



EVERY ACTION
EVERY PERSON
EVERY VOICE

This is not just a Sustainability Report. This is our story. A story that includes each of you. In the past two years, we have managed to do big things. In order for us to continue making changes, it's important for us to remember that this is only the beginning.

Let's kickoff this story by looking back to see how it all began—with inspiration.

- 2 Our Inspiration for Change
- 4 Who We Are and What We Do
- 6 Our Company Has Always Been Driven by Change
- 12 2009-2010: Our Performance and Results
- 22 2010: The Momentum Continues
- 28 2009-2010: Social Responsibility Performance
- 32 We've Only Just Begun



Our inspiration for change

Dear Friends,

Scientists suggest that since the industrial revolution, the damage that human-kind is wreaking on the environment has increased exponentially. The threat that this irreversible damage poses on future generations can no longer be ignored. Environmental accountability is becoming the rule, and not the exception, in the marketplace. Businesses today are expected to be less harmful, more transparent, and to actively participate in making positive changes to improve the environment. As a business leader, I believe that we have an obligation to respond to this new paradigm—to adopt a business model of increased accountability. On a deeply personal level, and as someone with great respect for the environment, I believe it is our moral obligation to improve Clarke's sustainability practices, to do our part to protect the earth.

In 2008, we embarked on a journey that has resulted in this—the publication of Clarke's first Sustainability Report. Issuing this document marks a new milestone for our company. As the active leader on our journey of sustainability and social responsibility, I couldn't be more proud. This report illustrates the transformation taking hold within our company and within each of our employees: We recognize that every action we take, big or small, can directly impact the environment and significantly affect future generations.

Some of you may be familiar with the philosophy of Be, Do, Say:™ Believe in what you're doing, do what you say you're going to do, and once you've accomplished it, talk about what you've done. I believe this philosophy holds especially true with our efforts to achieve sustainable business practices.

I want to publicly thank each of our employees for their hard work and dedication toward reaching our sustainability and social responsibility goals. I'm convinced that through our combined efforts we'll leave behind both a better company and a better earth.



“We recognize that every action we take, big or small, can directly impact the environment and significantly affect future generations.”

We’re committed to lessening our impact on the Earth. We care about doing this as a company because it further elevates our position as industry leader. We care about doing this as people because these changes will benefit our future generations. Even small changes can really add up, so we’re actively instructing and encouraging each and every employee to find new, less wasteful ways to operate both inside and outside the company.

We’re not greenwashing—we’re not just talking about setting goals—we’re actively implementing and executing programs to achieve specific goals. As this report will discuss, we have already taken a wide variety of actions throughout the company. A few examples include increasing the efficiencies in our operations and services, replacing trucks with bicycles for catch basin treatments, utilizing electric machines and measuring the impact to our carbon footprint.

be

We believe in what we’re doing

do

We’re doing what we say we’re going to do

And that’s truly the purpose of this report. Let’s share with the world the great progress we’ve already made in a relatively short time. Let’s be encouraged to keep up the momentum and do everything we can to reach our goals. Let’s continue to set an example for the industry and encourage others to follow this new path we are taking.

say

We’ve acted, we’ve achieved, so we’re talking about it

We are a leading provider of mosquito control products and services in the United States and continue to develop a growing international presence. Still family owned and operated after 65 years, Clarke is now comprised of six core business units:

.....

Clarke Mosquito Control Products, Inc.

primarily chemical manufacturing and distribution, headquartered in Roselle, IL with sales offices throughout the U.S.

Clarke Engineering Technologies, Inc.

manufactures mosquito control application equipment and software; Rogers, MN

Clarke Environmental Mosquito Management, Inc.

provides mosquito control services to government, commercial and private entities; 11 U.S. locations

Clarke Aquatic Services, Inc.

provides professional aquatic weed control and aeration programs

Clarke International, LLC

chemical, equipment and long-lasting insecticidal bed net manufacturing and distribution, offices in Mexico, India, and Brazil

Pacific Biologics, Pty., LTD

distributes mosquito control and agricultural products in Australia, New Zealand and Pacific Islands, Brisbane, Australia

.....

Together, we act as one company to our customer base, which ranges from government entities (municipal, state, and federal) to commercial and residential, to international institutions (health ministries, WHO, UNICEF).

Our company has always been driven by change

Status quo is simple. Change is hard.

Doing the same thing we did last week, or last year, is fairly easy. Doing something differently, or trying to reach a new goal, well that takes some extra effort.

We would not be where we are today if we were satisfied with the status quo. We have always been an organization driven by change; we've opted to always make whatever extra effort is necessary to keep advancing solutions for our industry. In fact, if you look at the last 25 years, there have been a number of significant moments that demonstrate how our ability to change has helped propel our company forward.

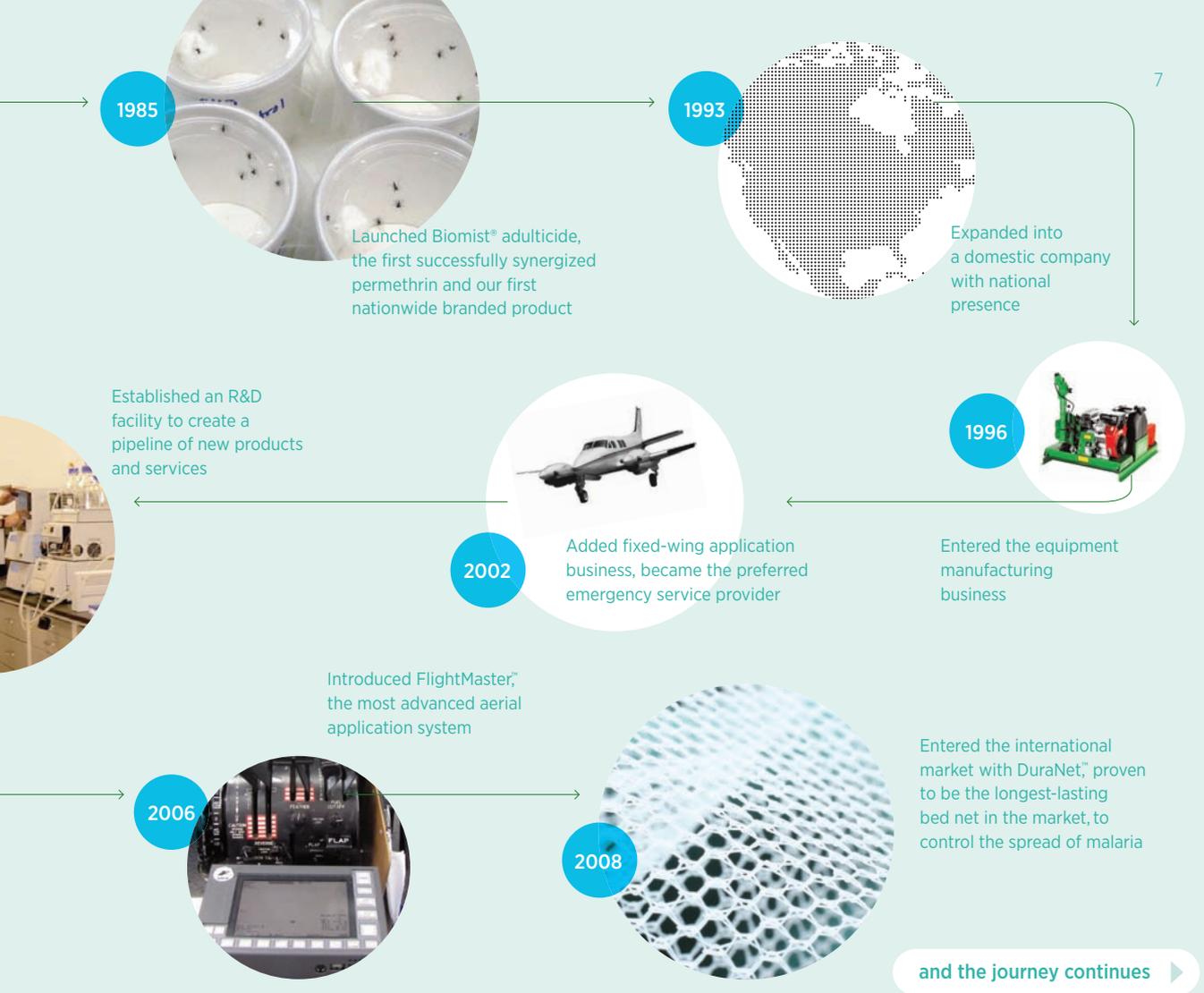
The year 2008 was a pivotal year in Clarke's history: It's the year Clarke committed to evolve, to transform and to take on a leadership role in sustainability.

Why this commitment? What brought us to this new path of environmental consciousness, a path that no one else in our industry has dared to venture down before? The "Aha!" moment resulted from the coincidental convergence of three key factors: the findings from a strategic report analyzing our business, our facilities and infrastructure; the launching of our breakthrough product: Natular,[™] and our growing desire to do what's right for the environment.

First, we looked at the findings from a Strategic Facility & Infrastructure study we conducted. This was a comprehensive study by an outside organization that evaluated every single aspect of our company, from products and facilities to inventory and geography. The study's findings provided us an outside perspective that helped us better understand where we stood at that moment and pointed us toward opportunities for strategic long-term business planning. This planning will assist us in operating more efficiently and help ensure the security of our own future.

Secondly, Clarke was poised to introduce Natular, its first larvicide made with a product from a naturally derived active ingredient, and anticipating OMRI (Organic Materials Review Institute) listing for all of its domestic formulations.





Simultaneous to both of these events, Lyell Clarke and his Executive Leadership Team had a realization that went beyond the security of our own company's future; it dealt with the future livability of our communities and our planet.

We, as humans, have a moral obligation to do our part to protect our Earth for future generations. And we, as a business, could either wait until we're led down the path of sustainability by regulators, or we could lead the way ourselves. For 65 years we've created our own path and have always done what we've believed to be the right thing. Our decision was obvious. We chose to lead!

The results of our Facility & Infrastructure study, the development of Natular and the re-envisioning of our own environmental ethical standards all pointed toward a need for significant operational changes—changes that would not only help our bottom line but would also help the environment. It was clear that the time was ripe for a significant transformation of our company.

"Be conscious of your waste, if things are recyclable, do that. If you walk out of a room, turn off the lights...see if you can carpool with someone close by. The little things add up."

Jenny Smith
GIS Specialist

Adam Slater
 Alex Boyd
 Alicia M. Fachel
 Alnoor Lakhani
 Amy Betts
 Amy Kay Mensink
 Amy Louise Rogers
 Andrew C. Genies
 Andrew Salvatore Lima
 Anya Osorto
 Anthony Kevin Magro
 April Topel
 April Richter
 Benjamin McClintic
 Benjamin W. Goudie
 Beuloria Williams
 Brian J. Erickson
 Brian P. Deenihan
 Bryan C. Tezbier
 Carmelita Lara
 Carolyn Russo
 Carrie D. Aitken
 Charles Cunningham
 Christopher F. Formoso
 Christopher G. Gallagher
 Christopher Reed
 Christopher Todd Novak
 Clark E. Wood
 Crystal J. Challacombe
 Daniel Cavazos
 Daniel Lee Schmidt
 Darryl Ramoutar
 David Lee McLaughlin
 David Walker
 Denise M. Kargol
 Donald Edward Hawley
 Douglas Carroll
 Elizabeth Baer
 Elizabeth Vargas
 Erica Wyatt
 Erin Akstins
 Fernando Rivera
 Frances L. Kanouse
 Frances N. Krenick
 Frank J. Clarke
 Fred Alexander Hankins
 Gabriela B. Simone
 George P. Balis
 Griffith Samuel Lizarraga
 Heather Fiore
 Jack P. Themisch
 Jaime C. Korbecki
 James H. Griffin III
 James R. McNelly
 James R. Ulrich
 James Stewart
 Jeffrey Meyers
 Jeffrey Hottenstein
 Jennifer Larson
 Jennifer Ellen Berns
 Jeremiah Stoltzner
 Jillayne Collura-Petruzzi
 Joanna Maria Szymczyk
 Joel L. Fruendt
 John Hawkins
 John Lyell Clarke III
 John R. Patty
 Jon Beatty
 Jonathan Ostrowski
 Jorge Adalberto Rivera
 Joseph Allen Naro
 Joseph Anthony Drago
 Joseph E. Horner
 Joseph Haufle

Every single
 encouraged
 of the process, to
 to think of new
 more efficiently
 waste. It's okay to
 The most important
 Changing how we
 happen over
 commitment
 take

employee is
to be part
be creative and
ways to operate
and with less
think big or small.
thing is to think!
think does not
night. It's a
that can
years.

Willie M. Cox
William R. Calvano Jr.
William P. Quinn
William Jany
William A. Gooch
Wesley Ivan Gruenberg
Walter R. Leach
Wallace Terrill
Victoria Mary Lubas
Travis Schwalm
Todd Trowbridge
Timothy Joel Werner
Thomas M. Gardiner
Thomas J. Wawrzyniak
Theresa A. Jurczewski
Terry Phillips
Sue Stout-Tucillo
Steven Lee School
Steven B. Rizzi
Stephanie L. Rodriguez
Stanley Arthur Toensing
Shyamal Majumdar
Shawn Hagelin
Scott J. Surowiecki
Sarah N. Santa Maria
Sara A. Martin
Samuel J.R. Matias
Samantha Rivera
Rufus Cox
Roger R. Newberry
Roderick A. Flinn
Robert W. Olson
Robert Edgar Boggs
Richard Alfred Voss
Randy L. Iverson
Peter Thomas Mantas
Peter M. McNeil
Peter M. Deglomine
Paul Roper
Patrick Paul Patterson
Patricia Lynn Hallahan
Patricia Elaine Driscoll
Pamela Blanco Ransom
Nivaldo Carlucci
Natasha Duarte
Natalie Valenti
Michelle L. Selander
Michelle Anderson
Michael Ziegler
Michael J. Muldoon
Michael D. Willis
Mary Robertson Clarke
Mary Kemp Clarke
Mark Jones
Mark Grundy
Marie E. Saunders
Mariann F. Cumbo
Louis L. Miceli
Lori Anderson Clemence
Linda Joyce Kidd
Leticia Morales
Lauren Nichole Lavezzi
Lauren Mae Wright
Kristopher Sentz
Kimberly M. Dunn
Kimberly Jean Schulte
Kevin McCurley
Kenneth Lee
Kelly J. Anderson
Kathleen B. Speckman
Karen Jean Larson
Julie E. Reiter
Joshua Matta
Joseph Strickhouser

At the first-ever all-employee meeting held in October 2008, Lyell Clarke introduced the *new* Clarke—a new way of doing business, a new way to think. And so, we began to:
»Change the way we see ourselves »Change the way the world sees us »Minimize the impact we have on the Earth »Revolutionize an industry that hasn't really changed in over 50 years.
It's this commitment that will benefit us as a company, benefit us as employees, and serve to better our Earth.
In turn, all of this will benefit our families and neighbors and the generations yet to come.

Defining who we are ...

In 2009, Clarke revised its Corporate Mission, Vision and Values statements to reflect the increased importance of sustainability, innovation and community.

Mission:

Together, we help make communities around the world more livable, safe and comfortable. We do this by:

- 1 pioneering, using and championing the most eco-responsible and advanced products, services and business practices possible
- 2 providing support to as many communities as we can through The Clarke Cares Foundation
- 3 living our mission through our words and actions
- 4 supporting our customers, partners and each other in this endeavor, and inspiring others to join us

Vision:

Create an organization with the reach to help make the lives of over 660 million people around the world more livable, safe and comfortable every year.

Values:

Caring for the planet

In every aspect of our behavior and actions, we hold ourselves accountable for making responsible decisions and finding ways to lessen our impact on the Earth.

Caring for people

We are respectful and considerate of one another, our customers and our partners, and do all we can to positively impact and enrich the lives around us.

Being passionate about what we do

We work hard because we love what we do. We take pride in our work and the difference we make in the world.

Doing the right thing, even when it's hard

Honesty and integrity drive our everyday actions, and are reflected in our common belief to do what's best for our industry, and the people and communities we serve.

and where we're going.

We have made a commitment to achieve these strategic goals by the end of 2014. These goals may appear aggressive for a company in our industry. However, to maintain our leadership position—and to serve as an example for companies in any industry—we are committed to achieving these ambitious goals.

- » Reduce our carbon footprint by 25%
- » Utilize 20% of energy from renewable sources
- » Reduce waste stream by 50%
- » Attain LEED® certification on all new facilities
- » Generate 25% of revenues from “next generation products/services”
- » Incorporate a “cradle-to-cradle” design philosophy (i.e., generate no waste) in all product/service development efforts
- » Donate or volunteer 2,080 employee hours to assist the communities in which we serve

“Instead of going with the flow, stop and think about how every habit and every action affects you, affects your job, affects your company, your community, the environment and the future. Everyone of us, and every action, really does matter.”

Natalie Valenti
Project Coordinator

OUR PERFORMANCE AND RESULTS

With our long-term sustainability goals established, 2009 was the year we began laying the foundation for Clarke's sustainability initiative, doing those things necessary to support the changes that would occur in the years to come.

During 2009 and the early part of 2010, we found ourselves doing more than just building the foundation for change—we actually began to see some change. A number of significant achievements started to take shape and take hold.

We found ourselves:

- 1 » **Changing the way we think and manage**
- 2 » **Introducing a next generation of products**
- 3 » **Executing more effectively and efficiently**
- 4 » **Improving our everyday actions**

Changing the way we think and manage

Clarke Sustainability Leadership Team Created

With Lyell Clarke at its helm, the Sustainability Leadership Team was formed in March 2009. Representing a cross-section of Clarke's entire organization, this team's mission is to drive the change to make Clarke a more sustainable enterprise.

With regularly held meetings, the team identified eight key areas on which to focus its short- and long-term efforts. Independent committees responsible for each area were formed and chairpersons appointed.



Introducing a next generation of products

Next Generation and Clarke's Eco-Tier Index™

A key first step in our “re-visioning” process was mapping a clear picture of where we were with our product, service and technology offerings. Looking at what was old, what was new and what had been our development road map. Somewhat to our surprise, a directional “category” materialized. We called it “NextGen.” Products and services in the NextGen category were new and innovative and possessed qualities that were increasingly environmentally responsible (i.e., OMRI Listed®, required less energy consumption in the manufacturing process, reduced carbon footprint, minimized packaging, shipping and storage requirements, etc.).

With this new category in mind, we were able to create a framework to guide not only our product development, but customer choices as well. This guide is what we refer to as the Clarke Eco-Tier Index.

The Eco-Tier Index groups our products into three broad categories: Traditional, Advanced and NextGen. These categories reflect an evolutionary process that guides us to develop products with a smaller environmental footprint. Now, in all of our development and acquisition planning, we use this template to ensure we are staying true to our committed direction.

The Eco-Tier has also proven to be a useful tool to engage our customers and to show them that they have options when making decisions that affect their communities.

Natular™: The First Reduced Risk Larvicide

In what would serve as a kick-start to our 2009 sustainability efforts, Clarke introduced Natular at the tail-end of 2008. Not only does it contain the first new larvicidal active ingredient for the public health sector in nearly three decades, Natular also caught the attention of the industry for other reasons.

Natular is Clarke's first larvicide created from concept to be “green.” We began the development process by finding the active ingredient that met our criteria. It was spinosad, from Dow AgroSciences (DAS), an active ingredient that is a fermentation product of bacteria first discovered in an old rum distillery. After six years of development and regulatory process management, we successfully commercialized six formulations of Natular. Registered for use domestically and abroad, these larval control products can be used in a wide range of mosquito-control habitats, from catch basins to salt marshes.

The Clarke Eco-Tier Index

Traditional

Science & Technology: **Traditional**

Powered by: **Gasoline**

Ingredients: **Oil-based**

Advanced

Science & Technology: **Advanced**

Powered by: **Electricity**

Ingredients: **Synthetic**

NextGen

Science & Technology: **NextGen**

Powered by: **Human/renewable resources**

Ingredients: **Naturally derived**

It features a **new mode of action, a new class of chemistry** and **breaks down rapidly** in soil

It's the **first Reduced Risk larvicide** registered by the EPA



Four Natular formulations are OMRI Listed, permitting use in and around organic food production

Natular earned the **2010 EPA Presidential Green Chemistry Challenge Award**

Unlike traditional larvicides, Natular's formulations **require only minimal PPE** (personal protective equipment) for application

"Just to know we are trying to make this a safer environment for the future and a better place for everyone. [inspires me to contribute to the change]"

Terry Jurczewski
Sales Associate

We are operating more effectively and efficiently

Project Regeneration Begins

As we started our trek toward sustainability, we began a major initiative called **Project Regeneration**. Its simple premise is that we develop solutions that answer the following: What changes can we make in our service operations that will allow us to be more efficient and, at the same time, significantly reduce waste?

Two answers quickly surfaced: one based on the power of technology and one based on human power.

"To help reduce waste, I try to use the least fuel possible by combining routes or other measures. I try not to print anything I don't need to."

Charlie Hawkins
Operations Supervisor

Project Catch Basin

Over the years, application of larvicides in catch basins was traditionally handled using our fleet of trucks. In 2009, a unique application program was adopted utilizing bicycles...replacing gas consumption with human pedal power. Project CB, as it became known, was initially rolled out with six technicians in Roselle, IL and four more in Sterling, VA. Its success reduced costs by allowing us to reduce our fleet of trucks by six, saving on gas, maintenance, licenses, fees...all while reducing air pollution. By the end of 2009, in less than a year after implementation, 30% of all Clarke's catch basin services were being treated by bike.



CB technicians on bikes

Project Prius

Named after one of the first "icons" of sustainability, this project sought to improve efficiencies in our operational services and processes. Traditionally, operational procedures required that a field technician report to our office in the morning to receive his or her daily assignments and paperwork. Project Prius replaced paper with an integrated software package loaded onto handheld devices that utilize GPS navigation and routing, mapping, intelligent scheduling, real-time tracking of field crews and up-to-the-minute reporting. This technology (developed by outside consultants in conjunction with our own IT and service operations staff) eliminated the need for

technicians to report to the office in the morning to pick up paper assignments and to return job tickets at the end of the day. Now, technicians can pick up their day's assignments on their handheld from home and upload all their job ticket reports right from the field. Project Prius has significantly increased productivity and efficiencies and, as we would later learn, had a significant impact on reducing our carbon footprint. The improved efficiencies had a real financial impact as well. In 2009, we reduced the miles driven by our field inspectors from 176,000 to 115,000 generating a savings from this service of more than \$96,000.

Adopted New Application Technologies for Aquatic Services

With the addition of Littline®, a novel littoral zone application system, Clarke followed its mission statement directive of "using and championing the most eco-responsible and



Littline application in progress

advanced products, services and business practices possible." In order to control aquatic weeds prior to Littline, herbicide applications were made to the surface of the water, which was effective for some weeds, but not all. Littline technology enables underwater application to more effectively treat submerged weeds at their root zone.

The result: more effective control with less herbicide. In fact, in a report submitted to the City of Orlando documenting the Lake Underhill application project this past March, it was estimated that the Littline technology reduced the herbicide needed by more than 20% (compared to conventional trailing hose application systems).

We are improving our everyday actions in many ways

Whether it was the little things (like printing reports double-sided or eliminating foam cups) or the big things (like converting horse-power to peddle power), steps we were taking began a cultural shift at Clarke. The sustainability efforts of the company as well as individuals were becoming more and more visible. Some of these signs of change were in the areas of conservation, waste reduction and recycling.

Returnable/Recyclable Drums

We began the move toward more eco-friendly packaging and more efficient product containers. For example, we've introduced a returnable/refillable/recyclable drum program. Instead of steel drums, new plastic drums are bar-coded and tracked from point of manufacture to inventory to customer and can be returned to Clarke for re-use.

When a drum reaches a point where it no longer meets quality standards for refilling, it is shredded and re-purposed for other commercial products instead of going into a landfill.

Conservation

- » Focusing on conservation within: Programmable thermostats were added at the operations facility in Roselle, IL; timers were added and/or lighting was changed out at various locations.
- » Complying with our customer sustainability programs: We incorporated the use of our Pro-Mist electric sprayer (instead of a gas engine model) and electric vehicle for servicing the residential development of Celebration, FL to help them meet their own sustainability goals.



Electric residential service vehicle

Waste Reduction

- » Moving to e-formats: Various departments, from Accounting to Regulatory Compliance, began converting manuals and other documents to electronic format, significantly reducing the consumption of paper while reducing printing costs.
- » Incorporating changes with vendors: The equipment supply chain and manufacturing team negotiated with their engine supplier to have engines for our spray equipment shipped in bulk instead of single containers, reducing corrugated waste and improving warehouse space utilization.
- » Reduction in customer paperwork: The Accounting Department began electronic invoicing, automated accounts payable processes, and offered online bill payment for customers to reduce paper and postage.



Automated processes reduce paperwork

Recycling

- » Encouraging office recycling: In previous years, all waste from the Roselle and satellite offices went to landfills. In 2009, the Roselle office introduced brown recycling bins. Paper, cardboard, glass and bottles are collected and hauled to a recycling center. Paper, glass, plastic, battery, CD and floppy disk recycling programs are implemented in various locations.
- » Incorporating use of more recycled products: Clarke stationery is now made up of 100% recycled paper. All paper towels used in the company are made from 100% recycled material.



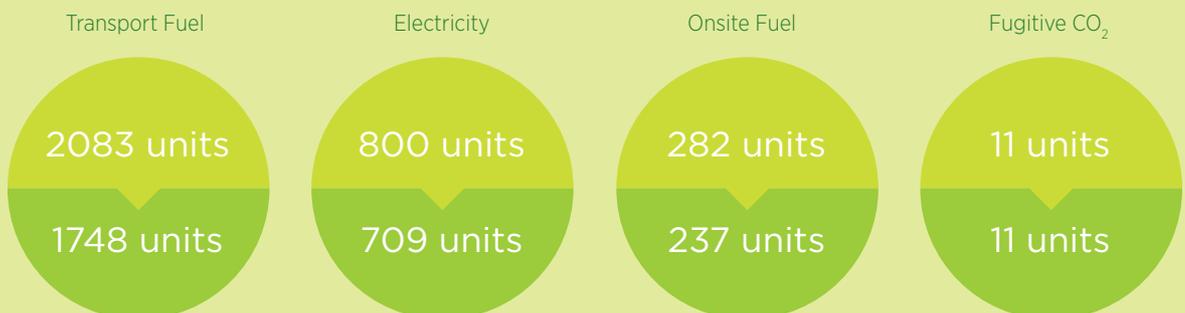
Battery recycling program

"I review each project with a sustainability lens and challenge myself to answer key questions: Is there a more sustainable approach? How can I do this electronically? Is what I'm doing consistent with sustainability? How can this effort be recognized, internally and externally to Clarke?"

Karen Larson
Director, Registrations

In our first year, we've managed to identify our carbon footprint and reduce it by 15%, cut our fuel consumption by 380 units and decrease our electricity expenses by 109 units.

● 2008 ● 2009



Our Carbon Emission Predictions

A company's **carbon footprint** is a measurement of how its activities impact the environment and climate change. It's a calculation of the greenhouse gases produced in day-to-day operations through the burning of fossil fuels for such things as electricity, heating and transportation.

It's a challenging undertaking to determine your footprint. And few, if any, in our industry have taken the effort to do so. As part of our cultural shift, to help us think of ourselves in a new way, Clarke delivered on its goal to identify its own footprint. We followed carbon calculation standards set by GHG Protocol developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Working with Clear Carbon Inc., a comprehensive analysis of 2008 data set a benchmark from which to measure Clarke's progress in the years to come and identified those areas where we can make significant change. We were eager to learn of how the changes we had already made would impact our carbon footprint.

In the first year of our journey of sustainability, the analysis of our carbon footprint indicated that our CO₂ emission had reduced by 15%! This was both surprising and exciting to hear! The most significant savings came from fuel reductions resulting from improving our efficiencies via Project Regeneration, lessening our dependency on traditional vehicles through Project CB and converting our service sales fleet to hybrid vehicles. It's important that we acknowledge that, in most of our service areas, the summer of 2009 was cooler than normal. This unseasonable weather contributed to a 27.9% reduction in service levels in the Midwest, which, in turn, would have an impact on our CO₂ emissions. Individual team leaders have established annual goals for carbon emission reductions through 2014.

In 2010, team leaders are predicting that cumulative CO₂ emissions will increase by about 2% (compared to 2009).

Source	ACTUAL		PROJECTED	GOAL
	2008	2009	2010	2014
Transport Fuel	2,083	1,748	1,832	1,569
Electricity (all)	800	709	695	635
Onsite Fuel	282	237	232	215
Fugitive CO ₂	11	11	11	11
Total Metric Tons CO₂	3,176	2,705	2,761	2,430
Percentage reduced since 2008:		15%	13%	23%

At first glance, this might suggest that we're moving in the wrong direction. When we look a little closer, however, this reflects one of the challenges that we are struggling with in measuring our carbon footprint. Although we're taking aggressive steps to improve our efficiencies and to reduce our dependency on gas-powered vehicles and equipment, our carbon emissions are directly impacted by the activity in our service operations. In 2009 we experienced a reduction in our services due to the cool summer. Warmer weather and increased rainfall in 2010 has likely resulted in more typical service levels, thereby increasing our consumption of transport fuel and carbon emissions.

Weather will always be a factor we can neither control nor predict. As we move forward, we'll need to establish metrics that will enable us to fairly evaluate the progress of our initiatives despite the variables of weather, new facilities, and additions or reductions to our service levels.

The table above shows our baseline carbon footprint (2008) and how we compare from year to year. 2010 reflects our anticipated results and not actual. One important note regarding this chart is that our current projections show a 23% carbon reduction by 2014 (not 25%). The initial goals set are based primarily on behavioral efforts and may not include more significant or capital improvement projects such as the installation of Photovoltaic (PV) Panels, facility improvements or offsetting future electricity usage with Renewable Energy Credits. We clearly have some work to do to gain a better understanding of how we can control and ultimately reduce our carbon footprint.

"I love Clarke. The thing I love the most is that Lyell and his family are not only fixed on what is good for us now but what is good for our children and our future. I believe in the direction that Clarke is going."

Stephanie Rodriguez
Sales Associate

THE MOMENTUM CONTINUES

Although 2010 is not over, we have already begun to meet many significant goals, such as our achievements with Natular.™



• Natular is recognized for incorporating
• principles of green technology with the
• Presidential Green Chemistry Challenge
• Award, presented June 21, 2010.

EPA's Highest Award Possible

No higher honor for us could be achieved than that which took place in Washington D.C. on June 21, 2010. The EPA presented Lyell Clarke and our team the 2010 Presidential Green Chemistry Challenge Award for Natular larvicide. This special award recognizes outstanding chemical technologies that incorporate the principles of green chemistry into chemical design, manufacture and use, and that have been or can be utilized by industry in achieving their pollution prevention goals. Clarke now joins an exclusive group of only 77 award recipients, out of more than 1,300 nominations in the past 15 years.



Juli Johnson, Mike Willis, Marie Saunders, Joe Naro, Jim McNelly, David McLaughlin, Kevin Magro, Karen Larson, Mary Kemp Clarke and Lyell Clarke accept the Presidential Green Chemistry Challenge Award

We're extremely proud and honored that Natular was singled out due to its unique active ingredient, spinosad, a product derived from a naturally occurring bacterium. By creating several proprietary tablet formulations with a plaster matrix that insulates and then slowly releases the spinosad molecule, Clarke has made spinosad formulations that can provide control for up to 180 days. This matrix is wholly comprised of compounds approved for use by the USDA in production of certified organic products.

Natular is effective at use rates two to 10 times lower than traditional synthetic chemistries, is 15 times less toxic than the organophosphate alternative, is not persistent in the environment or toxic to wildlife, and eliminates the use of hazardous materials and processes in its manufacture. More than just honoring our use of spinosad, this award is a wonderful recognition for the hard work of our research and development team who was given the task of building a more sustainable larvicide from the ground up. We view this coveted award as an acknowledgment of the Clarke team's commitment to being the catalyst for change in our industry.

Natular Approved by WHOPEs for Potable Water

Domestically, Natular has already validated our ability to develop a NextGen product with its Reduced Risk pesticide status and OMRI listings. On an international basis, obtaining approval for the specific use of one formulation of Natular represents a significant NextGen achievement.

In the summer of 2010, Natular DT, a small bi-layer tablet formulation, received approval under the World Health Organization Pesticide Evaluation Scheme (WHOPES) for use in potable water. This is a monumental advance for people in developing countries who use containerized water for drinking and household use. These containers provide optimum breeding habitats for disease-carrying mosquitoes. Just one tablet of Natular in a container prevents mosquito breeding for 60 days. Now communities in Africa, Central America and South America can treat all mosquito breeding sites and significantly improve their efforts to reduce the risk of mosquito-borne disease.

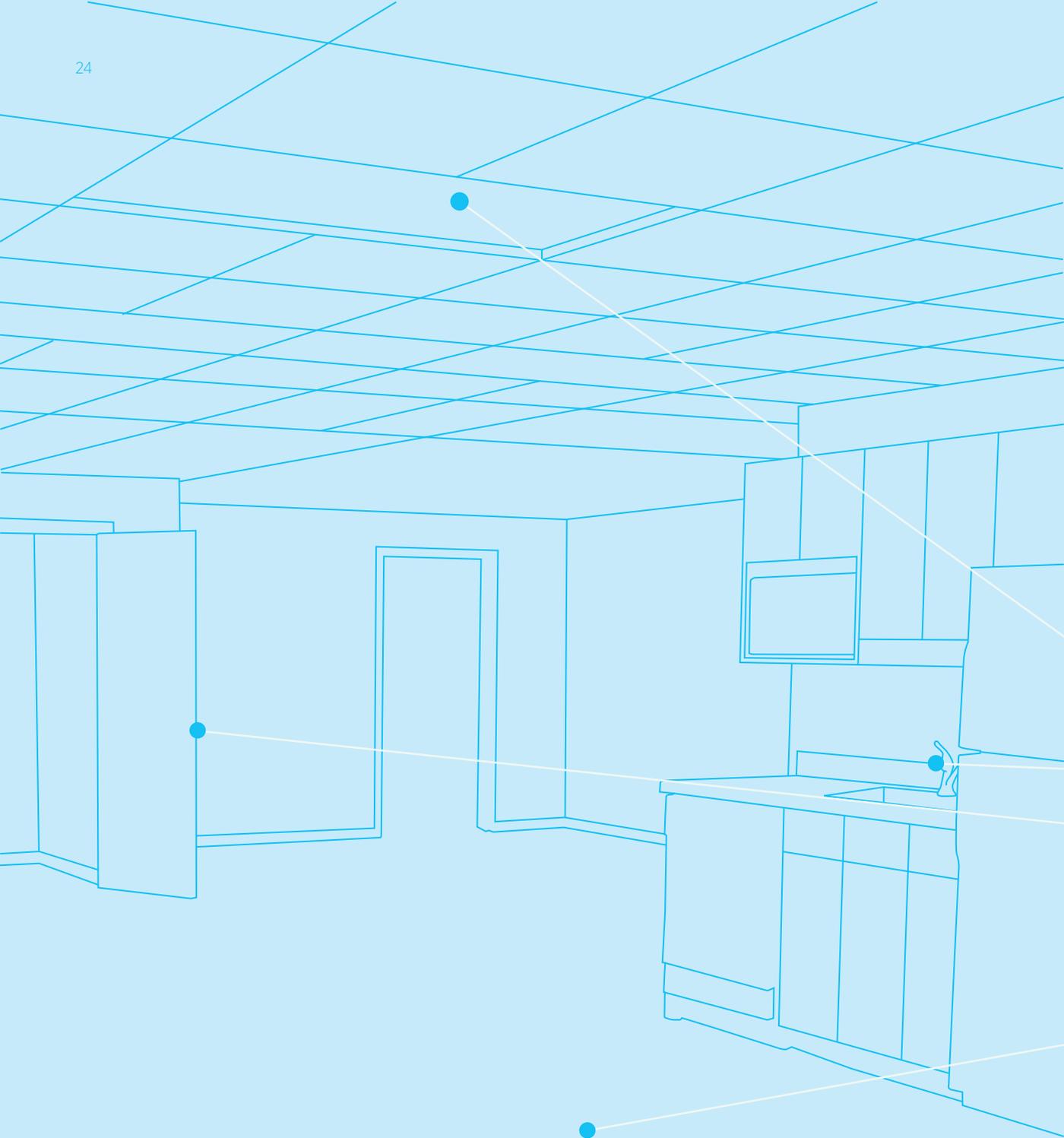
Natular Receives OMRI Listing

As of this report's publication, four of the six formulations of Natular have been OMRI Listed®, The Organic Materials Review Institute (OMRI) is a non profit organization that provides organic certifiers, growers, manufacturers, and suppliers independent reviews of the products intended for use in certified organic production, handling and processing. With its OMRI listing, these Natular formulations can be used in and around organic agricultural farming. Spinosad, the active ingredient in Natular, is labeled for use in over 250 crops in more than 85 countries.

The WHOPEs Evaluation Process

On an international basis, the World Health Organization plays a critical role in pesticide approval process. The WHO is the directing and coordinating authority for health within the United Nations system.

The WHO Pesticide Evaluation Scheme (WHOPES) promotes and coordinates the testing and evaluation of pesticides for public health. Plus, WHOPEs comprises a lengthy four-phase evaluation and testing program that takes at a minimum three years to complete. It studies the safety, efficacy and operational acceptability of public health pesticides and developing specifications for quality control and international trade.



"I went from not caring too much about sustainability three years ago, to someone who enjoys being a part of something special. It is a life change. I feel better about my life and what I do everyday. Who knows what tomorrow brings? That is what inspires me."

Joe Haufle
Operations Supervisor

We are focused on sustainability with a new Natular™ manufacturing facility

Construction of the Natular manufacturing plant in Schaumburg, IL is a project unlike any we've undertaken before. The concept and design is a result of our new, fresh way of thinking; we're developing this facility with sustainable construction techniques that are apparent nearly everywhere one looks. Some of the project highlights include:

- » By renovating an existing building instead of building new, we reduced excess energy that would be expended in the construction process
- » When new lighting is required, we use energy-efficient fixtures (T5 fluorescent for office, LED for under-cabinet lights and exit signs) with daylight sensors where applicable
- » Low-flow plumbing fixtures are utilized for toilets and lavatory faucets
- » We've salvaged and re-used existing construction materials (e.g., doors, interior windows, ceiling tile, light fixtures, partitions) wherever possible
- » Carpet tile is Cradle-to-Cradle Silver Certified, made from 40% recycled product (by weight) and is 100% recyclable
- » Green finishes include low or no-VOC paints, sealants, adhesives and epoxy flooring
- » An effort was made to specify building materials (e.g., gypsum board, metal studs, new acoustical ceiling tile, steel toilet partitions) with recycled content
- » The furnishings for the production office, visitor seating and employee break room were purchased from a local reclaimed furniture warehouse – quality used furniture met our sustainability efforts and design vision for a fraction of the price of new
- » 86% of demolition and construction waste was diverted from landfill

These kinds of environmentally sound choices will become the minimum standard for our facilities as we move forward. Our goal for future projects is to do this much and more.

One of our long-term goals is to have all new facilities LEED® certified*. The expense for registration, certification, questions/appeals and energy models required for LEED points can be prohibitive. Given the size and scope of our Natular Manufacturing Facility project, we felt it made prudent financial sense to postpone LEED certification at this time and instead concentrate our efforts on our tangible investments. Quite frankly, it made more sense to spend money on the real sustainable features, consistent with sustainable practices, than to pursue LEED awards.

Clarke may pursue LEED certification in the future. For now, we're very pleased with how this project has taken shape, we're proud that financially responsible sustainable decisions were made every step along the way, and we really look forward to "showing off" our facility upon its completion.



Interior shot of the new facility in progress

* LEED stands for Leadership in Energy & Environmental Design, and certification is based on a comprehensive system of standards covering all environmental and sustainable aspects of the design and construction process.

We're taking steps to change our culture

Without question, the best chance we have of reaching our goals is directly correlated to changes made in our internal culture—i.e., the way we think and act. This is the biggest challenge we face. Though we continue to meet some obstacles and challenges in the process, we are making progress.

Fostering Wind Power via Renewable Energy Credits

In 2010, Clarke is pursuing renewable energy credits (RECs) to offset our electricity usage from 2009. Renewable energy facilities (e.g., solar or wind power plants) generate RECs when they produce electricity. By purchasing these credits, we can help support alternative power even though it is not available directly in the areas where our facilities are located.

We have committed to offsetting 100% of our electricity usage (1,132,625 kWh) with renewable energy credits. Our commitment helps prevent 514 metric tons of carbon dioxide (MTCO₂) from being emitted into the atmosphere.

By purchasing RECs to offset the electricity that we use, we are supporting the generation of clean energy. This commitment has a similar impact to planting 5,215 fully mature trees or not driving 1,280,049 miles or removing 110 cars from the road for one year.



The Innovative and Interactive CLOG is Introduced

Communication improvements are an influencing factor in cultural change. A significant upgrade occurred with the introduction of Clarke's internal blog known as The CLOG. Unlike a typical newsletter, The CLOG is a "hybrid" that provides a new way to share stories. A passionate team of Clarke employees—a community of communicators—utilize the site to share information about sustainability, social responsibility, health & wellness, and other company news. It's also designed to promote interaction and dialogue among all employees, serving as a hub to exchange ideas.

This is particularly important in our sustainability efforts since employees and departments can now share information, ask questions, make suggestions, or even brag about something unique they did to help the environment. It helps promote "employee-to-employee" interaction.

Still somewhat new, the CLOG has yet to achieve its full potential and we recognize that our challenge is to discover and continue to explore novel ways to engage more employees to interact and share information.

Educating and Enlightening Employees

To help get more employees to engage and participate in our sustainability efforts, we are providing educational opportunities to help employees view our company and our world in a new light.

For example, in May 2010, a cross-functional team of Clarke employees participated in a Cradle to Cradle Innovation Retreat. The team spent the day discussing William McDonough & Michael Braungart's book, *Cradle to Cradle*—a manifesto calling for the transformation of human industry through ecologically intelligent design—and how its message relates to the current transformation taking place within Clarke today.

This retreat should help our product development team begin to incorporate a more innovative "cradle to cradle" approach to future product development projects.

Additional educational opportunities include three sustainability seminars planned for 2010. In April 2010, Rich Baltimore from Clear Carbon and corporate controller John Patty spoke to all Clarke employees about carbon footprint, our calculations and how we make an impact. Planned future events will include discussions about building a culture of sustainability and LEED® construction.

Setting New Short-term Goals

As we continue making progress toward our 2014 strategic goals, we also set some short-term 2010 goals.

Continue Project Regeneration:

- » Project Catch Basin continues—In 2009 30% of all catch basins were treated by workers on bike. So far in the 2010 season we have increased that amount to 70%. This means fewer trucks on the road and less fuel consumption.
- » Expand Project Prius—In 2010, we're in the process of rolling out Project Prius to all operational locations. The adoption of these operational efficiency tools will result in a more efficient workforce and, we believe, will have a direct impact on our carbon footprint reduction goals.

Numerous programs are underway in 2010 to continue the reduction of our carbon footprint. These include:

- » Increasing usage of electric spray equipment and club carts.
- » Using printing vendors that belong to the Forest Stewardship Council. These members promote responsible forest management and operate according to eco-friendly criteria (e.g., using soy-based inks and recycling all waste from the trimming process).
- » Utilizing greener office technologies by incorporating new copiers and printers with lower power consumption and recyclable toner bottles. We're also installing new servers that are Energy Star compliant, which means they use less energy and generate less heat, and thus less cooling efforts are required for the server room.
- » Reducing paper within all offices by 40% over 2009 levels.

"On a day-to-day basis, I find myself thinking before I act...before I throw something in the garbage, before I send a file to the printer, before I pour a cup of coffee. Am I generating waste? If it's sunny, I keep my office lights off. Can I do it better/different?"

Julie Reiter
V.P., Human Resources

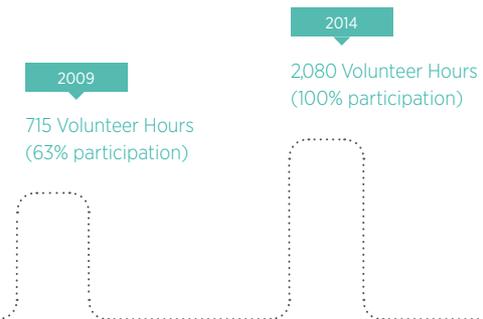
SOCIAL RESPONSIBILITY PERFORMANCE

At Clarke, we care about more than just the environment. One of our core values revolves around caring for people. It is in our DNA to be respectful and considerate of one another, our customers and our partners. In 2009, we established The Clarke Cares Foundation and adopted company policies to foster our growing volunteerism efforts. Only when we proactively look for opportunities can we take actions that can positively impact and enrich the lives around us.



Volunteer Goals

Our desire to “give back” is inherent in nearly all of us. As a company, Clarke has some aggressive goals. By 2014, we are committed to donating 2,080 volunteer hours each year—the equivalent of one full-time employee—to a variety of organizations. Depending on the location, there will be one to three volunteer opportunities planned for each employee per year. Another goal is to achieve 100% employee participation in volunteer events each year.



2009 Performance

In 2009, Clarke established the Social Responsibility Committee. Comprised of cross-functional employees from a variety of Clarke locations, the committee focuses on organizing volunteer activities dedicated to sustainability and giving back to the communities we serve. These activities also create opportunities for employee’s personal gratification while building camaraderie and teamwork.

In its first year, the Social Responsibility Committee planned and executed 13 Clarke-sponsored volunteer events held across four states: Illinois, Florida, Minnesota and Virginia. Clarke employees dedicated 715 volunteer hours with 63% of Clarke employees participating in a minimum of two hours of service.

Employees at all Clarke locations took part in dozens of volunteer activities throughout 2009, including:

- » The Roselle Operations Team worked with a local family shelter to purchase and assemble kitchen items for women and children in the process of relocation due to domestic violence situations.
- » The Florida Operations Team worked with Give Kids a World, a non profit resort that provides activities for kids with life-threatening illnesses. The team served breakfast to the families, assisted with carousel rides and provided makeovers to young girls.



Illinois food pantry event

- » The Richmond, VA office got involved with a Meals-on-Wheels program to deliver holiday meals to families the day before Christmas Eve.
- » In Illinois, “Giving Trees” with ornaments containing the first names of senior citizens were placed at each of the three Illinois locations and employees were encouraged to take ornaments off the trees and purchase gifts of personal care items. Gifts were collected and provided to the Senior Citizen Project in Carol Stream and Clarke employees (a.k.a. “Secret Pals”) helped to make the holidays of 117 seniors a little bit brighter.



Minnesota food drive event

In 2010, the company adopted a Volunteerism Policy that offers employees up to 20 hours of paid work time in order to participate in volunteer activities. Clarke supports activities that enhance and serve the communities in which we live and work. We believe that by engaging in these activities, we positively impact the quality of life within our community, build stronger work teams and enrich the lives of our employees. As a demonstration of our commitment to this effort, the company has established this Employee Volunteerism Policy.

We formed The Clarke Cares Foundation



clarke cares
FOUNDATION

Our mission: For those with critical needs around the world, we help save lives and reduce suffering from mosquito-borne diseases.

On Jan. 28, 2009, former President Jimmy Carter met with Joe Drago, Lyell Clarke, Pat Hallahan, Rod Flinn, and Bill Jany to discuss the Kanke Project and express his appreciation for Clarke's involvement and support.



Kanke Nets Project

Through a partnership with The Carter Center, The Clarke Cares Foundation began a mission in 2009 to ultimately donate 38,000 DuraNets to Kanke, Nigeria. DuraNets are Long-Lasting Insecticidal Nets (LLINs), which are hung over sleeping areas, repelling and killing biting insects on contact while protecting the sleeper below. These insects are known to spread malaria and lymphatic filariasis (also known as Elephantiasis) rampantly throughout the village. The donation of 38,000 nets would be enough to cover Kanke's entire population of 89,000 people. Clarke committed to raising funds and matching donations net for net to meet the goal.

Clarke was responsible for organizing and sponsoring two key public events in 2009 to support this project:

- » On April 7, 2009, "One Night for Kanke" benefit dinner was held at the House of Blues in New Orleans during the American Mosquito Control Association (AMCA) Annual Meeting. Over 550 people attended with all ticket proceeds going toward the purchase of bed nets. Over \$30,000 was raised via ticket sales and donations.
- » The "One Night for Kanke Benefit Concert" was held on October 1, 2009 in Naperville, IL, raising \$77,000 through ticket sales, a silent auction, raffle and donations.

Many people, companies and mosquito control districts have generously donated to this campaign including two classes at Florida Gulf Coast University in Fort Myers, FL. The Malaria Project was a civic engagement, service learning initiative conducted by students. These students worked together to not only raise awareness but to raise over \$10,000 to purchase 4,000 nets (including Clarke's matching donation).

In addition, Clarke employee-sponsored fundraising events (e.g., selling T-shirts and raffle tickets at local summer festivals) raised over \$26,000. As of August 2010, over \$140,000 has been raised and 38,000 nets have been purchased and sent to residents of Kanke.



Family receiving DuraNets in Kanke



DuraNet distribution in Kanke

The Akwanga Project

The current project for The Clarke Cares Foundation, The Akwanga Project, is another collaborative effort with The Carter Center to combat malaria and lymphatic filariasis. This time, Akwanga, Nigeria has been identified as the area to send the life-saving nets. With a population of 113,430, The Carter Center has determined that 50,000 DuraNets will be needed to assure that all sleeping spaces are covered by a net. The Clarke Cares Foundation's

goal is to raise the funds along with a net for net matching donation to purchase and ship 50,000 DuraNets to the people of Akwanga. The Carter Center will be responsible for the net distribution along with local government health officials, the Nigerian Ministry of Health staff and community distributors.

"Seeing the photos of DuraNet and medicine arriving in Kanke, Nigeria motivates me to want do more personally and professionally."

Joe Naro
Director of International Sales

We've only just begun this process of change. Next year, when we measure our results and performance, and look at the improvements we made, we hope that you will be part of that progress. What will you do to be part of the change?

Our journey to create a company with a greater purpose has only just begun. From measuring our carbon footprint to Project Catch Basin, from launching The CLOG to The Clarke Cares Foundation, we've built a good foundation for operational and cultural change and have already made a number of significant achievements. That's not to say that the journey is or has been smooth. Changing our culture and our ways of doing business will naturally take years of hard work.

We still have a long way to go until sustainability considerations becomes part of our "DNA" with every decision-making process. Employee feedback suggests that there's a gap between the corporate vision of our sustainability efforts and the actual execution to reach our goals. It is not yet our embedded natural habit to evaluate every Clarke decision through a sustainable lens. For example, we fell short of pursuing sustainable options for Clarke business apparel (organic cotton, locally harvested, etc.), and used disposable cups at a recent meeting. These may seem like small things to some, but each and every decision in this company has a direct impact on reaching our goals.

In a preliminary internal survey conducted by the ASK Committee, employees rated the importance of ecology in decision making at work as a "5" on a 7-point scale. That's good, but not good enough. We cannot and will not be satisfied with ourselves until we all recognize the importance of the environment in decision making is worthy of a full "7" rating.

To reach our 2014 goals, we'll need to continue thinking in new, creative ways. We'll need to continue to challenge ourselves to develop smarter and more efficient ways to operate. Each of us needs to understand the important role we play and the specific impact each has at Clarke, on the environment, and on the future.

We are committed to doing everything within our power to achieve our short- and long-term sustainability goals. It's good for Clarke. It's good for our employees and our families. More importantly, it's good for the Earth and it's vital for the generations that follow us.

If you're looking for ways to get involved, or have suggestions, ideas or comments, please send them to ideas@clarke.com or join the conversation on The CLOG.

This is not just a Sustainability Report. This is our story. A story that includes each of you. In the past two years, we have managed to do big things. In order for us to continue making changes, it's important for us to remember that this is only the beginning.

Let's kickoff this story by looking back to see how it all began—with inspiration.

- 2 Our Inspiration for Change
- 4 Who We Are and What We Do
- 6 Our Company Has Always Been Driven by Change
- 12 2009-2010: Our Performance and Results
- 22 2010: The Momentum Continues
- 28 2009-2010: Social Responsibility Performance
- 32 We've Only Just Begun

GLOBAL HEADQUARTERS

110 E. Irving Park Road, 4th Floor P.O. Box 72197 Roselle, IL 60172

Phone: 1.800.323.5727 Fax: 1.630.894.1774

www.clarke.com



Any time we can lessen our impact on the environment is a good thing. That's why we work with printers who make FSC® certified paper sources available to us. This ensures that the paper meets the Forest Stewardship Council's™ standards for well-managed forests and the responsible use of forest resources. Join us in reducing paper usage by sharing this book with others.

© 2010 Clarke. Abate and Biomist are registered trademarks of Clarke.

OMRI Listed is a registered trademark of the Organic Materials Review Institute. LEED is a registered trademark of the U.S. Green Building Council. Littline is a registered trademark of Littline Technologies, LLC.

Natular, DuraNet, FlightMaster, Duet, AquaAnvil, AquaHalt and Eco-Tier are trademarks of Clarke. Be, Do, Say is a trademark of Avenue Marketing and Communications.