

# Financial STATEMENTS

## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

Years ended June 30

Dollars in millions, except share and per share data

	2020	2019	2018
Net sales	\$ 6,721	\$ 6,214	\$ 6,124
Cost of products sold	3,658	3,486	3,449
Gross profit	3,063	2,728	2,675
Selling and administrative expenses	969	856	837
Advertising costs	675	612	570
Research and development costs	145	136	132
Interest expense	99	97	85
Other (income) expense, net	(10)	3	(3)
Earnings before income taxes	1,185	1,024	1,054
Income taxes	246	204	231
Net earnings	\$ 939	\$ 820	\$ 823
Net earnings per share			
Basic net earnings per share	\$ 7.46	\$ 6.42	\$ 6.37
Diluted net earnings per share	\$ 7.36	\$ 6.32	\$ 6.26
Weighted average shares outstanding (in thousands)			
Basic	125,828	127,734	129,293
Diluted	127,671	129,792	131,581

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## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended June 30	2020	2019	2018
Dollars in millions			
Net earnings	939	820	823
Other comprehensive (loss) income:			
Foreign currency adjustments, net of tax	(36)	(22)	(28)
Net unrealized gains (losses) on derivatives, net of tax	5	2	12
Pension and postretirement benefit adjustments, net of tax	(7)	4	12
Total other comprehensive (loss) income, net of tax	(38)	(16)	(4)
Comprehensive income	\$ 901	\$ 804	\$ 819

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## CONDENSED CONSOLIDATED BALANCE SHEETS

As of June 30

Dollars in millions, except share and per share data

	2020	2019
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 871	\$ 111
Receivables, net	648	631
Inventories, net	454	512
Prepaid expenses and other current assets	47	51
<b>Total current assets</b>	<b>2,020</b>	<b>1,305</b>
Property, plant and equipment, net	1,103	1,034
Operating lease right-of-use assets	291	—
Goodwill	1,577	1,591
Trademarks, net	785	791
Other intangible assets, net	109	121
Other assets	328	274
<b>Total assets</b>	<b>\$ 6,213</b>	<b>\$ 5,116</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Notes and loans payable	\$ —	\$ 396
Current operating lease liabilities	64	—
Accounts payable and accrued liabilities	1,329	1,035
Income taxes payable	25	9
<b>Total current liabilities</b>	<b>1,418</b>	<b>1,440</b>
Long-term debt	2,780	2,287
Long-term operating lease liabilities	278	—
Other liabilities	767	780
Deferred income taxes	62	50
<b>Total liabilities</b>	<b>5,305</b>	<b>4,557</b>
Commitments and contingencies		
Stockholders' equity		
Preferred stock: \$1.00 par value; 5,000,000 shares authorized; none issued or outstanding	—	—
Common stock: \$1.00 par value; 750,000,000 shares authorized; 158,741,461 shares issued as of June 30, 2020 and 2019; and 126,198,606 and 125,686,325 shares outstanding as of June 30, 2020 and 2019, respectively	159	159
Additional paid-in capital	1,137	1,046
Retained earnings	3,567	3,150
Treasury shares, at cost: 32,542,855 and 33,055,136 shares as of June 30, 2020 and 2019, respectively	(3,315)	(3,194)
Accumulated other comprehensive net (loss) income	(640)	(602)
<b>Stockholders' equity</b>	<b>908</b>	<b>559</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 6,213</b>	<b>\$ 5,116</b>

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## CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Dollars in millions, except per share data	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Net (Loss) Income	Total
	Amount	Shares (in thousands)			Amount	Shares (in thousands)		
<b>Balance as of June 30, 2017</b>	\$159	158,741	\$928	\$2,440	\$(2,442)	(29,727)	\$(543)	\$ 542
Net earnings				823				823
Other comprehensive (loss) income							(4)	(4)
Dividends (\$3.60 per share declared)				(467)				(467)
Stock-based compensation			53					53
Other employee stock plan activities			(6)	1	56	1,139		51
Treasury stock purchased					(272)	(2,171)		(272)
<b>Balance as of June 30, 2018</b>	159	158,741	975	2,797	(2,658)	(30,759)	(547)	726
Cumulative effect of accounting changes <sup>(1)</sup>				36			(39)	(3)
Net earnings				820				820
Other comprehensive (loss) income							(16)	(16)
Dividends (\$3.94 per share declared)				(503)				(503)
Stock-based compensation			43					43
Other employee stock plan activities			28	—	124	2,178		152
Treasury stock purchased					(660)	(4,474)		(660)
<b>Balance as of June 30, 2019</b>	159	158,741	1,046	3,150	(3,194)	(33,055)	(602)	559
Cumulative effect of accounting changes <sup>(2)</sup>				22				22
Net earnings				939				939
Other comprehensive (loss) income							(38)	(38)
Dividends (\$4.29 per share declared)				(544)				(544)
Stock-based compensation			50					50
Other employee stock plan activities			41	—	121	2,043		162
Treasury stock purchased					(242)	(1,531)		(242)
<b>Balance as of June 30, 2020</b>	\$159	158,741	\$1,137	\$3,567	\$(3,315)	(32,543)	\$(640)	\$ 908

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

(2) As a result of adopting ASU No. 2016-02, "Leases (ASC 842)," on July 1, 2019, the Company recorded a cumulative effect of initially applying the new guidance as an adjustment to the fiscal year 2020 opening balance of Retained earnings.

# Financial STATEMENTS

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30

Dollars in millions

	2020	2019	2018
Operating activities:			
Net earnings	\$ 939	\$ 820	\$ 823
Adjustments to reconcile net earnings to net cash provided by operations:			
Depreciation and amortization	180	180	166
Stock-based compensation	50	43	53
Deferred income taxes	(2)	(20)	(23)
Other	30	(29)	44
Changes in:			
Receivables, net	(27)	(32)	(24)
Inventories, net	50	(7)	(21)
Prepaid expenses and other current assets	2	(6)	4
Accounts payable and accrued liabilities	291	17	(47)
Operating lease right-of-use assets and liabilities, net	19	—	—
Income taxes payable/prepaid	14	26	1
Net cash provided by operations	1,546	992	976
Investing activities:			
Capital expenditures	(254)	(206)	(194)
Businesses acquired, net of cash acquired	—	—	(681)
Other	2	10	16
Net cash used for investing activities	(252)	(196)	(859)
Financing activities:			
Notes and loans payable, net	(396)	189	(214)
Long-term debt borrowings, net of issuance costs paid	492	—	891
Long-term debt repayments	—	—	(400)
Treasury stock purchased	(248)	(661)	(271)
Cash dividends paid	(533)	(490)	(450)
Issuance of common stock for employee stock plans and other	162	147	45
Net cash used for financing activities	(523)	(815)	(399)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(5)	(2)	(3)
Net increase (decrease) in cash, cash equivalents and restricted cash	766	(21)	(285)
Cash, cash equivalents and restricted cash:			
Beginning of year	113	134	419
End of year	\$ 879	\$ 113	\$ 134
Supplemental cash flow information:			
Interest paid	\$ 89	\$ 87	\$ 75
Income taxes paid, net of refunds	241	207	245
Non-cash financing activities:			
Cash dividends declared and accrued, but not paid	140	133	123

# Auditor STATEMENT

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON CONDENSED FINANCIAL STATEMENTS



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

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of The Clorox Company as of June 30, 2020 and 2019, the related consolidated statements of earnings, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended June 30, 2020, and the related notes (collectively referred to as the "consolidated financial statements") (not presented separately herein) and in our report dated August 13, 2020, we expressed an unqualified opinion on those consolidated financial statements. Our report included a paragraph emphasizing that The Clorox Company changed its method of accounting for leases, effective July 1, 2019, using the modified retrospective approach upon adoption of Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842). In our opinion, the information set forth in the accompanying condensed consolidated financial statements as of June 30, 2020 and 2019 and for each of the three years in the period ended June 30, 2020 (presented on pages 30 through 34) 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, 2020, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated August 13, 2020 (not presented separately herein) expressed an unqualified opinion thereon.

*Ernst & Young LLP*

San Francisco, CA  
August 13, 2020

# Auditor STATEMENT

## REPORT OF INDEPENDENT ACCOUNTANTS ON REVIEW OF NONFINANCIAL INFORMATION



To the Board of Directors and Stockholders of The Clorox Company

We have reviewed the schedule of selected quantitative performance indicators (the “Subject Matter”) included in Exhibit A and as identified by the “◆” symbol presented in The Clorox Company’s (“Clorox” or “the Company”) Annual Report (the “Report”) for the year ended December 31, 2019 or June 30, 2020, in accordance with the criteria also set forth in Exhibit A (the “Criteria”). We did not review all information included in the Report. We did not review the narrative sections of the Report, except where they incorporated the Subject Matter. The Clorox Company’s management is responsible for the Subject Matter included in Exhibit A and as also presented in the Report, in accordance with the Criteria. Our responsibility is to express a conclusion on the Subject Matter based on our review.

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

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

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

Based on our review, we are not aware of any material modifications that should be made to the selected quantitative performance indicators for the year ended December 31, 2019 or June 30, 2020 in order for it to be in accordance with the Criteria.

*Ernst + Young LLP*

San Francisco, CA  
October 6, 2020

# Performance NOTES

## EXHIBIT A: THE CLOROX COMPANY SCHEDULE OF SELECTED QUANTITATIVE PERFORMANCE INDICATORS FOR THE YEAR ENDED DEC. 31, 2019, OR JUNE 30, 2020

INDICATOR NAME	SCOPE	UNIT	VALUE <sup>1</sup>	CRITERIA
Scope 1 Greenhouse Gas (GHG) Emissions <sup>2,3,4</sup>	Global		64,484	The World Resources Institute/ World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas (GHG) Protocol Corporate Standard
Scope 2 GHG Emissions, location-based-method <sup>2,4,5</sup>	Global	Absolute metric tonnes carbon dioxide equivalent (tCO <sub>2</sub> e)	170,370	WRI/WBCSD GHG Protocol Corporate Standard, GHG Protocol Scope 2 Guidance
Scope 2 GHG Emissions, market-based-method <sup>2,4,5</sup>	Global		170,370	
Scope 3 GHG Emissions <sup>2,6</sup>	See footnote <sup>6</sup>		283,651	WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Standard
Energy consumption <sup>2,4</sup>	Global	Absolute megawatt hours (MWh) 2019	666,112	Refer to criteria for Scope 1 & 2 GHG Emissions above
Water consumption <sup>2,4</sup>	Global	Absolute megaliters of water consumed 2019	2,904	Global Reporting Initiative (GRI) Standard 303 and Management's criteria as follows: Water consumption includes water at all global manufacturing sites, offices and research development centers used in 1) products sold to customers, 2) the manufacturing process, 3) irrigation and 4) water consumed by employees during office hours for personal needs (e.g., restrooms, break rooms). Water sources include city/municipal, well, lake, river and stormwater.
Workforce demographics/ diversity metrics <sup>7</sup>	See right for metric scope	Percentage minority non-production employees in U.S. <sup>8</sup>	34%	OSHA Regulation 1920.2(d) and Equal Employment Opportunity Commission (EEOC) — Instruction Booklet EEO-1 and EEO Terminology defines "Employee" as an individual who is employed in a business of his employer which affects commerce. The Equal Employment Opportunity Commission defines "Minority" as any race that is not white (Asian; Black; Latino; Native American; Native Hawaiian; or Two or More). Management's criteria as follows: "Manager" is defined as an "employee" at Grade 27 or above for U.S. employees and Grade 26 or above for international employees with regard to Clorox's Human Resources (HR) compensation structure. "Production Employee" is defined as an employee at Grade 19 or below with regard to Clorox's HR compensation structure (international and U.S.). "Non-Production Employee" is defined as an employee at Grade 20 or above with regard to Clorox's HR compensation structure (international and U.S.). In certain circumstances, nonproduction employees may be classified below Grade 20 based on type of work performed.
		Percentage minority non-production managers in U.S. <sup>8</sup>	30%	
		Percentage female non-production employees globally <sup>8</sup>	51%	
		Percentage female non-production managers globally <sup>8</sup>	44%	
		Percentage female Board of Directors	33%	
		Percentage minority Board of Directors	33%	
		Percentage female Executive Committee members	43%	
U.S. product donations <sup>7,9</sup>	U.S. only	Value of products donated in U.S. dollars	\$13.4 million	GRI 201-1a ii. Economic value distributed (community investments)  Management's definition as follows: U.S. product donations refer to those donations used to aid in disaster relief or to support schools, food banks and other nonprofit organizations. Value is derived from current-year average truckload price of the product donated. Truckload prices are based on volume ordered and shipped.
Recordable incident rate <sup>10</sup>	Global	Recordable incident rate (RIR)	0.58	Occupational Health and Safety Administration (OSHA) Regulation (Standards – 29 CFR) Part 1904 "Recording and Reporting Occupational Injuries and Illness"

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

1 All percentages are rounded to the nearest whole number in the Annual Report.

2 For all locations where Clorox maintains operational control and for the calendar year ended December 31, 2019.

3 Scope 1 emissions include direct energy used by Clorox in its operations, categorized by stationary combustion, mobile combustion, refrigerant use, direct VOC loss and direct wood pyrolysis. The last two sources relate mainly to Clorox's Kingsford business unit, and wood pyrolysis is considered to be a mostly carbon neutral process; therefore, CO<sub>2</sub> emissions from wood pyrolysis are not included in total tCO<sub>2</sub>e, but CO<sub>2</sub> equivalent emissions from CH<sub>4</sub> and N<sub>2</sub>O are included. Natural gas emissions, the largest Scope 1 emission source, are calculated using factors from the EPA (Environmental Protection Agency) Mandatory GHG Reporting for Stationary Fuel Sources, Title 40 Part 98 Table C-1 and C-2 (December 2016) and Global Warming Potential (GWP) rates from the Intergovernmental Panel on Climate Change's (IPCC) Fourth Assessment Report. For Scope 1 emissions related to wood pyrolysis, Clorox is using the Wood & Wood Residuals emission factors under Title 40 Part 98 Table C-2.

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

5 Scope 2 includes indirect emissions resulting from Clorox's purchased electricity use and is calculated using the EPA's 2018 eGRID emission factors (published in March 2020) for U.S. locations and the International Energy Agency's (IEA) 2017 emission factors (published in 2019) for international locations, with the exception of Canada. For Canadian locations, Clorox uses 2017 emission factors from the 2019 Canada National Inventory Report (NIR) part 3. Clorox applies GWPs from the IPCC's Fourth Assessment Report. For the Scope 2 market-based-method, Clorox contacted its largest utility suppliers, however, was unable

to obtain reliable supplier specific emission factors. Clorox's renewable energy certificates are not retired and other contractual instruments and residual mix factors are not available in the locations in which Clorox operates. Due to the lack of market-based data available, Clorox's market-based emissions were calculated following the same process as the location-based-method emissions.

6 Scope 3 includes finished goods transportation in the U.S. only and global employee business travel. Employee business travel includes emissions from commercial air flights and rental car use by Clorox's employees. Commercial air flights are limited to business travel booked in the United States, United Kingdom, Hong Kong, Argentina, Chile, Mexico, Peru and Canada. Scope 3 emissions for business travel are calculated using 'per vehicle-mile traveled' and 'per passenger-mile traveled' emissions factors from the EPA's Center for Corporate Climate Leadership guidance (published in 2020). Emissions from finished goods transportation are calculated using 'per ton-mile' emission factors, from the same guidance.

7 For the fiscal year ended June 30, 2020.

8 Based on headcount data of employees with reported gender and ethnicities. The total headcount data used for workforce/diversity metrics excludes Nutranext employees as they were acquired in FY18 and are not yet included in Clorox's headcount system.

9 U.S. product donations include donations made by U.S. businesses (Brita, Cat Litter, Charcoal, Food Products, Glad, Home Care, Laundry Care, Natural Personal Care and Renew Life).

10 Recordable incident rate was determined as of July 10, 2020, for the fiscal year ended June 30, 2020. The recordable incident rate includes all reportable incidents that occurred at Clorox facilities globally. It does not include workers at offices with fewer than 30 employees, but it does include remote workers.