after tax. The tax rate applied is the effective tax rate on continuing operations, before the noncash goodwill impairment charge for fiscal year 2011, which was 31.4%, 33.8% and 34.7% in fiscal years 2012, 2011 and 2010, respectively. The difference between the fiscal year 2011 effective tax rate on continuing operations before the noncash goodwill impairment charge and the effective tax rate on continuing operations of 49% is (16.0)% related to the nondeductible noncash goodwill impairment charge and 0.8% for other tax effects related to excluding this charge.
2. Average invested capital represents a five-quarter average of total assets less noninterest-bearing liabilities and assets held for sale. Adjusted average invested capital represents average invested capital adjusted to add back a five-quarter average of cumulative, current-year after-tax restructuring and asset impairment costs. See below for details of the adjusted invested capital calculation:

Amounts shown below are five-quarter averages

	FY12	FY11	FY10
Total assets	\$4,254	\$4,343	\$4,585
Less: noninterest-bearing liabilities	(1,652)	(1,638)	(1,538)
Less: assets held for sale	—	(175)	(404)
Average invested capital	2,602	2,530	2,643
Cumulative after-tax restructuring and noncash goodwill impairment costs	4	102	2
Adjusted average invested capital	\$2,606	\$2,632	\$2,645

4. Economic profit (EP) is defined as earnings from continuing operations before income taxes before noncash restructuring-related and asset impairment costs, noncash goodwill impairment (for fiscal year 2011) and interest expense; less an amount of tax based on the effective tax rate (before the fiscal year 2011 noncash goodwill impairment charge) and less a capital charge. EP is used by management to evaluate business performance and allocate resources, and is a component in determining management's incentive compensation. EP provides additional perspective to investors about financial returns generated by the business and represents profit generated over and above the cost of capital used by the business to generate that profit.

## Reconciliation of EP

Dollars in millions

	FY12	FY11 <sup>1</sup>	FY10 <sup>1</sup>
Earnings from continuing operations before income taxes	\$ 791	\$ 563	\$ 805
Noncash restructuring-related and asset impairment costs	4	6	4
Noncash goodwill impairment	—	258	—
Interest expense	125	123	139
Earnings from continuing operations before income taxes, noncash restructuring-related and asset impairment costs, noncash goodwill impairment and interest expense	\$ 920	\$ 950	\$ 948
Adjusted after-tax profit <sup>2</sup>	\$ 631	\$ 629	\$ 619
Average capital employed <sup>3</sup>	2,544	2,618	2,525
Capital charge <sup>4</sup>	229	236	227
Economic profit (adjusted after-tax profit less capital charge)	\$ 402	\$ 393	\$ 392
% change over prior year	+2.3%	+0.3%	+12.6%

1. In the fiscal year 2011 annual report to stockholders and in the company's annual report on Form 10-K, EP for all fiscal years presented included the results of the sale of the company's global Auto care business (Auto businesses), but excluded the net gain on the sale, because this was the method used by the company to calculate EP to determine the amount of short-term compensation for fiscal year 2011. In the current fiscal year and in this table, EP calculations for all fiscal years presented exclude the Auto businesses.
2. Adjusted after-tax profit represents earnings from continuing operations before income taxes, noncash restructuring-related and asset impairment costs, noncash goodwill impairment and interest expense, after tax. The tax rate applied is the effective tax rate on continuing operations before the noncash goodwill impairment charge for fiscal year 2011, which was 31.4%, 33.8% and 34.7% in fiscal years 2012, 2011 and 2010, respectively. The difference between the fiscal year 2011 effective tax rate on continuing operations before the noncash goodwill impairment charge and the effective tax rate on continuing operations of 49% is (16.0)% related to the nondeductible noncash goodwill impairment charge and 0.8% for other tax effects related to excluding this charge.
3. Total capital employed represents total assets less noninterest-bearing liabilities. Adjusted capital employed represents total capital employed adjusted to add back current year noncash restructuring-related and asset impairment costs and noncash goodwill impairment. Average capital employed represents a two-point average of adjusted capital employed for the current year and total capital employed for the prior year, based on year-end balances. See below for details of the average capital employed calculation:

	FY12	FY11 <sup>1</sup>	FY10 <sup>1</sup>
Total assets	\$4,355	\$4,163	\$4,548
Adjustments related to the Auto businesses	—	—	(405)
Total assets adjusted for the Auto businesses	4,355	4,163	4,143
Less:			
Accounts payable	412	423	409
Accrued liabilities	494	442	491
Income taxes payable	5	41	74
Other liabilities	739	619	677
Deferred income taxes	119	140	19
Noninterest-bearing liabilities	1,769	1,665	1,670
Total capital employed	2,586	2,498	2,473
Noncash restructuring-related and asset impairment costs	4	6	4
Noncash goodwill impairment	—	258	—
Adjusted capital employed	\$2,590	\$2,762	\$2,477
Average capital employed	\$2,544	\$2,618	\$2,525

4. Capital charge represents average capital employed multiplied by the weighted-average cost of capital. The weighted-average cost of capital used to calculate the capital charge was 9% for all fiscal years presented.
5. Free cash flow is calculated as net cash provided by continuing operations less capital expenditures and was \$428 million, \$462 million and \$563 million for fiscal years 2012, 2011 and 2010, respectively. For fiscal years 2012, 2011 and 2010, net cash provided by continuing operations was \$620 million, \$690 million and \$764 million, respectively, and capital expenditures were \$192 million, \$228 million and \$201 million, respectively. The company's management uses this measure and free cash flow as a percentage of net sales to help assess the cash generation ability of the business and funds available for investing activities, such as acquisitions, investing in the business to drive growth, and financing activities, including debt payments, dividend payments and share repurchases. Free cash flow does not represent cash available only for discretionary expenditures, since the company has mandatory debt service requirements and other contractual and nondiscretionary expenditures.

## CONDENSED CONSOLIDATED

## Statements of Earnings

Years ended June 30

*Dollars in millions, except per share amounts*

	2012	2011	2010
Net sales	<b>\$5,468</b>	\$5,231	\$5,234
Cost of products sold	<b>3,164</b>	2,958	2,915
Gross profit	<b>2,304</b>	2,273	2,319
Selling and administrative expenses	<b>798</b>	735	734
Advertising costs	<b>482</b>	502	494
Research and development costs	<b>121</b>	115	118
Goodwill impairment	<b>—</b>	258	—
Interest expense	<b>125</b>	123	139
Other (income) expense, net	<b>(13)</b>	(23)	29
Earnings from continuing operations before income taxes	<b>791</b>	563	805
Income taxes on continuing operations	<b>248</b>	276	279
Earnings from continuing operations	<b>543</b>	287	526
(Losses) earnings from discontinued operations, net of tax	<b>(2)</b>	270	77
Net earnings	<b>\$ 541</b>	\$ 557	\$ 603
Earnings (losses) per share			
Basic			
Continuing operations	<b>\$ 4.15</b>	\$ 2.09	\$ 3.73
Discontinued operations	<b>(0.01)</b>	1.97	0.55
Basic net earnings per share	<b>\$ 4.14</b>	\$ 4.06	\$ 4.28
Diluted			
Continuing operations	<b>\$ 4.10</b>	\$ 2.07	\$ 3.69
Discontinued operations	<b>(0.01)</b>	1.95	0.55
Diluted net earnings per share	<b>\$ 4.09</b>	\$ 4.02	\$ 4.24
Weighted average shares outstanding (in thousands)			
Basic	<b>130,852</b>	136,699	140,272
Diluted	<b>132,310</b>	138,101	141,534

## CONDENSED CONSOLIDATED

## Balance Sheets

As of June 30

Dollars in millions, except share amounts

	2012	2011
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 267	\$ 259
Receivables, net	576	525
Inventories, net	384	382
Other current assets	149	113
Total current assets	1,376	1,279
Property, plant and equipment, net	1,081	1,039
Goodwill	1,112	1,070
Trademarks, net	556	550
Other intangible assets, net	86	83
Other assets	144	142
Total assets	\$ 4,355	\$ 4,163
<b>Liabilities and Stockholders' Deficit</b>		
Current liabilities		
Notes and loans payable	\$ 300	\$ 459
Current maturities of long-term debt	850	—
Accounts payable	412	423
Accrued liabilities	494	442
Income taxes payable	5	41
Total current liabilities	2,061	1,365
Long-term debt	1,571	2,125
Other liabilities	739	619
Deferred income taxes	119	140
Total liabilities	4,490	4,249
Commitments and contingencies		
Stockholders' deficit		
Preferred stock: \$0.001 par value; 5,000,000 shares authorized; none issued or outstanding	—	—
Common stock: \$1.00 par value; 750,000,000 shares authorized; 158,741,461 shares issued at June 30, 2012 and 2011; and 129,562,082 and 131,066,864 shares outstanding at June 30, 2012 and 2011, respectively	159	159
Additional paid-in capital	633	632
Retained earnings	1,350	1,143
Treasury shares, at cost: 29,179,379 and 27,674,597 shares at June 30, 2012 and 2011, respectively	(1,881)	(1,770)
Accumulated other comprehensive net losses	(396)	(250)
Stockholders' deficit	(135)	(86)
Total liabilities and stockholders' deficit	\$ 4,355	\$ 4,163

## CONDENSED CONSOLIDATED

## Statements of Stockholders' (Deficit) Equity

<i>Dollars in millions, except share amounts</i>	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Shares		Accumulated Other Comprehensive Net (Losses) Gains	Total	Total Comprehensive Income
	Shares (000)	Amount	Shares (000)	Amount			Shares (000)	Amount			
Balance at June 30, 2009	—	\$—	158,741	\$159	\$579	\$ 640	(19,583)	\$(1,206)	\$(347)	\$(175)	
Comprehensive income											
Net earnings						603				603	\$603
Translation adjustments, net of tax of \$1									9	9	9
Change in valuation of derivatives, net of tax of \$4									10	10	10
Pension and postretirement benefit adjustments, net of tax of \$26									(43)	(43)	(43)
Total comprehensive income											\$579
Accrued dividends						(290)				(290)	
Employee stock plans					38	(26)	1,980	114		126	
Treasury stock purchased							(2,374)	(150)		(150)	
Other						(7)				(7)	
Balance at June 30, 2010	—	—	158,741	159	617	920	(19,977)	(1,242)	(371)	83	
Comprehensive income											
Net earnings						557				557	\$557
Currency translation adjustments, net of tax of \$12									54	54	54
Change in valuation of derivatives, net of tax of \$3									5	5	5
Pension and postretirement benefit adjustments, net of tax of \$39									64	64	64
Accrued dividends						(306)				(306)	
Employee stock plans and other					15	(28)	2,078	127	(2)	112	(2)
Total comprehensive income											\$678
Treasury stock purchased							(9,776)	(655)		(655)	
Balance at June 30, 2011	—	—	158,741	159	632	1,143	(27,675)	(1,770)	(250)	(86)	
Comprehensive income											
Net earnings						541				541	\$541
Translation adjustments, net of tax of \$5									(41)	(41)	(41)
Change in valuation of derivatives, net of tax of \$4									(37)	(37)	(37)
Pension and postretirement benefit adjustments, net of tax of \$37									(68)	(68)	(68)
Total comprehensive income											\$395
Accrued dividends						(320)				(320)	
Employee stock plans					1	(14)	1,915	114		101	
Treasury stock purchased							(3,419)	(225)		(225)	
<b>Balance at June 30, 2012</b>	<b>—</b>	<b>\$—</b>	<b>158,741</b>	<b>\$159</b>	<b>\$633</b>	<b>\$ 1,350</b>	<b>(29,179)</b>	<b>\$(1,881)</b>	<b>\$(396)</b>	<b>\$(135)</b>	

## CONDENSED CONSOLIDATED

## Statements of Cash Flows

Years ended June 30

Dollars in millions

	2012	2011	2010
Operating activities:			
Net earnings	\$ 541	\$ 557	\$ 603
Deduct: (Losses) earnings from discontinued operations	(2)	270	77
Earnings from continuing operations	543	287	526
Adjustments to reconcile earnings from continuing operations to net cash provided by continuing operations:			
Depreciation and amortization	178	173	183
Share-based compensation	27	32	60
Deferred income taxes	(12)	73	24
Goodwill impairment	—	258	—
Other	(36)	12	(15)
Changes in:			
Receivables, net	(52)	(33)	(21)
Inventories, net	1	(37)	6
Other current assets	(3)	21	(9)
Accounts payable and accrued liabilities	10	(52)	30
Income taxes payable	(36)	(44)	(20)
Net cash provided by continuing operations	620	690	764
Net cash (used for) provided by discontinued operations	(8)	8	55
Net cash provided by operations	612	698	819
Investing activities:			
Capital expenditures	(192)	(228)	(201)
Proceeds from sale of businesses, net of transaction costs	—	747	—
Businesses acquired, net of cash acquired	(93)	—	(19)
Other	8	25	(9)
Net cash (used for) provided by investing activities from continuing operations	(277)	544	(229)
Net cash used for investing activities from discontinued operations	—	—	(2)
Net cash (used for) provided by investing activities	(277)	544	(231)
Financing activities:			
Notes and loans payable, net	(164)	87	(52)
Long-term debt borrowings, net of issuance costs	297	—	296
Long-term debt repayments	—	(300)	(598)
Treasury stock purchased	(225)	(655)	(150)
Cash dividends paid	(315)	(303)	(282)
Issuance of common stock for employee stock plans and other	86	93	80
Net cash used for financing activities	(321)	(1,078)	(706)
Effect of exchange rate changes on cash and cash equivalents	(6)	8	(1)
Net increase (decrease) in cash and cash equivalents	8	172	(119)
Cash and cash equivalents:			
Beginning of year	259	87	206
End of year	\$ 267	\$ 259	\$ 87
Supplemental cash flow information:			
Interest paid	\$ 123	\$ 131	\$ 149
Income taxes paid, net of refunds	292	295	301
Non-cash financing activities:			
Dividends declared and accrued, but not paid	85	80	78

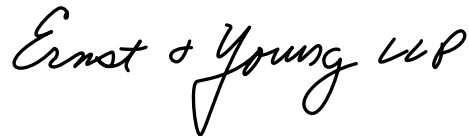
# Report of Independent Registered Public Accounting Firm on Condensed Financial Statements

## The Board of Directors and Stockholders of The Clorox Company and subsidiaries

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of The Clorox Company and subsidiaries at June 30, 2012 and 2011 and the related consolidated statements of earnings, stockholders' (deficit) equity, and cash flows for each of the three years in the period ended June 30, 2012 (not presented separately herein) and in our report dated August 24, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of The Clorox Company's internal control over financial reporting as of June 30, 2012, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 24, 2012 (not presented separately herein) expressed an unqualified opinion thereon.

August 24, 2012

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Ernst & Young LLP  
San Francisco, California





# Products

## Enduring Value | 2012 Annual Report

Our Financial, Environmental, Social and Governance Performance

**Products:** Making responsible products, responsibly



Clorox has its roots in innovation. From the San Francisco Bay's salt ponds, a handful of men saw an opportunity to make and sell industrial bleach. When that endeavor seemed close to failing, a grocery store manager and his wife suggested the company produce a bleach that could be marketed to housewives. Nearly 100 years and thousands of ideas later, Clorox is a household name that has thrived on innovation.

## Highlights

FY 2012

**5%**  
growth  
in natural products

**10%**  
growth  
in disinfecting products

Sustainability improvements\* to **21%** of product portfolio

\* Redesign of product formulation or packaging to reduce materials and waste since January 2010.

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## A Disciplined Approach to Innovation

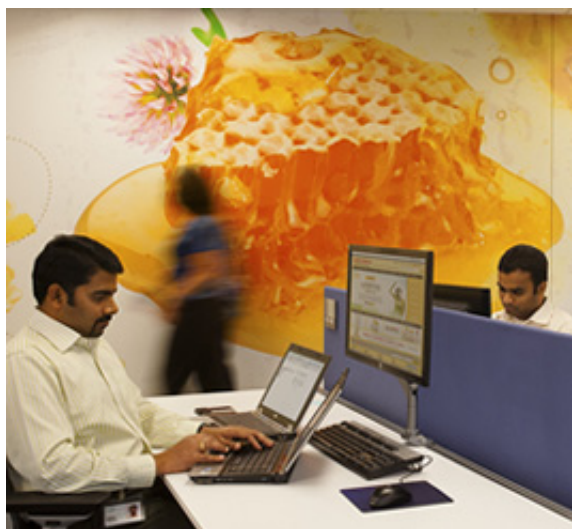
Our disciplined innovation process asks and answers three questions:

- What is the problem we're trying to solve?
- Can we address the problem more effectively than competitors?
- What technology can we draw from to create a superior product?

We capitalize on innovation in two ways. First, innovation helps ensure our existing product portfolio is high-quality and provides good value. We strive to make products that consumers prefer versus competitors' products. In 2007, products with a strong consumer preference represented about 34 percent of our portfolio. In fiscal year 2012, that figure rose to 48 percent of our portfolio, and we are on track to surpass our 2013 goal of 50 percent.

Second, it's critical that new innovations result in growth. In fiscal 2012, we raised our target from 2 percentage points of incremental sales growth from new products to 3 points. To help drive this growth, we restructured some of our innovation groups and redesigned some of our processes. We also began construction on a facility in Pleasanton, Calif., that is designed to inspire creativity, encourage greater collaboration and offer employees greater flexibility in how they work.

And at the root of all our innovation is the consumer. Building on strong consumer insights, we've aligned our portfolio with four global consumer megatrends: health and wellness, sustainability, multiculturalism and affordability/value. These megatrends help focus our efforts and how we invest in product innovation, marketing communications and retail activities.



Our new facility in Pleasanton, Calif., will feature state-of-the-art labs and open workspaces to encourage collaboration and innovation.

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## Megatrends

### Health and Wellness: The Doctor Will See Us Now

One example of our focus on health and wellness is our expansion into healthcare. We're addressing the need for healthy hospitals, nursing homes and doctors offices with a portfolio heavily focused on cleaning and disinfecting. According to the Centers for Disease Control, healthcare-acquired infections afflict 2 million Americans and cause about 100,000 deaths a year. The goal of our Professional Products Division is to be a leader in fighting healthcare-acquired infections, a goal that fits well with our 100-year heritage in disinfection.

In fiscal 2012, we expanded the Clorox Healthcare product portfolio with the acquisitions of Aplicare, Inc. and HealthLink, leading providers of infection-control products for the healthcare industry. With these additions, as well as a newly strengthened product offering and educational initiatives, Healthcare is now the fastest-growing business at Clorox, and our products are used in 66 percent of the largest hospitals in the U.S.

### Sustainability: Working With Mother Nature

More and more, consumers want naturally derived products and want to know how they impact the environment. Since 2005, the average percentage of natural ingredients in our Burt's Bees® natural care products has grown from 96 percent to over 99 percent. Already, 70 percent of our products are 100 percent natural, and we'll keep working to get that number to include our entire Burt's Bees lineup.

## güd Brand Brings Eco-Fun and New Consumers to Natural



Fiscal 2012 marked the launch of a new brand from Burt's Bees: güd® natural personal care products. In addition to being eco-friendly, the güd brand aims to be “eco-fun” and attract new, millennial consumers to the natural personal care category.

We worked with a world-renowned “nose” at one of the largest fragrance houses in the world to develop our memorable Orange Petalooza™, Floral Cherrynova™, Vanilla Flame™ and Pearanormal Activity™ scents. We developed colorful and playful packaging that would stand out from the traditional muted coloring of many other natural products. And to put the “eco” in eco-fun, all güd products are at least 97 percent naturally derived and all packaging is recyclable.

From idea to formulation to shelf, the entire güd project took less than a year — a lesson in streamlining that we’re applying to help speed the process of innovation on other projects.

The products are a hit with customers, consumers and key influencers. Our güd shampoo and conditioner were named “Best All-Around Shampoo” and “Best All-Around Conditioner” by the editors at *SELF* magazine and were highlighted on an episode of ABC’s “The View.” With more than 328,000 Facebook fans and counting, the güd brand has also generated some significant traction in social media.

We also recently introduced new Glad® trash bags that are stronger and use less plastic, saving about 6.5 million pounds of plastic, the equivalent of keeping 140 million extra trash bags out of landfills annually. We will continue to roll out innovations under the Brita®, Green Works®, Burt's Bees and Glad® brands, each of which has sustainability as part of its purpose. We've also launched extensions like Fresh Step® natural cat litter, and we'll look for more opportunities in other parts of our business.

### Multiculturalism: Winning With Hispanic Consumers

Our brands are household names among diverse consumers, and there's much more we are doing to continue to drive brand awareness and loyalty. For example, we know winning with the rapidly growing U.S. Hispanic market is a requirement for our long-term success. In fiscal year 2012, we introduced Clorox® antihongos (antifungal spray), Clorox® desengrasante antibacterial (antibacterial degreaser) and a new line of Clorox Franganzia™ cleaners, aerosols and spray disinfectants specifically designed to appeal to Hispanic consumers who primarily speak Spanish. We also grew



our presence among key regional Hispanic retailers, and as a result of our efforts across many of our brands, in fiscal year 2012, our U.S. Hispanic market-share growth outpaced our general market-share growth for Kingsford®, Hidden Valley®, Pine-Sol®, Glad® and multiple Clorox®-branded products.\*

### **Affordability/Value: One Size Does Not Fit All**

To be successful in developing markets, we have to make our products affordable for low-income consumers. In Peru, for example, we designed a smaller Clorox® bleach bottle that fits perfectly on the shelves of local, independently owned stores and is sold at a low price point. Meanwhile, our marketing in Peru educates consumers about how to use bleach to help keep their homes healthier. This dual approach has led to double-digit sales growth and improved our market share in Peru.

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## **Brita® Brand Hits Megatrend Sweet Spot**



In recent years, we've successfully repositioned the Brita® brand at the sweet spot where health and wellness, sustainability and affordability meet. By using a Brita filter, consumers save money and get great-tasting filtered water, without creating more plastic water bottle waste.

And to make Brita-filtered water more accessible, in fiscal 2011, we introduced the Brita bottle, a reusable, recyclable bottle with a replaceable filter that can replace up to 300 standard 16.9-ounce disposable water bottles. The bottle won a General Merchandise award and the Innovation and Originality award at the Canadian Grand Prix New Product Awards. Building on this success, in fiscal 2012, we launched a Brita bottle for kids. As concerns about childhood obesity grow, the new, smaller and colorful bottles help encourage healthier drinking habits at a young age, while also reinforcing a message of sustainability.

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## Desire, Decide and Delight

### Our Moments of Truth

World-class demand-creation capabilities are building lifetime consumer loyalty through the “3Ds”: Desire (pre-purchase communications), Decide (point-of-purchase packaging and in-store communications) and Delight (post-purchase experience). Our ability to innovate across these 3Ds with integrated brand-growth ideas, strong shopper insights and premium products is what differentiates us and drives our sustainable growth.

We’re always working to sharpen our 3D capabilities, and fiscal 2012 heralded some of our most breakthrough creative work yet. At the 2012 Clio marketing awards, we took home silver and bronze awards for our Clorox® “Bleachable Moments” advertising campaign. We also received a Reggie, three Effies, three Public Relations Society of America Anvils and an Appy for our MyStain app that offers on-the-go solutions for almost any stain.

### 3Ds Spell Success for Liquid-Plumr® Innovation

Our new Liquid Plumr® Double Impact® snake and gel system is a prime example of how we are innovating across the 3Ds to drive growth.



#### Desire

We took a provocative approach to a fairly mundane category, creating an eyebrow-raising campaign that broke through the clutter and inspired a lively conversation with consumers.

[View the Liquid Plumr Double Impact ad.](#)

#### Decide

We designed the packaging to highlight both the snake and the bottle for shoppers at the shelf.

#### Delight

The product is a unique two-in-one offering — a better solution for consumers who are already combining drain opener products with alternative methods and tools.

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## Minimizing Our Product Footprint

As we foster innovation and grow our brands, we are mindful of the impact our products have on the environment. We sell more than 1 billion products annually, and our greatest opportunity to reduce our environmental footprint lies within our own product portfolio.

In early 2010, we committed to making sustainability improvements to 25 percent of our product portfolio by 2013, either by reducing materials or by moving to more sustainable materials in our products and/or packaging. To date, we have made sustainability improvements to a cumulative 21 percent of our portfolio, and we anticipate we will exceed our goal by the end of calendar year 2013.

In fiscal 2012, we completed the transition of all U.S. bleach manufacturing to the use of high-strength bleach instead of chlorine. This change helps us better ensure our supply of raw materials and enhances our industry-leading security practices.

And finally, we know how important it is for people to make informed choices about the products they use in and around their homes. That's why we've developed our product ingredients through our industry-leading Ingredients Inside program. This year, we launched our Ingredients Inside smartphone application and mobile website, the first of its kind in the industry. With this advancement, smartphone users have immediate access to information about Clorox ingredients for



their household and commercial disinfecting, cleaning and laundry products in the U.S. and Canada.

[Read more and download the app](#)

\*IRI Hispanic Food Drug Kmart Target topline reports for the past 52 weeks ending June 24, 2012



# People

## Enduring Value | 2012 Annual Report

Our Financial, Environmental, Social and Governance Performance

**People:** Promoting diversity, opportunity and respectful treatment



What began as an investment of five local Oakland businessmen in 1913 has since grown to a company of 8,400 employees located around the world. Though the faces have changed over the years, the quality of people who join Clorox has remained consistent: smart, values-driven people who want to make a difference in everyday lives. And to ensure this continues, we are focused on creating an environment where all people — from our employees and stakeholders to the millions of consumers we serve — feel included, valued, inspired and engaged.

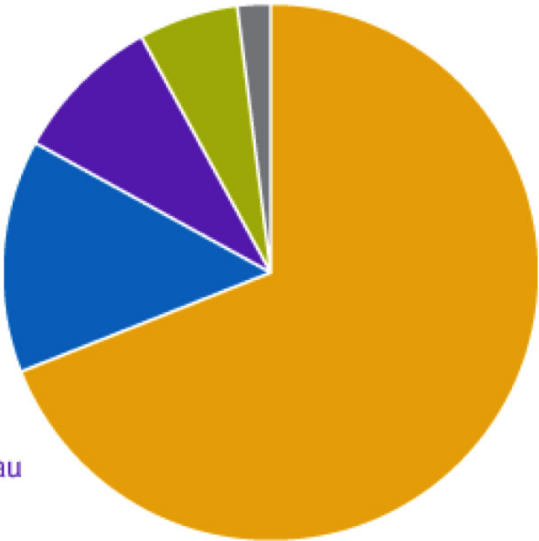
Highlights

Clorox Exceeds U.S. Census Bureau Diversity

FY 2012

Employees | U.S. nonproduction

- 69% White
- 14% Asian
- 9% Black/African-American
- 6% Hispanic/Latino
- 2% Other\*

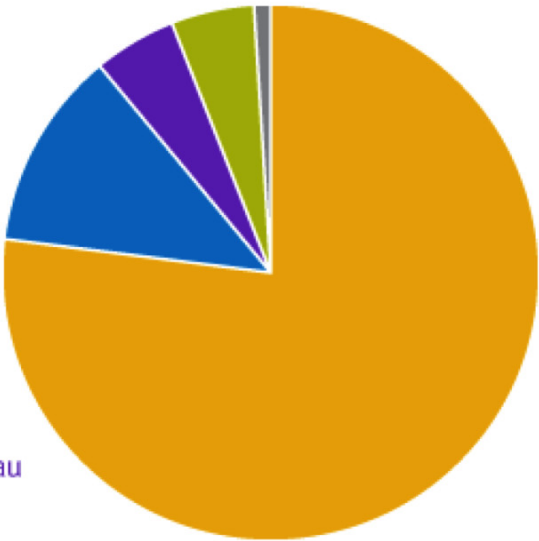


**31%** vs. 26% U.S. Census Bureau  
U.S. minority employees

\* Includes Native American, Native Hawaiian or multiracial

Managers | U.S. nonproduction

- 77% White
- 12% Asian
- 5% Black/African-American
- 5% Hispanic/Latino
- 1% Other\*



**23%** vs. 22% U.S. Census Bureau  
U.S. minority managers

\* Includes Native American, Native Hawaiian or multiracial

# 40%

global female managers

# 49%

global female employees

# 22%

female independent board of directors

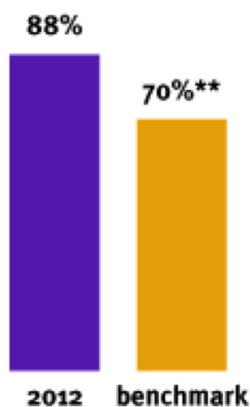
# 33%

minority independent board of directors

# 15%

female executive committee members

## All-Time-High Employee Engagement



\*\* The global benchmark is based on responses from over 250,000 employees from more than 25 countries around the world.

## Recordable Incident Rate†

# .53

† A recordable incident rate (RIR) of 1.0 or less is considered world class. Our RIR is based on the Occupational Safety & Health Administration's calculation of injuries versus a standard number of working hours.

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## Our Workforce

### Promoting Wellness: Good for Our People, Good for Our Business

We know that healthy employees are not only more productive, they're happier and better able to be their best at work and at home. At the same time, the healthier our employee population, the lower our healthcare costs. That's why, as a part of rebalancing our U.S. total rewards portfolio, we launched our Healthworks wellness program in fiscal 2012.

In our first year, more than 80 percent of eligible employees participated in the program in some way — by completing a health assessment, calling a health advisor, getting a health screening or all three. We've since expanded the program to include onsite health screenings and companywide wellness campaigns. As one employee wrote, "It was the kick-start I needed to concentrate on eating better and exercising more."

[Learn more about Clorox benefits](#)

### Employees Continue to Be Highly Engaged

Employee engagement is a priority for Clorox, and each year we conduct a survey through a third party to measure our performance. In fiscal 2012, more than 2,600 employees globally completed the survey, representing 82 percent of the total number of employees invited to participate. Among other things, our scores show that 88 percent of employees are engaged or highly engaged, representing a 1 point improvement over the record-high score from our fiscal 2011 survey. Comparing these results to the global benchmark\* of 70 percent, Clorox employees remain far more engaged than employees at other companies. While we're proud of our progress, there's more we can do to ensure Clorox is a fulfilling place to work.

For example, we're looking at how we can provide greater flexibility for people to work in ways that make sense for them and for the company. We've used feedback from employee surveys and one-on-one sessions to design workspaces that inspire creativity and make it easier for teams to collaborate, whether they are in the same location or a continent apart.

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\*The global benchmark is based on responses from over 250,000 employees from more than 25 countries around the world.

### Working Together to Build Rewarding Careers

Having a rewarding career means having the right challenges and learning opportunities. Clorox promotes career development through training programs, mentorship opportunities and more. Depending on the type of role, employees and managers may have up to 80 hours of training every year. Through the Performance Management and Planning process, all nonproduction employees work with their managers to set business goals and objectives. They also create an individual development plan that targets experiences, training, relationships and accountabilities that foster career growth. Throughout the year, employees meet with their managers to track progress and make adjustments as necessary, and all nonproduction employees receive annual performance and career development reviews. This process is critical to ensuring that employees are doing the right work to support our business goals and that they are taking ownership of their career development.



Clorox promotes career development through training programs, mentorship opportunities and more.

## Diversity Yields Business Results

To ensure continued growth and innovation, it's critical that our people reflect the diversity of our global marketplace. Clorox has made inclusion and diversity a business imperative — hiring diverse talent, supporting programs that foster inclusion and building relationships with diverse suppliers. Since 2006, we have earned a perfect score by the Human Rights Campaign, and in fiscal year 2012, our U.S. ethnic diversity again exceeded U.S. Census Bureau diversity figures.

Employee resource groups (ERGs) are an important way we support inclusion, while also driving business results. Our five ERGs foster informal mentoring and coaching support for members, help with recruiting and community outreach, provide input to senior Clorox leaders and consult on relevant consumer marketing initiatives.

In fiscal 2012, brainstorming and market research by our Asian ERG set the stage for the company's acquisition of Soy Vay® all-natural, kosher sauces, marinades and dressings. Other ERGs have also provided their unique perspectives to help us understand and increase market share in the multicultural marketplace.

A diverse workforce also helps us identify and partner with diverse suppliers. By ensuring all suppliers have equal access, we gain insight and perspective on what's important to consumers. Since fiscal 2010, we have increased our total expenditures with certified diverse suppliers from 1.6 percent to 4.2 percent. And we are working to increase this to 5 percent in fiscal 2015.

“We’re using our diversity as a business advantage for driving growth and innovation, especially among multicultural consumers.”

— Erby Foster  
Director, Diversity and Inclusion



## Committed to High Labor Standards

We adhere to all applicable labor laws and standards globally and are committed to offering competitive compensation and benefits, supporting freedom of association and providing a safe work environment that prohibits child labor and forced labor. We extend these standards to our business partners. Where applicable, we also work with union representatives of the 2.8 percent of our U.S. workforce who are union members.

We require that all Clorox board members, employees and contractors certify compliance with our Code of Conduct. We provide Code of Conduct training every 18 months on a rolling basis in English, Spanish and Chinese. In fiscal year 2011, 63 percent of all Clorox employees completed compliance training, which includes our Code of Conduct.

[Learn more about our Code of Conduct](#)

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## Our Workplace

### Safety Is a Core Value

Safety is a core value at Clorox, and that focus is reflected in our world-class results. During fiscal 2012, we reduced the number of injury incidents globally by more than one-third. A 1.0 recordable incident rate (RIR) is considered world-class, and in fiscal year 2012 we reported an RIR of .53 versus .79 the previous year. This represents the fewest incidents in our history.

But even one incident is too many, and so we are always looking for ways to improve. In the past year, we expanded our corporate and site safety leadership teams to not only better support our manufacturing locations but also improve safety in our corporate facilities. At the same time, we have improved working relationships within divisions and business groups to help drive integrated processes that are delivering results.

Safety leadership from the very top of our organization has enabled safety leadership at all levels. Our employees care for and take ownership of the health and safety of themselves and their co-workers.

[Read more about Workplace Safety](#)

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## Committed to Responsible Sourcing

Our Supplier Code of Conduct is the foundation of our responsible sourcing program. The Supplier Code of Conduct communicates our expectations around human rights and labor, health and safety, the environment, and business conduct and ethics. Specifically, the Supplier Code addresses such topics as discrimination, child labor, occupational safety procedures, conservation of natural resources, conflicts of interest and animal testing.

At the onset of the contracting process, suppliers must agree to comply with our code or have their own code in place, and, once a contract is signed, our suppliers self-certify compliance. Beginning in fiscal year 2013, we will also begin conducting audits of key suppliers.

This year, we became a member of AIM-Progress, a group of consumer goods manufacturing



companies promoting and sharing best practices in responsible supply chain sourcing. Building on the idea that an audit for one is an audit for all, the industry is creating a supplier network that shares best practices in human rights/antislavery, labor, environmental, health and safety, as well as business ethics. AIM-Progress is sponsored by the European Brands Association (AIM) in Europe and the Grocery Manufacturers Association (GMA) in North America.

[Learn more about how we work with partners](#)

## Workforce Numbers

### Total number and rate of employee hires by region, gender and age group

<b>Global total</b>	<b>986</b>
U.S.	45.2%
International	54.8%
Male	56.4%
Female	43.6%

### U.S. hires by age group

20s	49.6%
30s	31.2%
40s	13.2%
50s	5.6%
60s	0.4%

### Total number and rate of employee turnover by region, gender and age group

<b>Global total</b>	<b>1,288</b>
U.S.	36.8%
International	63.2%
Male	54.3%
Female	45.7%

### U.S. turnover by age group

20s	19%
30s	31%
40s	27%
50s	14%
60s	9%

### Global workforce by the numbers

Production	4,034
Nonproduction	4,388
<b>Total</b>	<b>8,422</b>



# Planet

## Enduring Value | 2012 Annual Report

Our Financial, Environmental, Social and Governance Performance

**Planet:** Shrinking our environmental footprint while growing our business

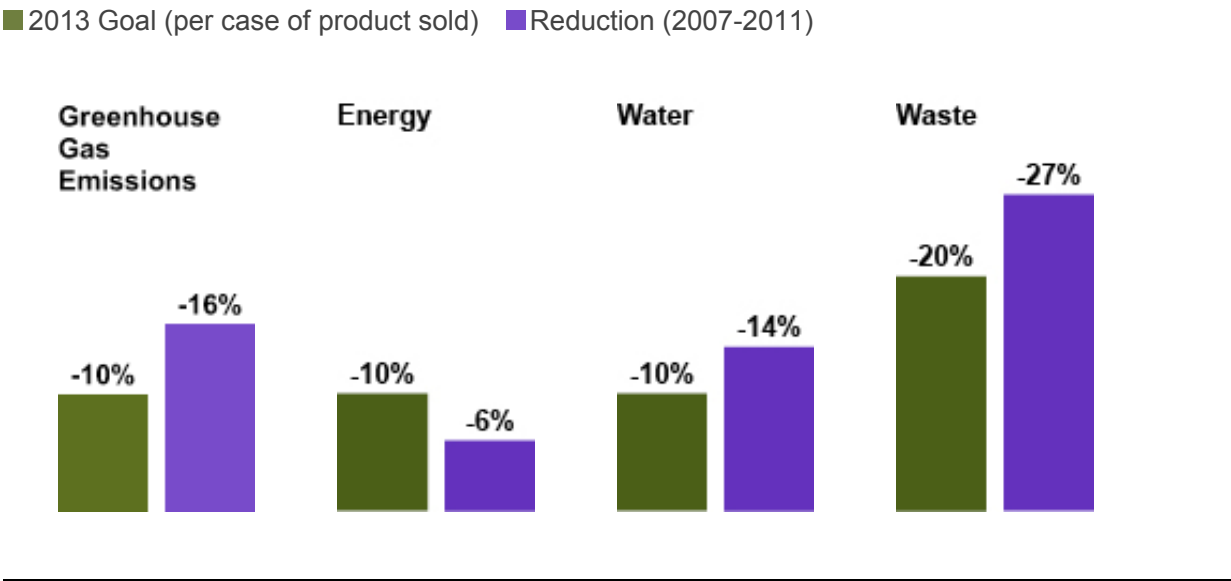


### **The Value of Sustainable Business Practices**

From the beginning, Clorox has had its eye on sustainability, offering Clorox® liquid bleach to its first industrial customers in returnable, five-gallon crockery jugs. Almost 100 years later, we're more committed than ever to reducing our company's environmental footprint while growing our business. In fact, sustainability investments in our Burt's Bees®, Glad®, Brita® and Green Works® brands have accounted for about 40 percent of our sales growth in the last five years. Additionally, we've saved about \$15 million annually by making sustainability improvements to our operations.

# Highlights

## Overall 2007-2011 Environmental Footprint Reduction vs. 2013 Goals



## Eco Goals and Performance

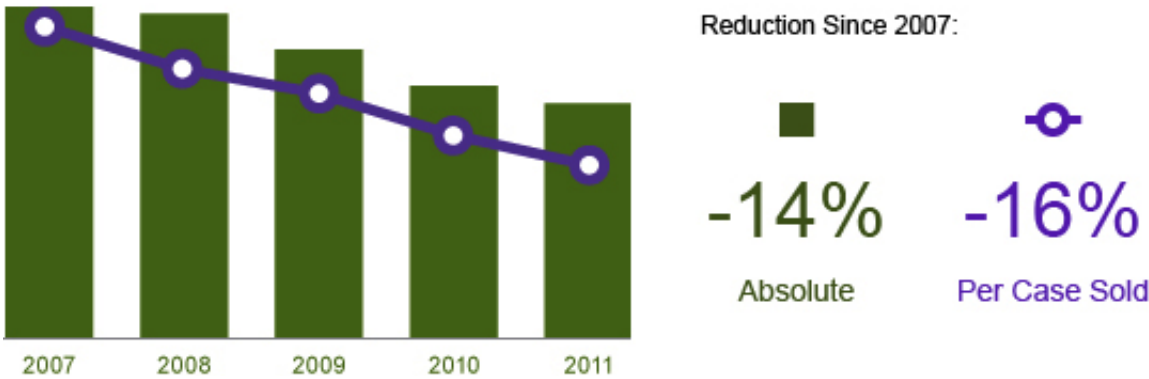
### Tracking Ahead of Most Eco Goals

We are continuing to make great progress against most of our 2013 sustainability commitments. We have already exceeded our goals to reduce greenhouse gas emissions, water consumption and solid waste sent to landfill. And while we continue to work on reducing our energy consumption, we did see a weather-induced increase in energy use in the last year.

### Reduction in Greenhouse Gas Emissions Exceeds 10 Percent Goal

Since 2007, we have reduced our greenhouse gas emissions by 16 percent. As part of this effort, we have moved more than 30 percent of our finished-goods shipment miles from trucks to more eco-efficient rail. Of our remaining truck miles, 95 percent use more efficient EPA-designated SmartWay® carriers. We have also focused on reducing the weight of our packaging. For example, we’ve moved from heavy plastic pails to boxes and bags in our cat litter business, concentrated products like Clorox® 2 stain remover, and, in El Salvador and Guatemala, shifted Poett cleaners to pouches that use one-sixth the resin of a bottle.

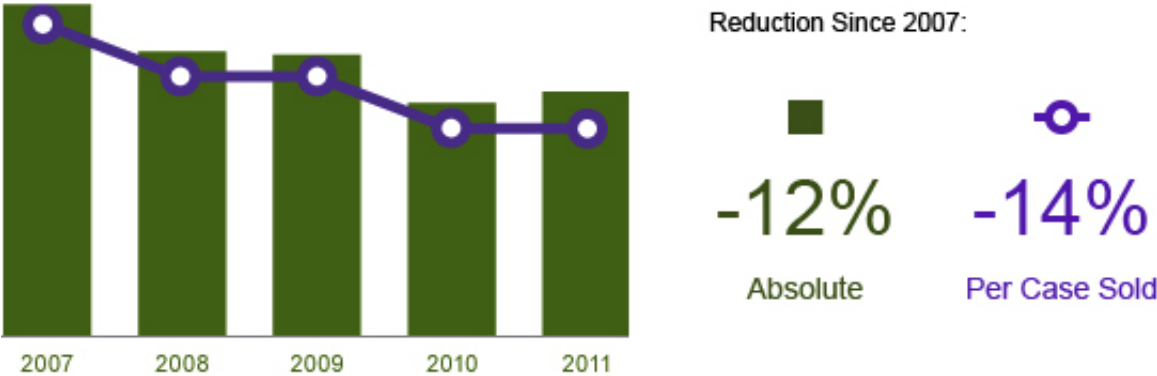
### Greenhouse Gas Emissions (GHG)



**Water Use Down, Aiming for Another 10 Percent**

In the last four years, we have reduced our water consumption by 14 percent, exceeding our 10 percent goal. We have continued to invest in our water recycling infrastructure and have made changes to our water-use practices. Also, this year, we joined 24 members of the Corporate Eco Forum, a group of companies taking a progressive stance on sustainability, in making commitments to protect natural capital. We have pledged to lower our water consumption by an additional 10 percent by 2017 as part of this larger promise to reduce, recapture and restore 100 million to 200 million gallons of water annually.

**Water Consumption**

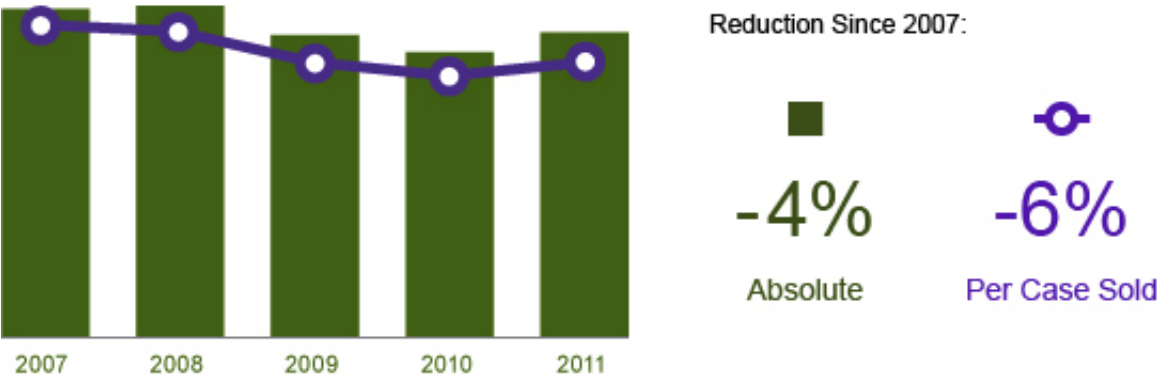


**Energy Challenges Ahead**

Since 2007, we have reduced our energy usage by 6 percent. This is compared with the 7 percent reduction we reported through calendar year 2010.

As part of our energy reduction efforts, we have replaced almost 100,000 lights with eco-efficient lighting at all of our North American manufacturing and distribution facilities. We also completed energy audits at most of our plants in the U.S. and Latin America in the last year. These audits have uncovered a number of ideas that will help us as we strive to reach our challenging 10 percent goal by 2013.

**Energy Consumption**



**Waste to Landfill Down 27 Percent**

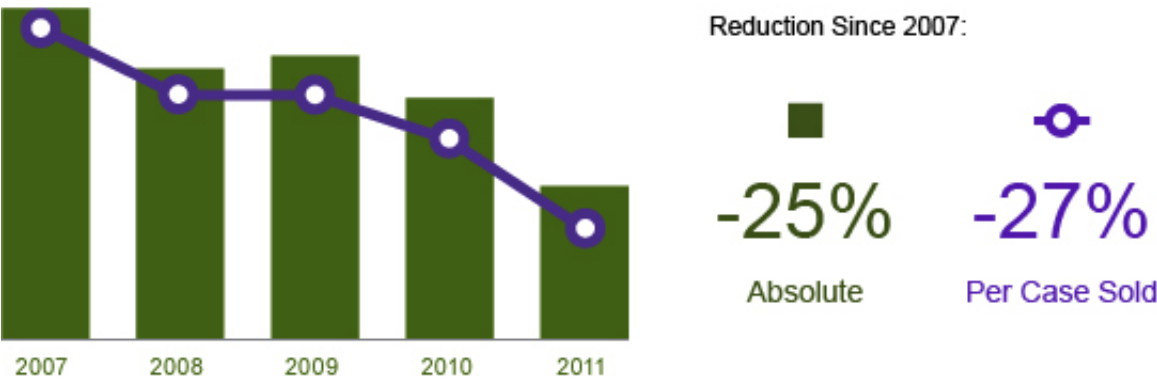
We've had great success in the past year, reducing our waste to landfill by nearly 15 percent. Since 2007, we have reduced solid waste by 27 percent versus our 20 percent goal for 2013. From

Orangeville, Ontario, to Los Angeles, Calif., 11 sites have held “dumpster dives” to separate trash from recycling and compost items. These dives have led to lasting awareness and actions that are reducing landfill waste by more than half, on average, at each of these sites. We’ve also continued to find recycling opportunities for materials formerly sent to landfills.

Our three Burt’s Bees® facilities continued to run as zero-waste-to-landfill sites, and we’ve made significant progress at places like our Spring Hill, Kan., cat litter plant. Since 2010, the Spring Hill team has reduced solid waste to landfill by 82 percent by rethinking how we manage reclaimable clay and dust.

We also have Eco Network employee volunteers at all of our major facilities around the world. These volunteers have helped drive recycling and composting programs at many of our locations, including our Oakland, Calif., offices, where we are diverting nearly 80 percent of waste from landfill. This is up from 70 percent in 2011 and moves us closer to our long-term goal of 90 percent diversion.

**Solid Waste to Landfill**



**Making a Difference**

**Sustainability is Everyone’s Job**

We’re also seeing employees apply a sustainability filter to their everyday responsibilities. One team has reduced the amount of travel and landfill waste typically associated with commercial shoots by adding sustainability guidelines into both the bidding process and how we manage our television commercial shoots. Another group of employees has created a surplus office-supply store to eliminate unnecessary office-supply purchases and waste.

**Using Our Brands to Drive Change**

Millions of people interact with our brands every day, and we see this as an opportunity to make a difference. For example, last year we introduced new Glad® trash bags that are stronger and use less plastic, saving about 6.5 million pounds of plastic, the equivalent of keeping 140 million extra trash bags out of landfills annually.

We also launched the Glad® One Bag waste reduction campaign to encourage event organizers to send just “one bag” of trash to landfill and the rest to recycling and compost. As part of this campaign, the Glad team partnered with the Association for the Advancement of Sustainability in Higher Education (AASHE), a nonprofit committed to advancing sustainability in higher education, to



assist football programs across the U.S. in best practices for reducing waste.

As an example, Glad and AASHE hosted the University of Southern California's (USC) first-ever campus tailgating recycling event during the game against Stanford University. The effort diverted more than a ton of waste from landfill. To continue to make a lasting impact, the Glad team donated \$50,000 to help USC implement an EnviroRider™ handbook with the Los Angeles Memorial Coliseum that will outline in-stadium sustainability practices for future football seasons.

We also partnered with Keep America Beautiful (KAB) to bring the One Bag campaign to other college campuses through a grant program and KAB's America Recycles Day efforts. This program was a great expansion of our 27-year partnership with KAB, through which we also supported the Great American Clean-Up with donations of \$100,000 and 2 million trash bags.



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## Awards and Recognition

We're proud of our progress, and a number of organizations have recognized our sustainability efforts in the past year through awards, rankings and indices, including:

- *Forbes* Top 10 Brands for Corporate Responsibility Attributes
- Carbon Disclosure Project's (CDP) 2011 Carbon Performance Leadership Index (one of 11 U.S. companies)
- CDP's 2011 Carbon Disclosure Leadership Index (one of 55 U.S. companies)
- Maplecroft Climate Innovation Index
- *CR* magazine's 100 Best Corporate Citizens
- *CR* magazine's Responsible CEO of the Year Award: Don Knauss
- *SELF* magazine's Best Shampoo and Conditioner Award: Burt's Bees® güd™ shampoo and

conditioner

- AmeriStar Packaging award: Burt's Bees® renewable, compostable and recyclable potato starch tray
- 2012 Best New Environmentally Friendly Household Product\*: Glad® compostable bags with Odor Guard®

See prior years



\*Ninth annual BrandSpark study of 53,000+ Canadian shoppers

## Sustainability 2.0

Becoming more sustainable is about assuming a continual improvement mindset and continuing to build on our 100-year legacy. This past year, our Eco Office, in partnership with multiple functions across the company, launched Sustainability for Cost Savings, an initiative to further explore new technologies for more efficient products and packaging. More broadly, we are working hard to influence the sustainability practices of our supply chain and be one of the most environmentally responsible companies in our industry.





# Purpose

## Enduring Value | 2012 Annual Report

Our Financial, Environmental, Social and Governance Performance

**Purpose:** Safeguarding families with be healthy, be smart and be safe initiatives



Since our first recorded donation to a youth group in 1920, helping to build healthy and vibrant communities has been an important part of our company's DNA. Whether it's through corporate giving, The Clorox Company Foundation grants, product donations, employee volunteering or our brands' cause-marketing programs, we focus the majority of our efforts in three areas:

### Be healthy

Supporting healthy lifestyles, good nutrition and illness prevention

### Be smart

Promoting education through scholarships, grants and employee volunteerism

### Be safe

Providing bleach and other products for sanitization and clean-up efforts during times of disaster

## Highlights

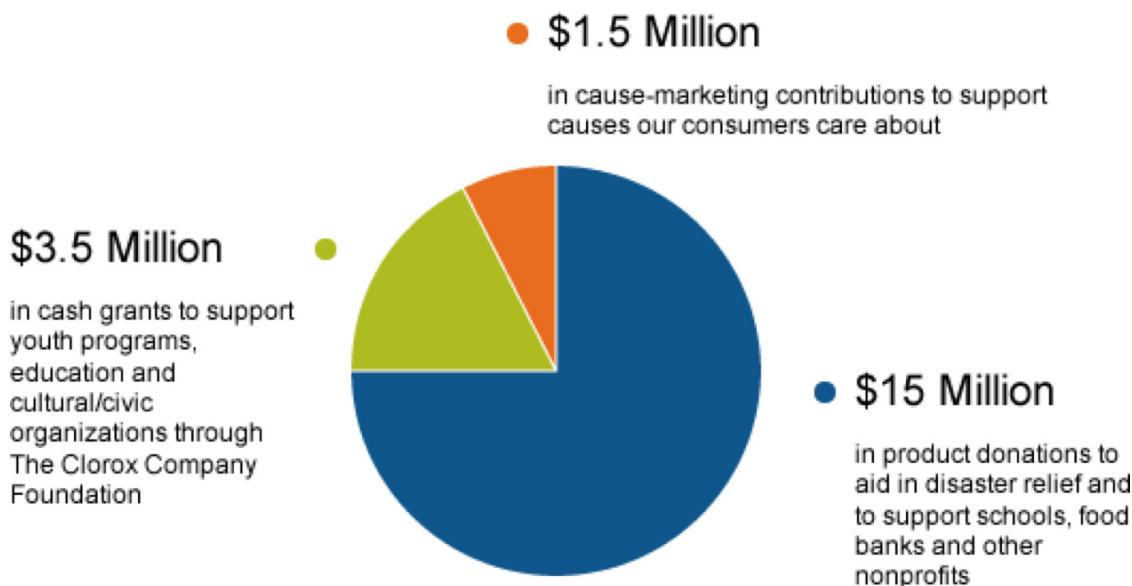
FY 2012

# \$20 Million

in charitable contributions

# 78,000

employee volunteer hours



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## Be Healthy

### Glad to Give™ in the Fight Against Pediatric Cancer

When our brands get behind causes people care about, everyone benefits. People can feel good that their purchases are supporting great organizations, our nonprofit partners get publicity and funding, and our brands are aligned with strategic causes. For example, over the past several years, the Glad® brand has helped Cookies for Kids' Cancer™ raise more than \$500,000 to support pediatric cancer research through bake sales. In fiscal year 2012, in addition to a \$50,000 donation, the Glad® team helped raise awareness and inspired 385 bake sales and cookie exchanges, a 34 percent increase over the prior year. Together, these bake sales and cookie exchanges raised more than \$100,000 for pediatric cancer research.

[Learn more about Glad to Give™](#)

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# \$500K+

raised over the past several years to support pediatric cancer research through bake sales

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## **Hidden Valley® Love Your Veggies® Campaign Supports Better Nutrition**

Encouraging kids to eat their vegetables has been a long-time focus for the Hidden Valley brand because vegetables taste great with ranch dressing. About 93 percent of children ages 2 to 12 years old fall short of the recommended 2 to 5 cups of fruits and vegetables per day.\* To help turn this around, in 2006, the Hidden Valley team launched the Love Your Veggies™ nutrition education campaign. Since then, the team has donated more than \$1 million to nutrition education programs. In 2012, the Hidden Valley team partnered with the American Culinary Federation (ACF) and celebrity chef Cat Cora to host the Lunch Break for Schools fundraiser. All proceeds, plus a \$150,000 donation from the Hidden Valley brand to the ACF's Chef & Child Foundation, are helping to support nutrition educational programs.

\*Produce for Better Health Foundation and ACNielsen, State of the Plate, 2010

[Learn more about Love Your Veggies® programs](#)

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# \$1 Million+

donated to support nutrition education programs

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## **Helping Veterans and Families Get Needed Services**

To commemorate Veterans Day and thank veterans and their families for their service, including hundreds of our own employees, Clorox donated \$50,000 to the Wounded Warriors Project and \$200,000 to support a one-hour fundraising television special of "Extreme Makeover: Home Edition." Working with the Entertainment Industry Foundation's Rise and Honor program, the special helped raise more than \$1.3 million for various charities, including the Fisher House Foundation, Be the

Change/ServiceNation, Hire Heroes USA, Intrepid Fallen Heroes Fund, United Service Organizations, Red Sox Foundation Home Base Program, Volunteers of America and Welcome Back Veterans. These organizations and the Wounded Warriors Project provide services to veterans and their families in critical areas of support, including housing, job placement, health care, rehabilitation and mental health treatment.

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## Be Smart

### Clorox Powers a Bright Future for Five Schools

Now in its third year, the Power A Bright Future program awarded \$150,000 in grants in fiscal 2012 to help five schools provide a better education for thousands of students now and in the years to come. Parents and teachers nominated more than 1,800 programs across the U.S. and cast more than 2.8 million votes to decide on the winning programs. This year's grants are helping to build a new playground and a track, bring a rural high school into the 21st century through technology upgrades, rewire a school, support a weekly student broadcast and create a playground for newly relocated third and fourth graders.

[Learn more about Power A Bright Future programs](#)

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## \$150,000 in grants awarded in 2012



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### The Clorox Company Foundation Supports Community Programs

In fiscal 2012, The Clorox Company Foundation awarded \$3.5 million in cash grants and has awarded more than \$87 million since its founding in 1980. The foundation primarily supports youth programs, education, and cultural and civic organizations. In the past year, foundation grants helped a number of organizations like the Boys & Girls Club, Super Stars Literacy, and Chabot Space and Science Center reach more than 26,000 young people in Oakland, Calif., alone. And donations through our manufacturing plants helped support classroom activities, college readiness and summer camps that have positively impacted thousands of individuals and their families in communities across the U.S.



Over the past two decades, the foundation has also provided \$1.4 million in scholarship funds to 164 children of Clorox employees through The Clorox Company Foundation Scholarship Program. Additionally, for the last six years, the foundation has administered the Knauss Scholars Program, which was launched and is personally funded by CEO Don Knauss and his wife, Ellie. To date, this program has provided 90 students with \$565,000 in scholarships.

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## Be Safe

### Helping Every Day and in Times of Disaster

In fiscal 2012, Clorox donated \$15 million in cash and products to schools, food banks, homeless shelters, churches and other nonprofit organizations. We also responded with more than eight truckloads of Clorox® bleach and three truckloads of Glad® trash bags to help in the clean-up efforts after storms in North Dakota caused flooding in July 2011, Hurricane Irene hit Puerto Rico in late 2011 and severe storms struck the Midwestern U.S. in early 2012.

This year we partnered with PRISMA, a research-based nongovernmental organization, to launch a safe water pilot program in three communities in northern Peru. Unsafe drinking water is a leading cause of intestinal disease, malnutrition and death in children in the world's poorest populations. Employing an approach successfully used in Kenya, we have installed public bleach dispensers next to community water sources that will release a dosage of bleach that is safe to drink and kills 99.99 percent of bacteria and viruses commonly found in untreated water, such as E. coli and Pseudomonas. Bleach is one of the most affordable and effective disinfectants on the planet, and we look forward to seeing the results of this pilot over the next year.

## Employees Give Time and Money

Clorox supports employees' community involvement by matching their donations and supporting their volunteer efforts. Our annual, employee-led Getting Involved For Tomorrow (GIFT) Campaign had a record-setting 52 percent employee participation rate for 2012. Altogether, employees pledged \$2.4 million to support 2,100 nonprofit organizations of their choice, and the company matched this amount with \$1.6 million. Another popular employee-led event is the annual Marcus A. Foster Educational Institute scholarship fundraiser. This year's events raised more than \$83,000 that, combined with a \$30,000 donation from The Clorox Company Foundation, sponsored scholarships for 30 Oakland, Calif., high school seniors.

Clorox employees also give generously of their time, and in calendar year 2011, employees volunteered more than 78,000 hours. Through our Commitment Awards, we donated more than \$25,000 to organizations where 86 employees volunteered more than 24 hours of their time in the last year. We also encourage employees to team up in their communities. For the last three years, employees in Venezuela have helped tutor hundreds of children on leadership values and the importance of water conservation. Members of the Burt's Bees® team have helped build homes with Habitat for Humanity in North Carolina and Honduras. Employees in Oakland, Calif., spent a day cleaning, building and painting at a local children's park. And numerous Clorox employees have volunteered with Junior Achievement to teach hundreds of schoolchildren important concepts about business and government.



# GRI Index

## Enduring Value | 2012 Annual Report

Our Financial, Environmental, Social and Governance Performance



**GRI Content Index:** Our report follows Global Reporting Initiative Guidelines.



## About This Report

The content and structure of this report are focused on issues that align with our corporate responsibility strategy and commitments defined through five critical areas of our business:

- Performance – Achieving financial success with transparency and strong governance
- Products – Making responsible products, responsibly
- People – Promoting diversity, opportunity and respectful treatment
- Planet – Shrinking our environmental footprint while growing our business
- Purpose – Safeguarding families with be healthy, be smart and be safe initiatives

In fiscal year 2012, we conducted a materiality and stakeholder engagement assessment through a third party. We identified a number of key topics, which are addressed in our fiscal year 2012 annual report, including innovation (surface disinfection, natural products, sustainability improvements); product responsibility (human and environmental safety, ingredient transparency); environmental sustainability (product and operational) and public health (community and healthcare

settings).

Our key stakeholders include stockholders, employees, consumers, customers, government and nongovernment organizations. For a more detailed look at how we work and communicate with key stakeholders, please see [Stakeholder Engagement](#) on TheCloroxCompany.com.

### Reporting Period

Unless otherwise stated, the data in this report covers wholly and majority-owned operations during the period of July 1, 2011, through June 30, 2012. Environmental sustainability data is tracked on a calendar-year basis. In some instances, we have included data from prior years to show year-over-year comparisons. We plan to issue a combined report annually.

### Reporting Standards

We developed our full fiscal year 2012 report using the Global Reporting Initiative’s (GRI) G3.1 Reporting Guidelines, which provide a recommended framework and indicators for reporting on our financial, environmental, social and governance performance. We also sought third-party verification of our greenhouse gas emissions. Based on the numbers of disclosures we include, our full fiscal year 2012 report met a GRI-checked application of “B+”. Our GRI content index details the location of our GRI standard disclosures in our full fiscal year 2012 annual report and on our corporate website.

### GRI Content Index

## Strategy and Analysis

INDICATOR	DESCRIPTION	REPORTED	PAGE / LOCATION
1.1	Statement from the most senior decision-maker of the organization.	Fully	<a href="#">CEO letter</a>
1.2	Description of key impacts, risks, and opportunities.	Fully	<a href="#">CEO letter</a> <a href="#">Stakeholder Engagement</a> <a href="#">Form 10K, Item 1.A, pages 8–18</a>

## Organizational Profile

INDICATOR	DESCRIPTION	REPORTED	PAGE / LOCATION
2.1	Name of the organization.	Fully	<a href="#">About This Report</a>
2.2	Primary brands, products, and/or services.	Fully	<a href="#">2012 Highlights</a>
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	<a href="#">About This Report</a> <a href="#">2012 Highlights</a>
2.4	Location of organization's headquarters.	Fully	<a href="#">About This Report</a>
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	<a href="#">2012 Highlights</a>
2.6	Nature of ownership and legal form.	Fully	<a href="#">2012 Highlights</a>
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	<a href="#">2012 Highlights</a> <a href="#">Clorox Worldwide</a>
2.8	Scale of the reporting organization.	Fully	<a href="#">2012 Highlights</a> <p>The Clorox Company market capitalization as of June 30, 2012, was \$9.4 billion, and enterprise value was \$11.9 billion (market capitalization + debt – cash)</p>
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	<a href="#">CEO letter</a>
2.10	Awards received in the reporting period.	Fully	<a href="#">Awards</a> <a href="#">Our Progress: Awards</a>

## Report Parameters

INDICATOR	DESCRIPTION	REPORTED	PAGE / LOCATION
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	<a href="#">About This Report</a>
3.2	Date of most recent previous report (if any).	Fully	Oct. 1, 2011
3.3	Reporting cycle (annual, biennial, etc.)	Fully	Annual
3.4	Contact point for questions regarding the report or its contents.	Fully	<a href="#">Clorox Corporate Communications</a>
3.5	Process for defining report content.	Fully	<a href="#">CEO letter</a> <a href="#">About This Report</a>
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	<a href="#">About This Report</a>
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	<a href="#">About This Report</a>
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	<a href="#">Form 10K, Item 1, page 6; Item 1B, page 19</a>
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	<a href="#">About This Report</a>
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	<a href="#">About This Report</a> <a href="#">Form 10K, Exhibit 99.1, pages 2, 7, 13</a>
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	<a href="#">About This Report</a> <a href="#">Form 10K, Item 7, pages 2, 7–9</a>

3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	<a href="#">GRI Index</a>
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	<a href="#">About This Report</a> <a href="#">GRI Index</a>

## Governance, Commitments, and Engagement

INDICATOR	DESCRIPTION	REPORTED	PAGE / LOCATION
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	<a href="#">Performance Pillar</a> <a href="#">Corporate Governance</a>
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Chairman is CEO
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	Nine members are independent and 22% are women
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	<a href="#">Contact Us</a>
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	<a href="#">Company Charters</a>
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	<a href="#">Company Charters</a>
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	<a href="#">Company Charters</a>
4.8	Internally developed statements of mission or values, codes of conduct, and principles	Fully	<a href="#">CEO letter</a>

	relevant to economic, environmental, and social performance and the status of their implementation.		People Pillar
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	Planet Pillar Company Charters
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Company Charters
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Not	NA
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	People Pillar  Planet Commitments  Purpose Commitments
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	People Pillar  Stakeholder Engagement
4.14	List of stakeholder groups engaged by the organization.	Fully	Stakeholder Engagement
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Stakeholder Engagement
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Stakeholder Engagement
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	Stakeholder Engagement

## Disclosures on Management Approach

Indicators

G3.1 DMAs	DESCRIPTION	REPORTED	PAGE / LOCATION
DMA EC	Disclosure on Management Approach: Economic	Fully	CEO Letter
DMA EN	Disclosure on Management Approach: Environmental	Fully	Planet Pillar Eco Governance
DMA LA	Disclosure on Management Approach: Labor Practices and Decent Work	Fully	People Pillar
DMA HR	Disclosure on Management Approach: Human Rights	Fully	People Pillar
DMA SO	Disclosure on Management Approach: Society	Fully	People Pillar
DMA PR	Disclosure on Management Approach: Product Responsibility	Fully	Product Safety

## Economic

INDICATOR	DESCRIPTION	REPORTED	PAGE / LOCATION
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	Performance Pillar
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	Employee Benefits  Form 10K, Exhibit 99.1, pages 21–22
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	Purpose Pillar
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	Form 10K, Item 1.A, pages 8–18

## Environmental

INDICATOR	DESCRIPTION	REPORTED	PAGE / LOCATION
EN2	Percentage of materials used that are recycled input materials.	Partially	Packaging  Burt's Bees® natural personal care
EN3	Direct energy consumption by primary energy source.	Fully	Our Progress: Energy  Carbon Disclosure Project
EN5	Energy saved due to conservation and efficiency improvements.	Fully	Planet Pillar  Our Progress: Energy  Carbon Disclosure Project
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	Our Progress: Energy  Carbon Disclosure Project
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	Our Progress: Energy  Carbon Disclosure Project
EN8	Total water withdrawal by source.	Partially	Planet Pillar  Our Progress: Water (Usage not broken down by source)
EN9	Water sources significantly affected by withdrawal of water.	Fully	Our Progress: Water
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	Biodiversity
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	Biodiversity



EN13	Habitats protected or restored.	Fully	Biodiversity
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Planet Pillar  Our Progress: GHG  Carbon Disclosure Project
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	Our Progress: GHG  Carbon Disclosure Project
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	Planet Pillar  Our Progress: GHG  Our Progress: Energy Carbon Disclosure Project
EN22	Total weight of waste by type and disposal method.	Fully	Planet Pillar  Our Progress: Solid Waste
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Product Packaging  Product Sustainability
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Fully	Product Packaging  Product Sustainability
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Fully	Planet Pillar  Our Progress: GHG  Our Progress: Workplace  Eco Governance
EN30	Total environmental protection expenditures and investments by type.	Fully	\$6 million: Lighting changes, LEED maintenance, energy audits, transportation network reconfiguration, carbon offset purchases, product design changes, community efforts/ employee volunteer activities, training

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## Social: Labor Practices and Decent Work

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INDICATOR	DESCRIPTION	REPORTED	PAGE / LOCATION
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Partially	<a href="#">People Pillar</a> (Data not broken down by employment contract)
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully	<a href="#">People Pillar</a>
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	<a href="#">Employee Benefits</a>
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	<a href="#">People Pillar</a>
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	<a href="#">People Pillar</a>
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Partially	<a href="#">Workplace Safety</a>  Zero fatalities (occupational disease, lost days and absenteeism not provided)
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	<a href="#">People Pillar</a>
LA10	Average hours of training per year per employee by gender, and by employee category.	Partially	<a href="#">People Pillar</a> (Data not broken down by gender)
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	<a href="#">People Pillar</a>
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	<a href="#">People Pillar</a>

LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	People Pillar
LA15	Return to work and retention rates after parental leave, by gender.	Fully	Female: 99% Male: 100%

## Social: Human Rights

INDICATOR	DESCRIPTION	REPORTED	PAGE / LOCATION
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Fully	People Pillar
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Partially	People Pillar  (Total hours of training not calculated.)
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	People Pillar

## Social: Society

INDICATOR	DESCRIPTION	REPORTED	PAGE / LOCATION
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	Product Safety  Workplace Safety
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	100%
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	People Pillar
SO5	Public policy positions and participation in	Fully	Stakeholder

## Social: Product Responsibility

INDICATOR	DESCRIPTION	REPORTED	PAGE / LOCATION
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	100% <a href="#">Product Safety</a> <a href="#">Product Safety Steps</a>
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	<a href="#">Delighting Consumers</a>
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	<a href="#">Delighting Consumers</a>

## GHG Verification

We have conducted a partial verification of The Clorox Company's (Clorox) Greenhouse Gas (GHG) inventory for the 2011 calendar year. The primary objectives of the verification were to determine if Clorox's reported GHG emissions were calculated in accordance with their selected estimation methodologies and to determine if Clorox's 2011 GHG emissions inventory met the 95 percent threshold for accuracy.

We conducted verification activities to assess accuracy and conformance with the objectives stated above. We verified the Clorox GHG Inventory using the following standards:

- Emissions factors published in eGrid2007 and the US EPA (40 CFR Part 98 Table C-1)
- ISO 14064-3 (Specifications with Guidance for the Validation and Verification of Greenhouse Gas Assertions)

For purposes of this partial verification, the boundary chosen was carbon dioxide emissions from 35 Clorox operated facilities in the United States. The operational boundary selected was all electricity use directly associated with the operation of these 35 facilities and the combustion of natural gas for space heating.

Based on the results of our verification activities, Cameron-Cole has found no reason to believe that material errors or omissions exist in the partial portion of Clorox's 2011 US GHG Inventory. Invoiced quantities of electricity and natural gas support this GHG assertion. Cameron-Cole also found that the included inventory is accurate relative to the requirements of the verification criteria.

*H. Dru Krupinsky*

H. Dru Krupinsky –  
Senior Strategist, Sustainability Services  
For Cameron-Cole, LLC  
Oakland, California  
September, 2012



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# 2012 Highlights

## Enduring Value | 2012 Annual Report

Our Financial, Environmental, Social and Governance Performance

**2012 Highlights:** An at-a-glance summary of how we performed in 2012



## Company Profile

Clorox is a global company that manufactures leading brands in more than two dozen countries and markets them in more than 100 countries.

Clorox is traded  
on the NYSE under  
the symbol CLX.

FY 2012

**\$5.5B**

sales

**8,400**

employees

**39**

manufacturing plants

**100+ countries**

markets served

## Sales by Segment and Category

### Cleaning 31%

#### Home Care 17%



#### Laundry 10%



#### Professional Products 4%



### International 22%

#### International 22%



### Household 31%

#### Bags & Wraps 14%



#### Charcoal 10%



#### Cat Litter 7%



### Lifestyle 16%

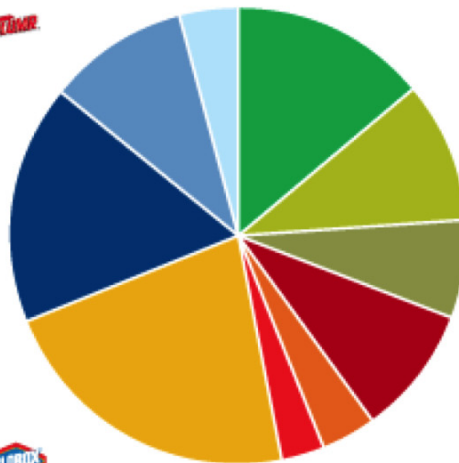
#### Dressings & Sauces 9%



#### Water Filtration 4%



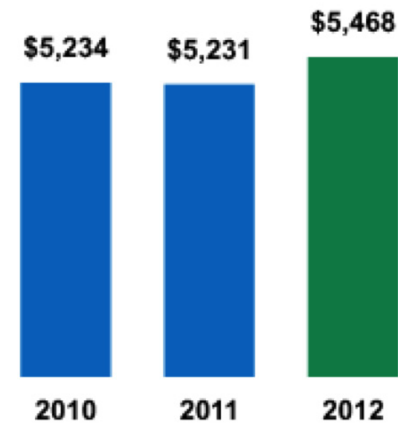
#### Natural Personal Care 3%



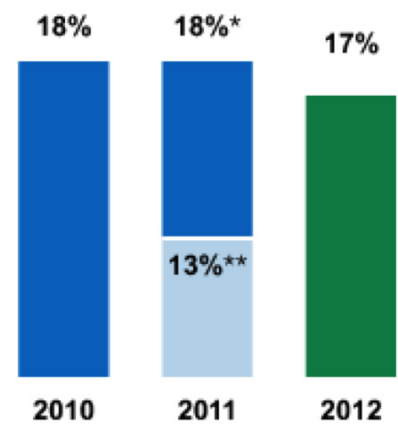


# Performance

Net Sales  
\$ Millions



Earnings From Continuing Operations  
Before Interest and Taxes Margin  
(as a % of Net Sales)<sup>1</sup> (non-GAAP)

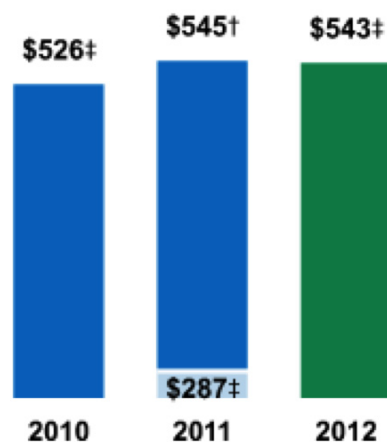


\* Excluding noncash Burt's Bees® goodwill impairment charge

\*\* Including noncash Burt's Bees® goodwill impairment charge

### Earnings From Continuing Operations<sup>2</sup>

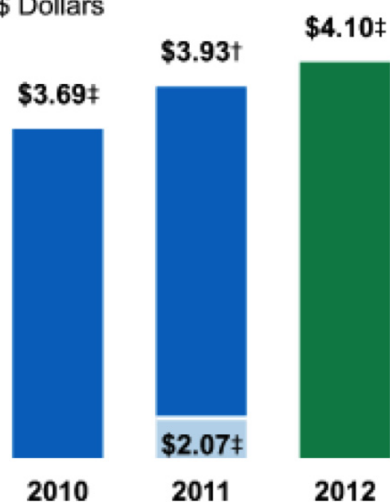
\$ Millions



† Non-GAAP  
‡ GAAP

### Diluted Earnings Per Share From Continuing Operations

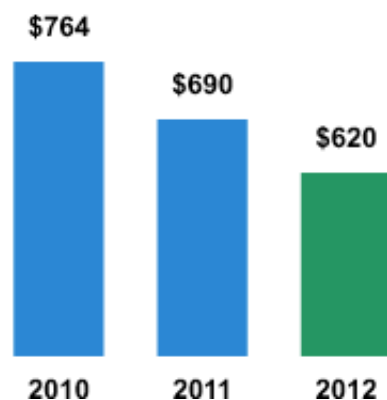
\$ Dollars



† Non-GAAP  
‡ GAAP

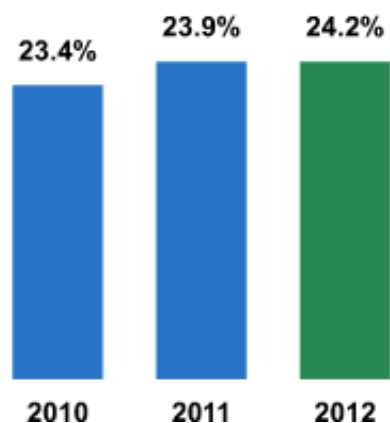
### Net Cash Provided by Continuing Operations

\$ Millions

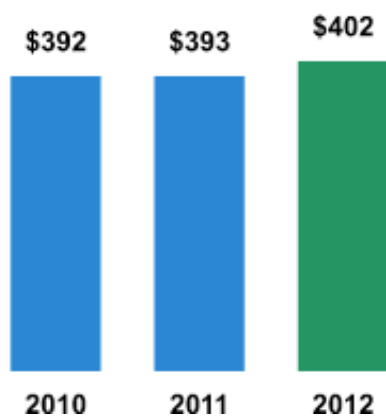


### Return on Invested Capital<sup>3</sup>

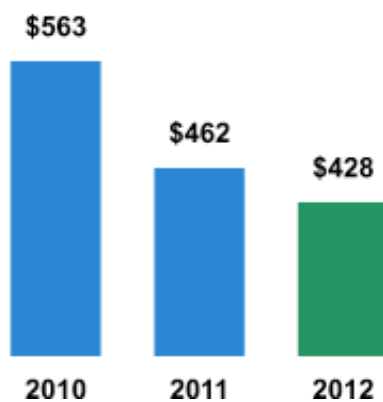
(non-GAAP)



**Economic Profit<sup>4</sup>**  
(non-GAAP)  
\$ Millions



**Free Cash Flow<sup>5</sup>**  
(non-GAAP)  
\$ Millions



**Footnotes to Performance Charts**

[View](#) | [Download PDF](#)

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**Products**

FY 2012

**5%**  
growth  
in natural products

**10%**  
growth  
in disinfecting products

Sustainability improvements\* to

**21%**  
of product portfolio

\*Redesign of product formulation or packaging to reduce materials and waste since January 2010.

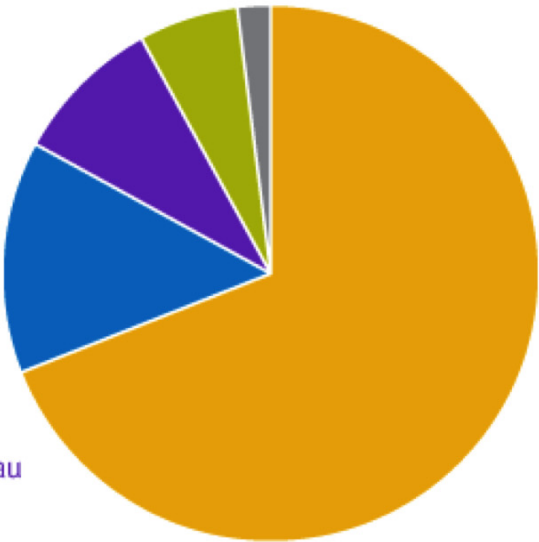
People

Clorox Exceeds U.S. Census Bureau Diversity

FY 2012

Employees | U.S. nonproduction

- 69% White
- 14% Asian
- 9% Black/African-American
- 6% Hispanic/Latino
- 2% Other\*

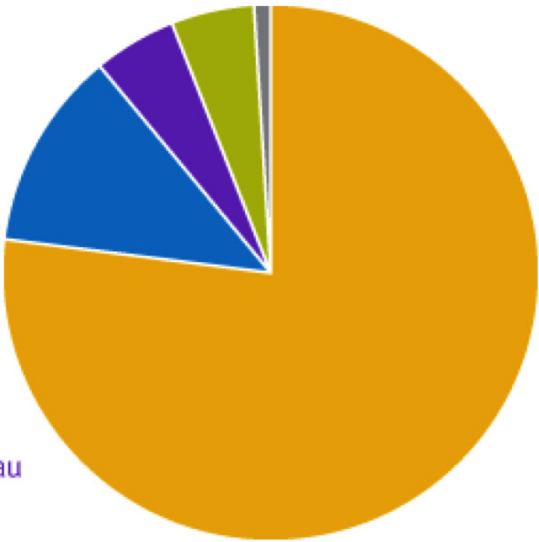


**31%** vs. 26% U.S. Census Bureau  
U.S. minority employees

\* Includes Native American, Native Hawaiian or multiracial

Managers | U.S. nonproduction

- 77% White
- 12% Asian
- 5% Black/African-American
- 5% Hispanic/Latino
- 1% Other\*



**23%** vs. 22% U.S. Census Bureau  
U.S. minority managers

\* Includes Native American, Native Hawaiian or multiracial

# 40%

global female managers

# 49%

global female employees

# 22%

female independent board of directors

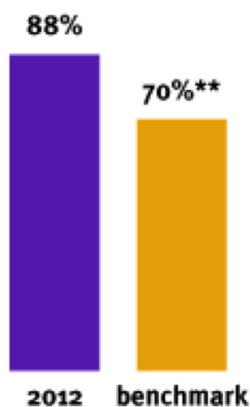
# 33%

minority independent board of directors

# 15%

female executive committee members

## All-Time-High Employee Engagement



\*\* The global benchmark is based on responses from over 250,000 employees from more than 25 countries around the world.

## Recordable Incident Rate†

# .53

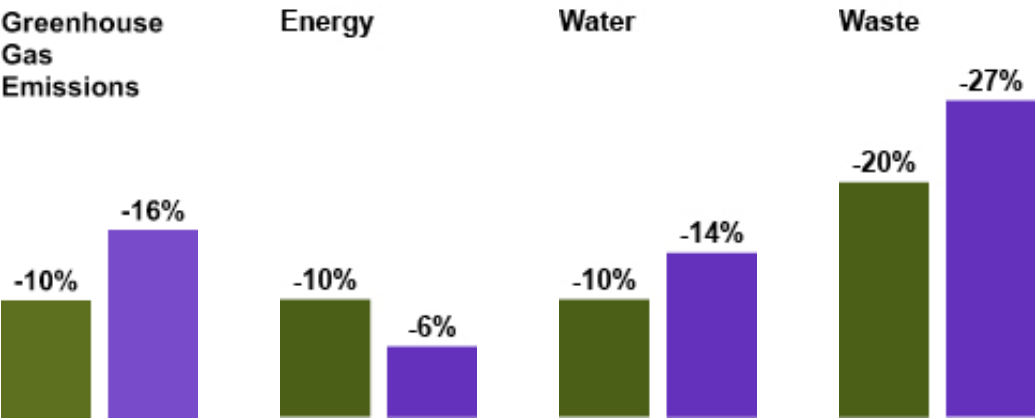
† A recordable incident rate (RIR) of 1.0 or less is considered world class. Our RIR is based on the Occupational Safety & Health Administration's calculation of injuries versus a standard number of working hours.

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## Planet

### Overall 2007-2011 Environmental Footprint Reduction vs. 2013 Goals

- 2013 Goal (per case of product sold)
- Reduction (2007-2011)



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## Purpose

**\$20 Million**

in charitable contributions

**78,000**

employee volunteer hours

● \$1.5 Million

in cause-marketing contributions to support causes our consumers care about

● \$3.5 Million

in cash grants to support youth programs, education and cultural/civic organizations through The Clorox Company Foundation



● \$15 Million

in product donations to aid in disaster relief and to support schools, food banks and other nonprofits