

Advancing

ON THE PATH TO
PRODUCT SUSTAINABILITY

a pure|STRATEGIES
report

Report Overview Webinar
September 30, 2015



pure
INSIGHT



Today's topics and speakers

Introduction & logistics



Bryan Sheehan
Senior Advisor
Pure Strategies

Research results overview



Tim Greiner
Co-Founder & Managing Director
Pure Strategies

Anheuser-Busch InBev experience



John Rogers
Global Director, Agricultural
Development
Anheuser-Busch InBev

The Clorox Company experience



Alexis Limberakis
Director of Environmental
Sustainability
The Clorox Company



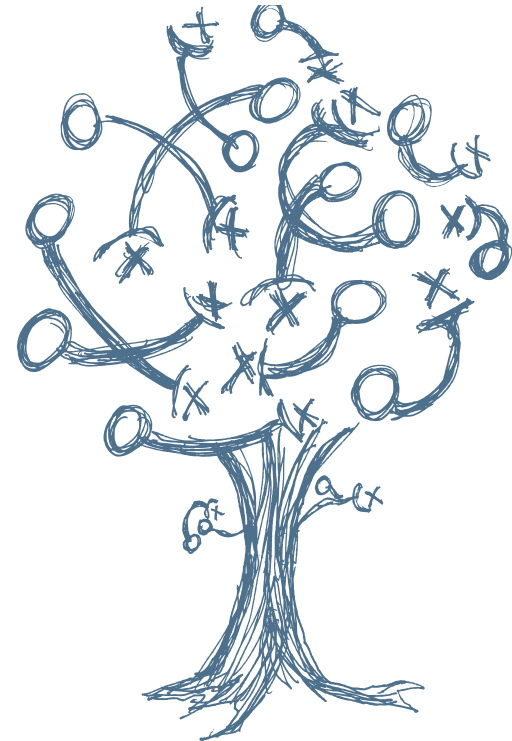
Key session logistics

- All attendees in listen-only mode
- Use chat window for questions – during and after presentations
- Some attendee-response questions – respond in chat window
- Webinar is being recorded
 - Recorded webinar and slides-only version at www.purestrategies.com shortly after webinar



Pure Strategies overview

- Founded 1998 – 17 years providing sustainability expertise to leading companies.
- Highly experienced team.
- Deep experience working with:
 - Sustainability leaders and those at earlier stages of sustainability pathway
 - Iconic brands
 - Mix of B2C and B2B companies
 - Food & beverage
 - Consumer products
 - Retail
 - Life sciences
- Offices in MA and VA



Pure Strategies areas of expertise



pure ENTERPRISE

ACHIEVE DESIRED
SUSTAINABILITY
POSITIONING

- Meaningful Goals
- Strategy & Alignment
- Tracking Progress
- CSR Communication



pure PRODUCT

EVALUATE PRODUCT
IMPACTS AND
OPPORTUNITIES

- Life Cycle Assessment
- Hotspot Analysis
- Safer Materials
- Product Scorecards



pure SUPPLY

IDENTIFY RISKS,
ENGAGE SUPPLIERS,
AND DRIVE CHANGE

- Risk Management
- Strategy Development
- Supplier Scorecards
- Clean Production



Pure Strategies partial client list



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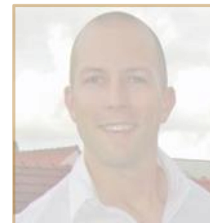
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13% Staff Productivity

Employee engagement drives productivity through improved retention, enhanced recruitment, and efficiency **gains up to 13%**

Top benefit earned from productivity sustainability programs

6x Growth

Revenues from sustainable products and services **grew six times** the rate of overall company revenues between 2010 and 2013

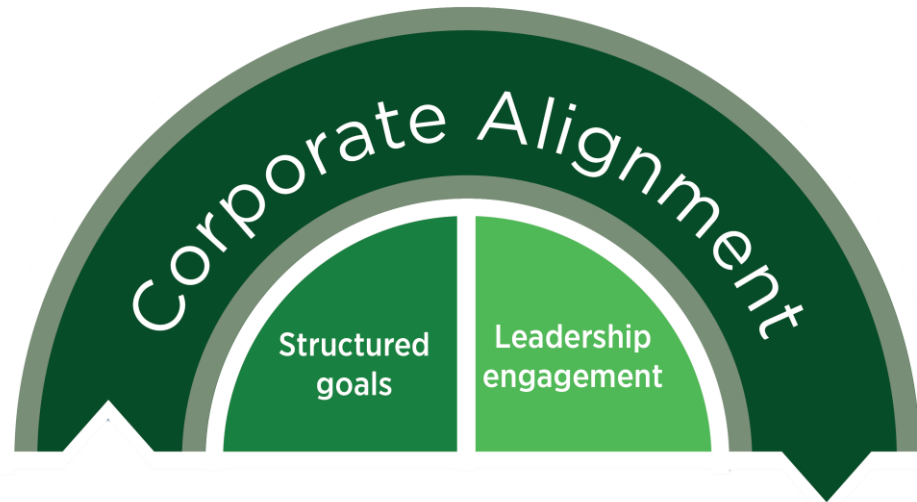
Two-times the number of food and beverage companies have experienced increased sales



What can we learn from the Leaders about corporate alignment?

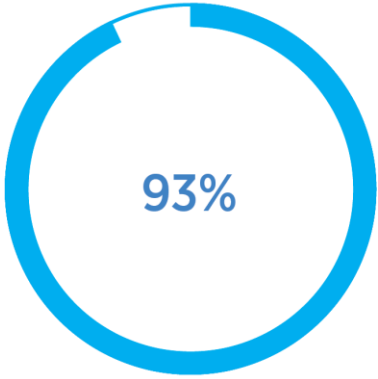
Corporate Alignment requires

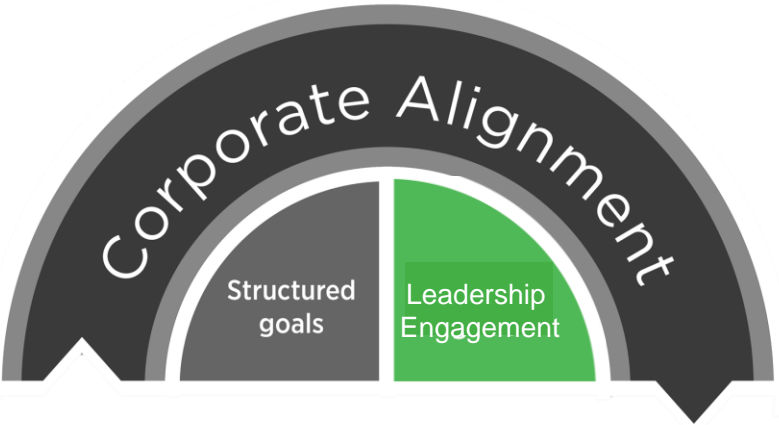
- Structured goals
- Leadership engagement



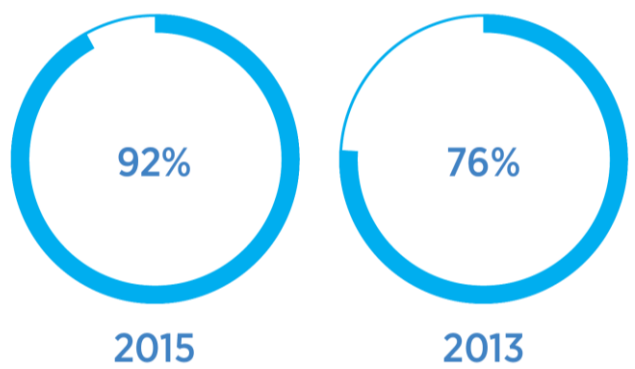
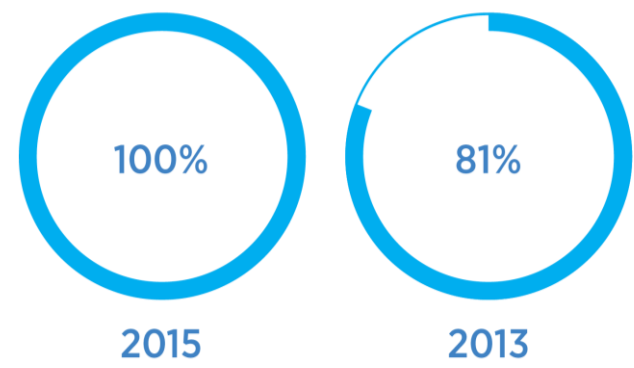


Top-performing companies have a high level of product sustainability integration with executives and administration





Percentage of companies with product sustainability goals



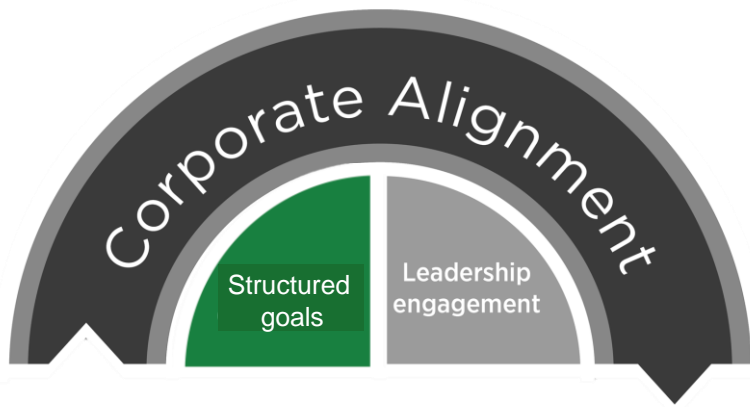
Percentage of companies bringing sustainability into product decisions





What are best practices for structured goals?





What are best practices for structured goals?



Purpose/Aspiration: L'Oreal

Sharing Beauty with All: "L'Oreal has chosen to integrate the principles of sustainable development into its business model"

Biz Relevant Goals: L'Oreal

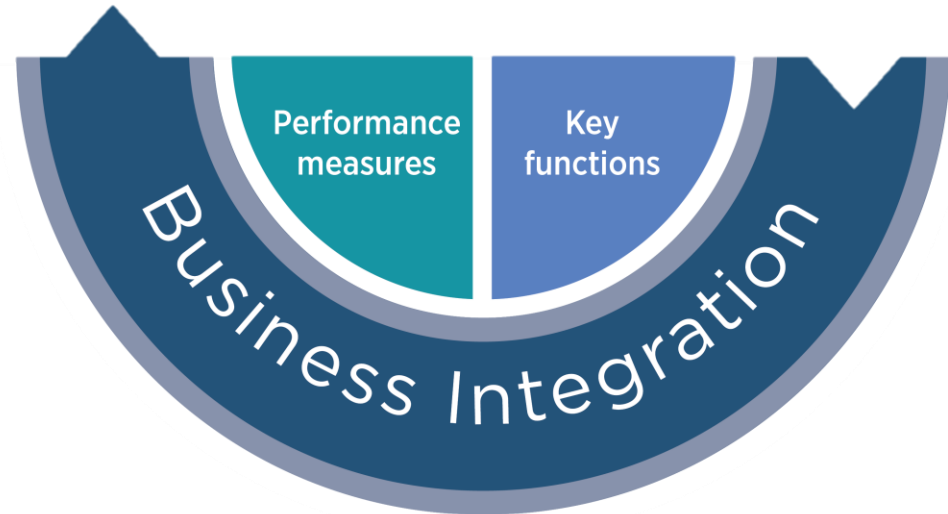
- *By 2020, 100% of products will have an environmental or social benefit*

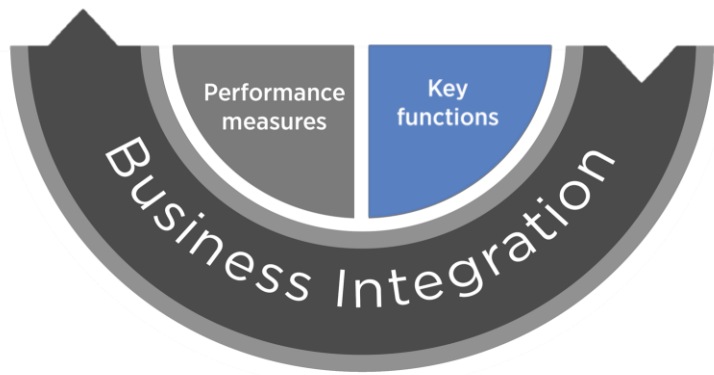


What can we learn from the Leaders about business integration?

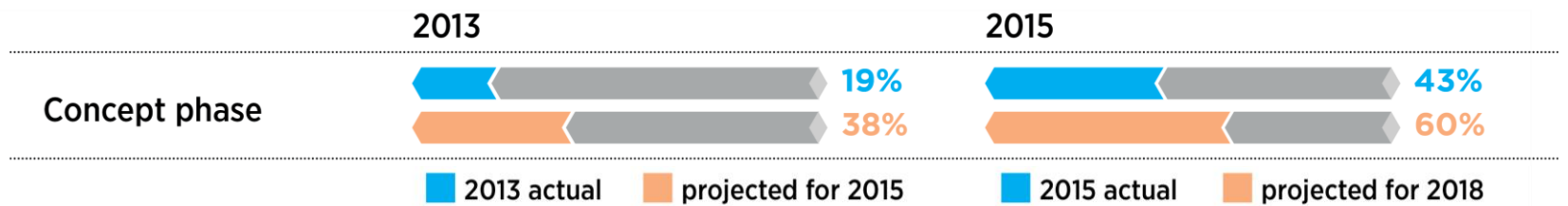
Business Integration *involves*

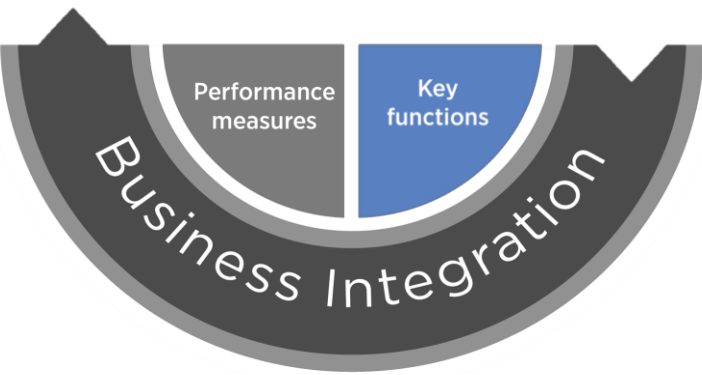
- Key functions
- Performance Measures





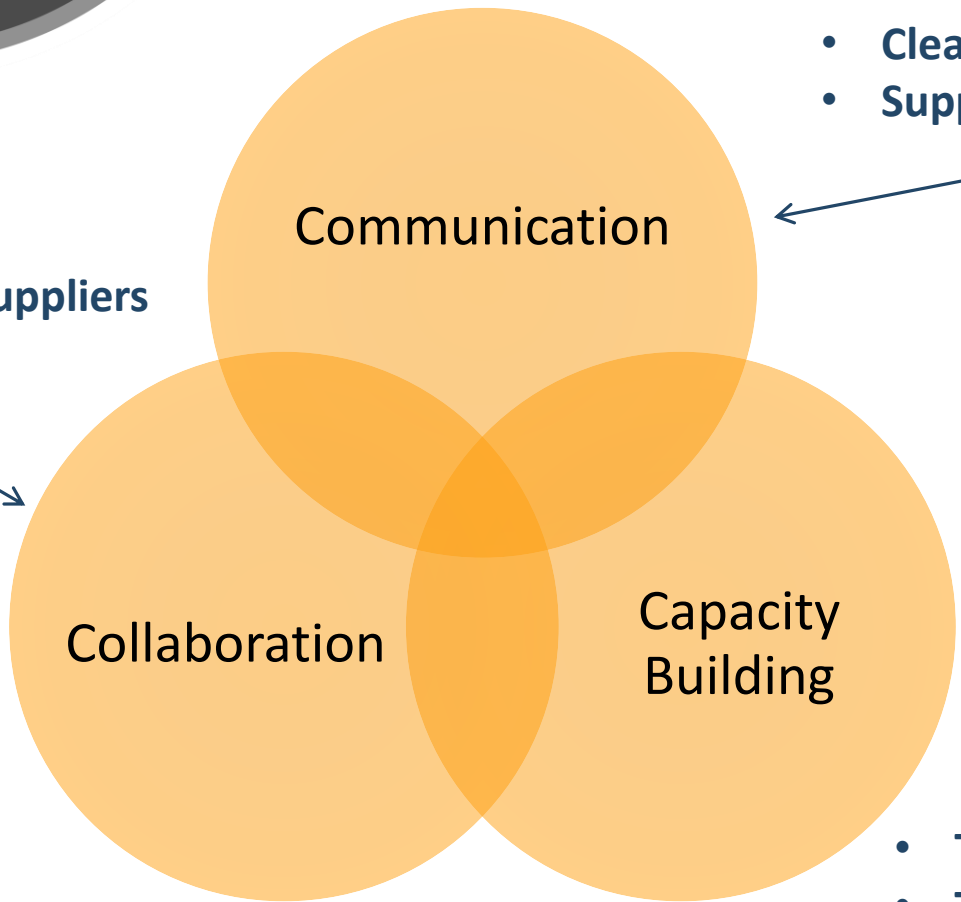
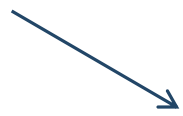
Percentage of companies with a high or very high level of sustainability integration in the product development process





Three C's are critical to successful supplier engagement

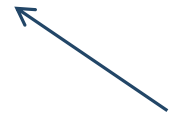
- **Joint goals with suppliers**
- **Shared projects**



- **Clear supplier priorities**
- **Supplier Scorecards**



- **Technical assistance**
- **Tools**



What are best practices for integrating into performance measures?

Revenue

- Amount of revenue from sustainability-driven products/brands

Growth rate

- Rate of sustainable products/brands (compared to rest of company portfolio)

Proportion

- Ratio of product launches or product portfolio with sustainability improvements (over baseline)



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AB InBev - Product Environmental Programs

John Rogers, Global Director of Agricultural Development
September 30th, 2015

AB InBev – 2017 Environmental Goals

1	reduce water risks and improve water management	in 100% of our key barley growing regions
2	engage in watershed protection measures	at 100% of our facilities located in key areas
3	reduce water usage	to a leading-edge 3.2 hectoliters per hectoliter of production
4	reduce energy usage	by another 10% per hectoliter of production on top of the level we achieved in 2012
5	reduce greenhouse gas emissions in beverage production	by another 10% per hectoliter of production , including a 15% reduction in China
6	reduce packaging materials	by 100,000 tons from our 2012 base
7	increase eco-friendly cooler purchases	to a 70% global average annually
8	reduce greenhouse gas emissions in logistics operations	by 15% per hectoliter sold from our 2013 baseline

Focus on Execution

Program Owners

Global to Local

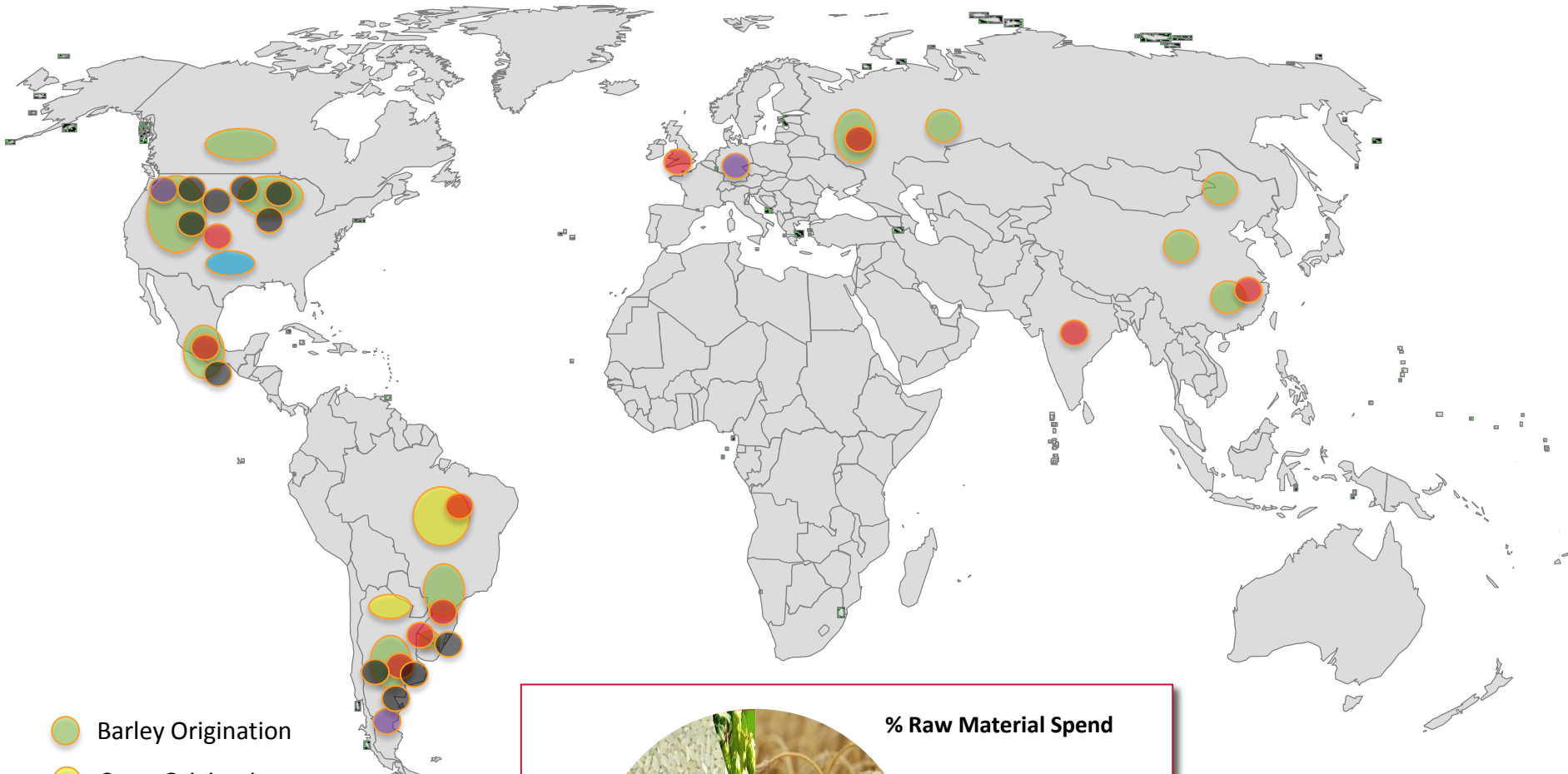
Process & Result KPIs

Cascaded Targets

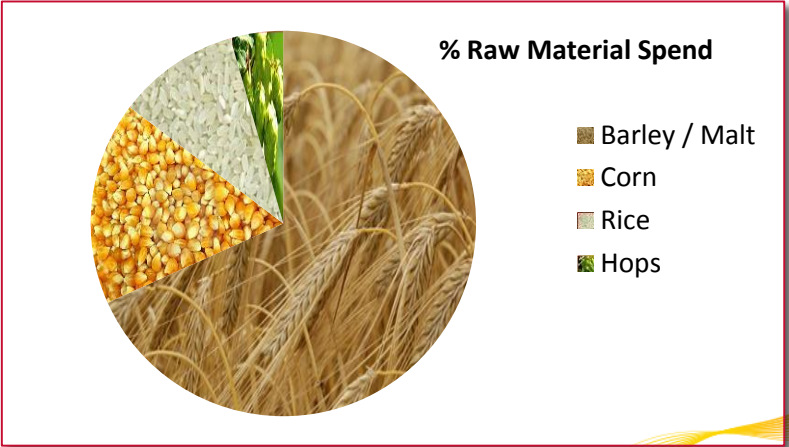
Executive Sponsors



AB InBev – Global Crop Origination and Research



- Barley Origination
- Corn Origination
- Rice Origination
- Barley Research
- Barley Storage
- Hops Origination



AB InBev – Global Barley Research (Breeding)

Based in Fort Collins, CO, USA

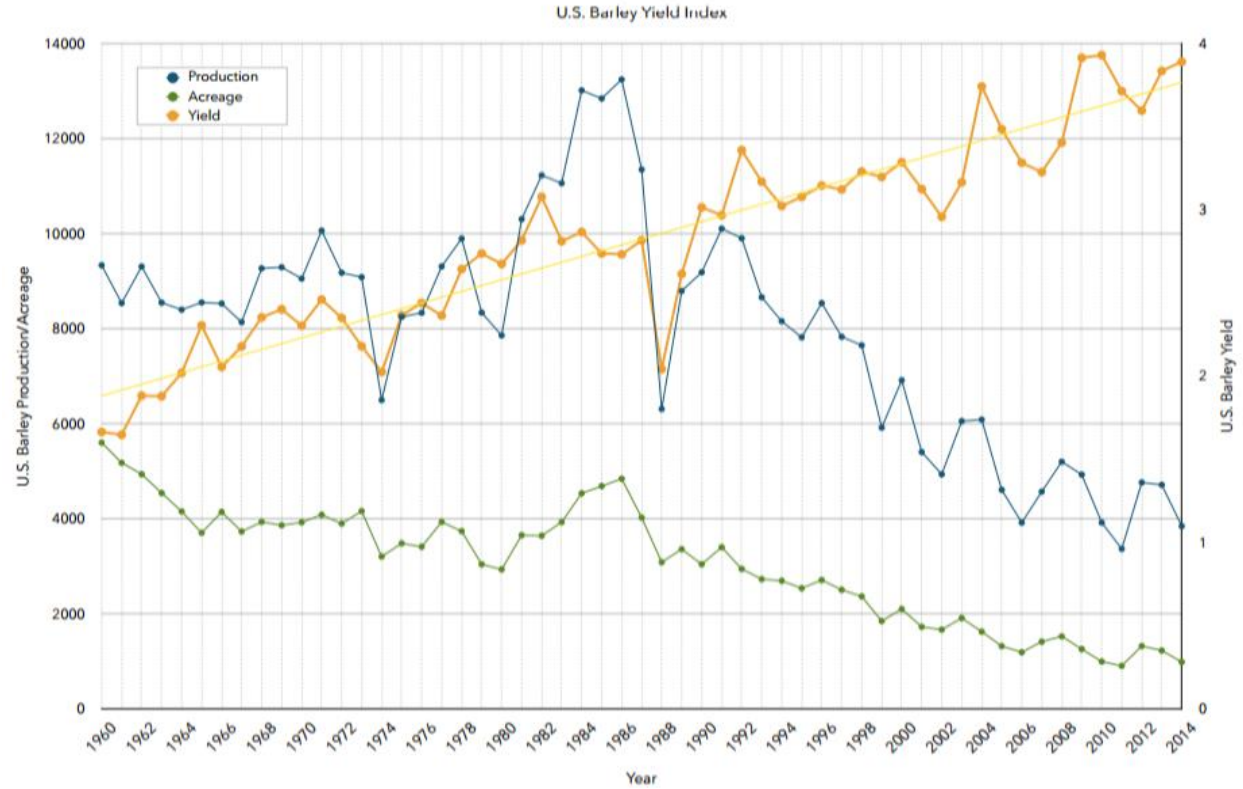
Global Breeding Activities

North America
South America
Europe
Asia
Africa

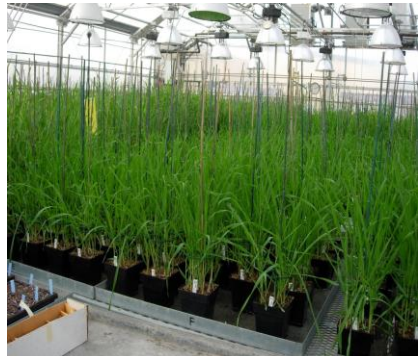
Advanced Breeding Techniques

Breeding Objectives

Agronomic Yield
Disease Resistance
PHS, Drought, Cycle
Malt Quality
Brewing Quality



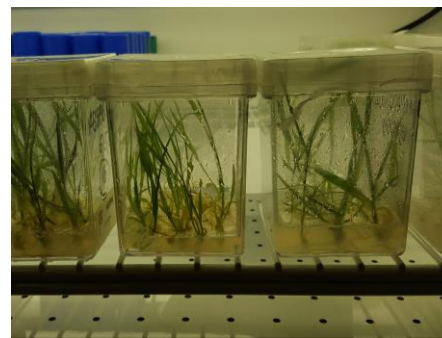
GREENHOUSE



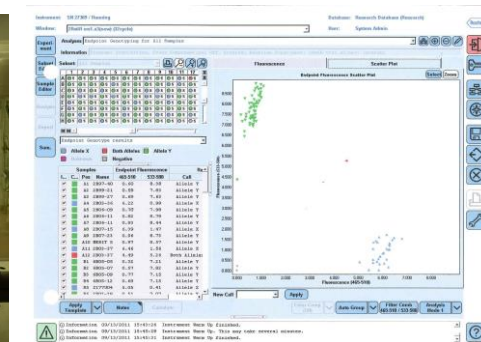
FIELD TRIALS



DOUBLE HAPLOIDS



MOLECULAR MARKERS





Investing in Growers,
Innovating our Supply Chain,
Transforming Global Agriculture

AB InBev – SmartBarley Project Portfolio

Project Name	Project Description	Country	Phase
Grower Benchmark	Grower to grower benchmarking – complete pilot and global rollout	Global	Scale
Bud Lab SmartBarley	Crop prediction model – climate, soil, quality and SmartBarley	Global	Development
Satellite Prediction	Spatial imagery using satellite data to forecast yield and protein	Russia	Pilot
UK Barley Program	Taking SmartBarley program to the UK to develop Bud barley	UK	Pilot
RADAR	Fungicide management – right product , right amount at right time	Brazil	Pilot
Uruguay Explore	Develop 2016 SmartBarley project – barley profitability & quality	Uruguay	Development
Crop Management AR	Collaboration on joint development variety, protocol and newsletter	Argentina	Pilot
Bud Barley Argentina	Nitrogen program to increase protein for Bud barley	Argentina	Pilot
Excellence	Bringing Ambev management system to barley distributors	AR, BR, UY	Scale
Crop Management MX	Protocol trials for improved yield in rainfed and irrigation regions	Mexico	Pilot
Zacatecas Mechanization	Financing program for barley production and harvest equipment	Mexico	Development
GAAS Irrigation	Irrigation research at GAAS – water productivity and management	China	Pilot
China Explore	Develop 2016 SmartBarley project – fertilizer management	China	Development
NDVI Rollout	Handheld nitrogen sensor to optimize fertilizer application	Mexico	Scale
Conservation Ag	Promotion of residue management, two row sowing, and no-till	Mexico	Scale
Water Collaboration	Public-private water collective action – SFL and industry peers	Mexico	Development
AgriMet	Irrigation scheduler – integrated system, trials and promotion	US	Scale
Dryland Explore US	Develop 2016 SmartBarley project – soil health in rainfed production	US	Development
Global Grower Days	Zone competition for grower day in the field events	Global	Scale

Water

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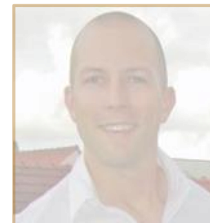
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Product Sustainability at Clorox

Pure Strategies Product Research Report Webinar: 09/30/15

Alexis Limberakis

Director – Environmental Sustainability



The Clorox Company



	\$5.7 Billion in sales in 100+ countries		7,700 employees		
			81% of sales in U.S		\$15 Million FY15 charitable donations
37 manufacturing facilities		>80% of our brands Rank #1 or 2 in market share			



Trust



Integrated Corporate Strategy



STRATEGY	BUSINESS Objective: Be a top-performing CPG company by being the best at building big-share brands in financially attractive, mid-sized categories. STRATEGIC IMPERATIVES	CORPORATE RESPONSIBILITY Objective: Leverage environmental, social and governance performance to help drive long-term, sustainable value creation. STRATEGIC IMPERATIVES
Engage our people as business owners.	<ul style="list-style-type: none"> • Streamline core work processes • Deliver an employer brand to drive engagement • Drive inclusion and diversity base 	<ul style="list-style-type: none"> • Continue to drive minority and female representation in the U.S. • Maintain workplace safety
Increase brand investment behind superior value and more targeted innovation.	<ul style="list-style-type: none"> • Increase the value from product innovation • Significantly improve brand value versus competition • Increase brand-building investment 	<ul style="list-style-type: none"> • Drive sustainability improvements in product formulations and packaging • Ensure key renewable materials are sustainably sourced
Grow in profitable new categories, channels and countries.	<ul style="list-style-type: none"> • Expand market penetration in healthcare • Expand U.S. Retail / International into adjacencies 	<ul style="list-style-type: none"> • Support our global communities through our Be Healthy, Be Smart and Be Safe initiatives
Fund growth by reducing waste in our work, products and supply chain.	<ul style="list-style-type: none"> • Eliminate low-value activity and slow the rate of administrative expenses growth • Reduce our exposure to inflation in products and supply chain • Build margin in International 	<ul style="list-style-type: none"> • Reduce the environmental impact of our operations • Improve the sustainability of our upstream supply chain



Embedding Eco Into How We Do Business Every Day



Planet: Environmental Sustainability

Product Portfolio

- Sustainable Brands
- Conventional Brands

Company Operations

- Manufacturing
- Distribution
- Workplace

Upstream Supply Chain

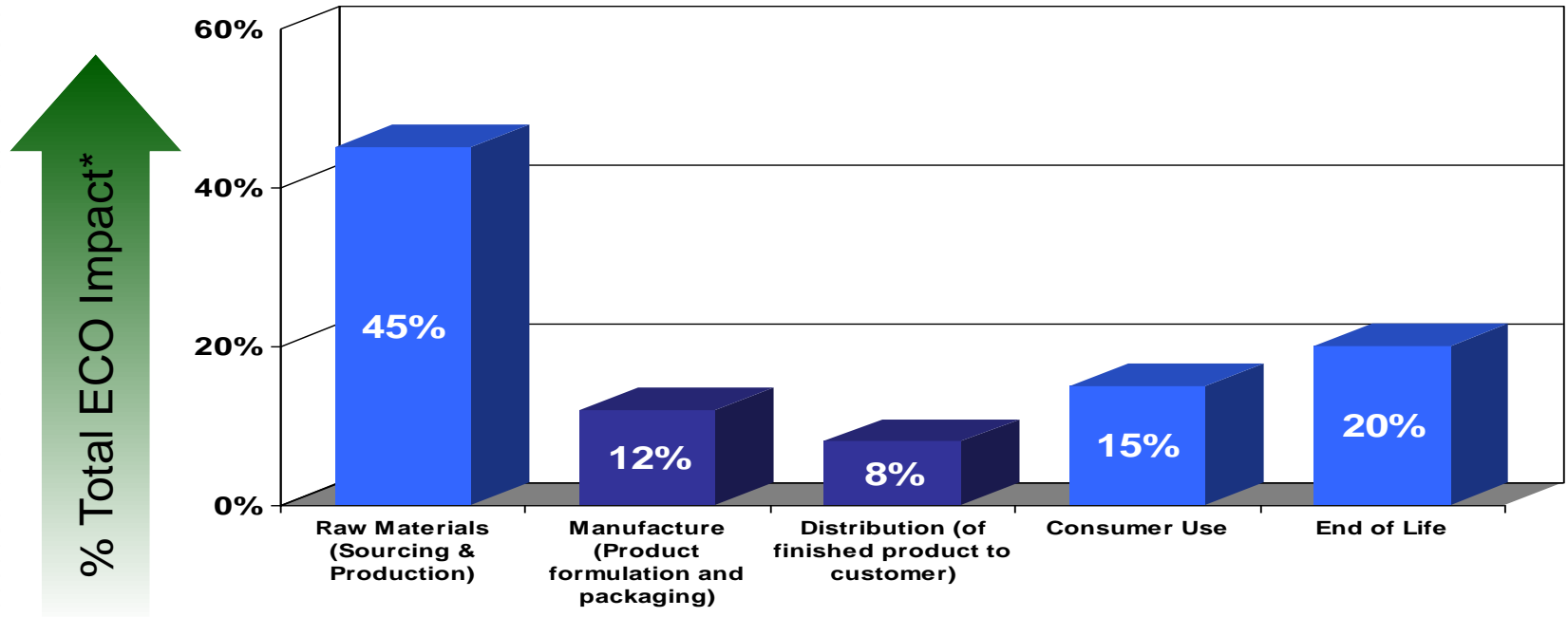
- Supplier Operations



Largest Footprint = 1 Billion Products Sold Yearly



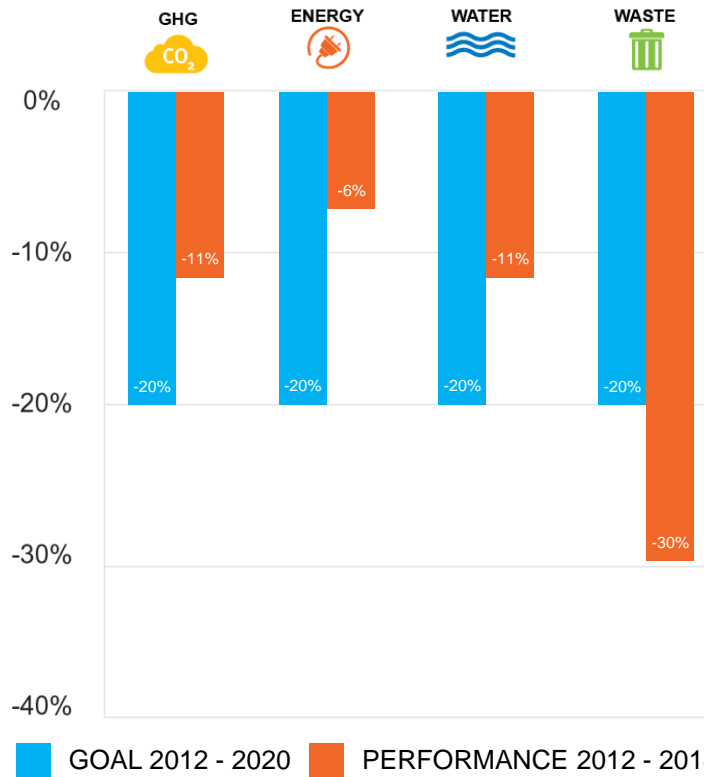
~80% of Footprint Is Outside Walls of Clorox



* Illustrative purposes



On Track to Reduce OP. Footprint 20% More by 2020



Reduction since 2008:

- GHG -26%
- Energy -12%
- Water -23%
- Waste -50%

*All reductions above are on an intensity measured (per case of product)



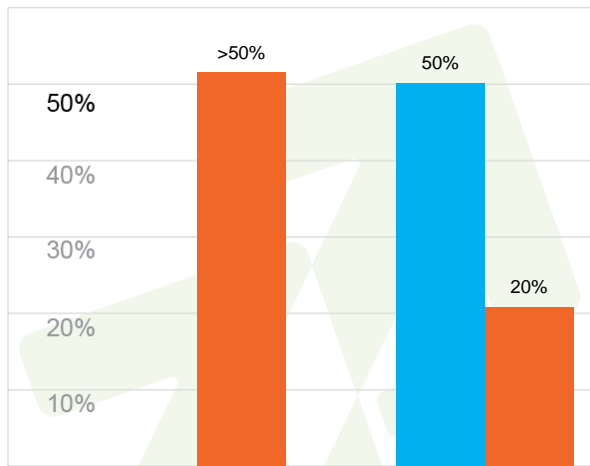
2020 Goals Include Our Upstream Supply Chain



Making Sustainability Improvements Across Portfolio



With over 1 billion products sold each year, Clorox improved the sustainability of most of these in less than a decade, and will do so again by 2020.



% Product portfolios with sustainability improvements

2005-2011 PERFORMANCE

2012-2020 GOAL
2012-2014 PERFORMANCE

Additional 2020 Product Goals

- Only recycled or certified virgin fiber in packaging
- Have more than 90% of all our product in recyclable primary packaging
- Include clear recycling instructions on all domestic packaging
- Eliminate PVC in all packaging
- Responsibly source palm oil in derivative ingredients



An Example of Sustainability Improvements



**Concentrated
Clorox Liquid
Bleach**

ENERGY

▼ 225 thousand Mwh per year

WATER

▼ 196 million gallons per year

PAPER

▼ 16 million lbs per year

PLASTIC

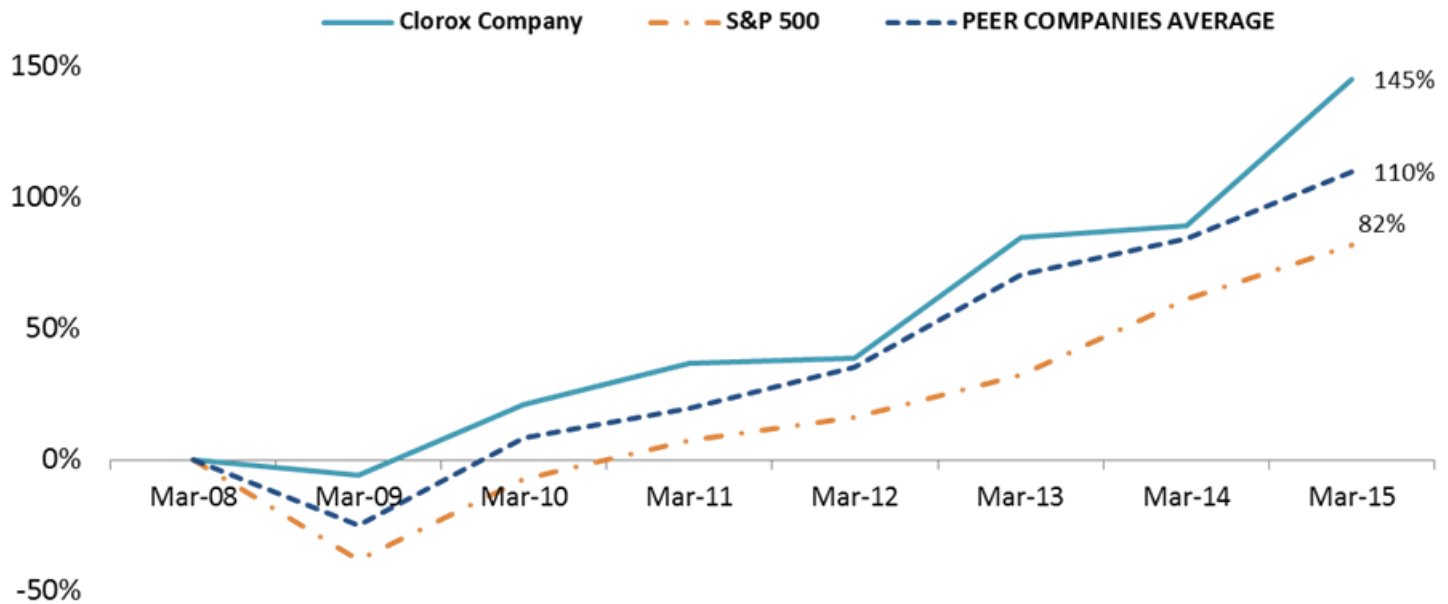
▼ 10 million lbs per year



Strong Shareholder Returns



Total Shareholder Return 7-Years ending 3/31/2015



Favorable Reputation Impact



Clorox ranked No. 37



Ranked No. 38 on the 2015
Newsweek Green Rankings



U.S. ENVIRONMENTAL
PROTECTION AGENCY 2015
CLIMATE LEADERSHIP AWARDS

*EXCELLENCE IN GREENHOUSE
GAS MANAGEMENT*

- Goal Achievement Award
- Goal-Setting Certificate



Questions and Discussion



Thank you very much!

For more information

- **Download the research report:** <http://www.purestrategies.com/downloads>
- **Webinar recording:** Emailed soon to all attendees & registrants
- **Pure Strategies information:** www.purestrategies.com
- **Direct contacts:**

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