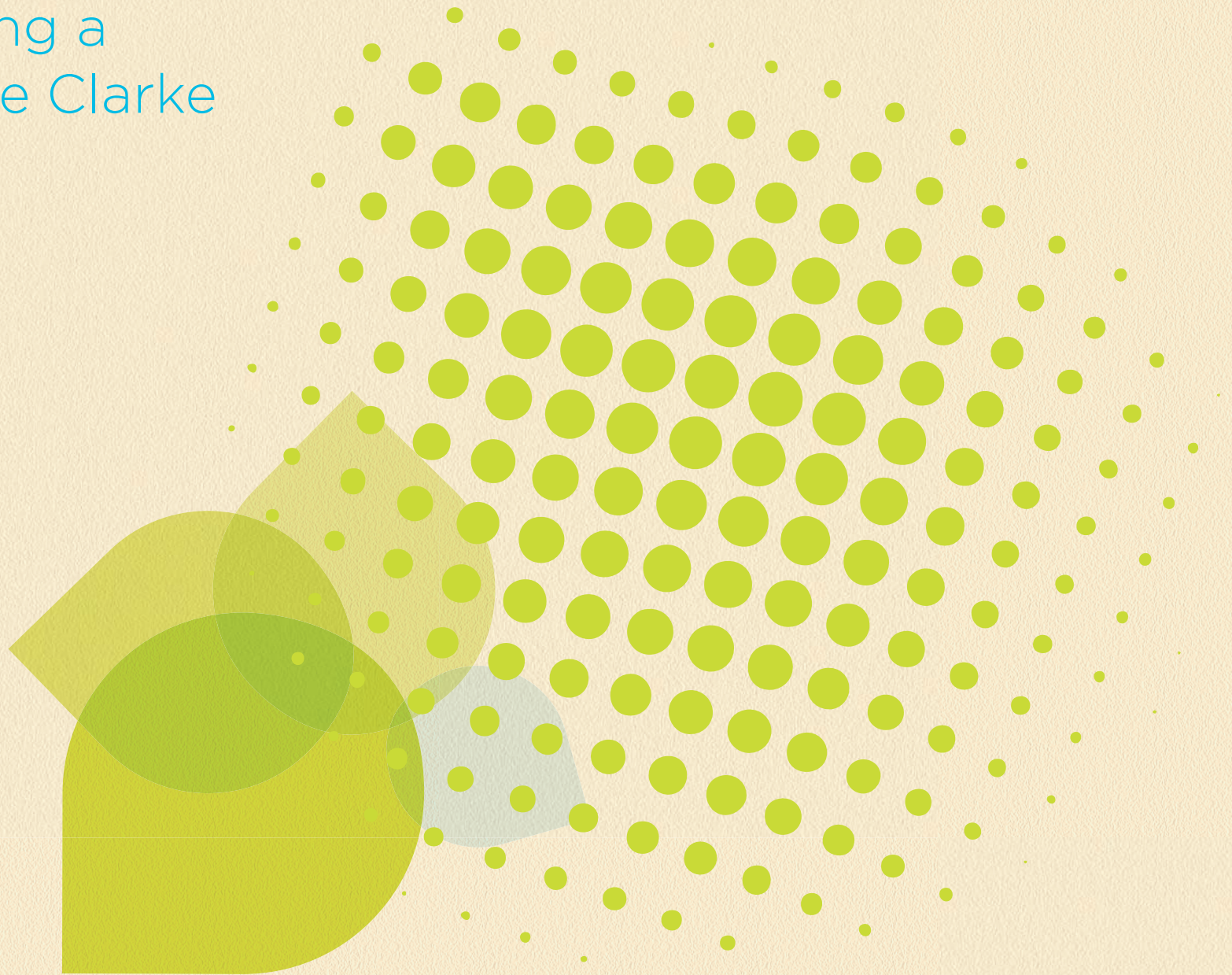
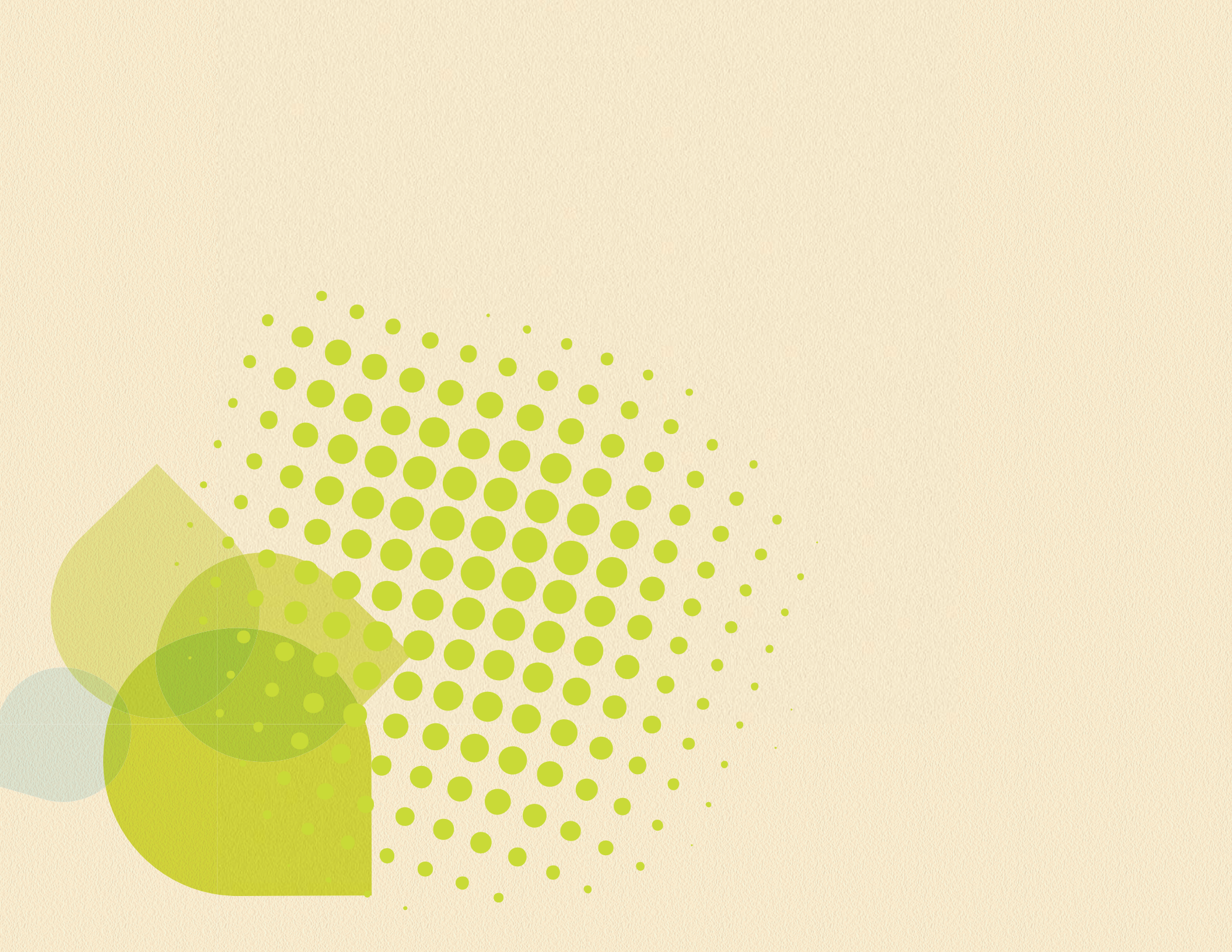


# Accelerating a Sustainable Clarke









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# Dear Friends,



Back in 2008, when we started our journey to become a company with greater purpose, we committed to making it about more than “green” teams and “green” programs. We knew that to truly be a company with greater purpose we must fully integrate this commitment into our business - our processes, our products and our organizational culture.

In these first few years we’re proud of - and even a little surprised at - the progress that we’ve made to reduce our environmental impact and increase our employee engagement and community involvement. And yet, this journey continues to be something bigger.

Once you move beyond the important but relatively low hanging fruit, such as replacing light fixtures and integrating recycling programs, the work to become a sustainable enterprise becomes more challenging. We must seek new partners and create opportunities to engage with our current stakeholders in ways that accelerate radical innovation.

In this, our fourth sustainability report, you will learn about some of these new engagements and read about the progress that we made, including some of our recent areas of focus.



PRESIDENT  
AND CEO J. Lyell Clarke



We must seek new partners and create opportunities to engage with our current stakeholders in ways that accelerate radical innovation.



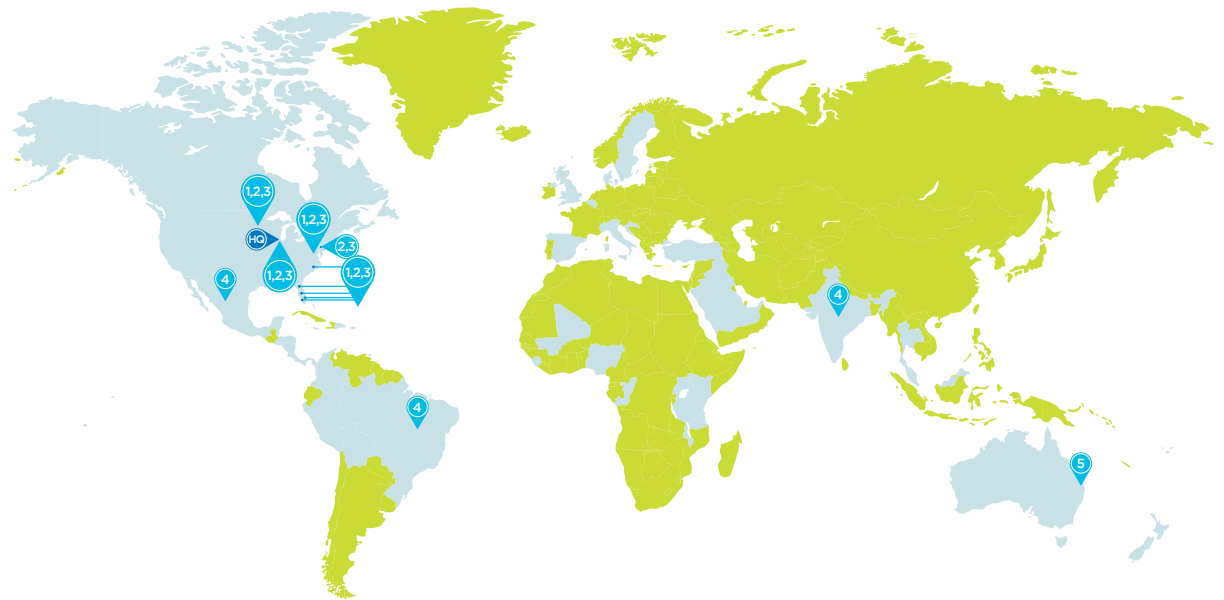


# Who we are and what we do

## Organization

Clarke is a global environmental products and services company. Our mission is to make communities around the world more livable, safe and comfortable. We do this by pioneering, developing and delivering environmentally responsible public health mosquito control and aquatic services to help prevent disease, control nuisances and create healthy waterways. Clarke strives to pioneer and deliver the most advanced environmentally responsible mosquito control and aquatic services available. The customers we serve include governments, commercial and residential groups, and international institutions such as UNICEF and U.S. AID.

Growing and evolving from a small family business established in 1946, Clarke today is a global solutions provider. The Clarke Group, Inc. and its core business units serve the spectrum of market needs from mosquito control products and services, to aquatic habitat services, and application equipment and technology.



## The Clarke Group Corporate Headquarters

- 1 Clarke Mosquito Control Products, Inc.** provides chemical and equipment manufacturing and distribution with headquarters in Roselle, Illinois and sales offices throughout the United States.
- 2 Clarke Environmental Mosquito Management, Inc.** provides mosquito control services to government, commercial and private entities with 11 locations in the United States.
- 3 Clarke Aquatic Services, Inc.** provides professional aquatic weed control and aeration programs.
- 4 Clarke International, LLC** provides chemical, equipment and long-lasting insecticidal bed net distribution with offices in Mexico, India and Brazil.
- 5 Pacific Biologics, Pty., LTD** distributes mosquito control and animal health products in Australia, New Zealand and the Pacific Islands.





## Governance

Clarke is governed by a two-person board of directors comprised of Clarke family members. Our executive leadership team is guided by an external advisory board of independent business leaders. Advisory board members are selected based on an internal review process and act in accordance with the policies that guide the Clarke organization.

In addition to our board of directors and advisory board, Clarke has a corporate compliance committee. This committee includes key members of the management team and provides oversight and direction regarding regulatory, environmental and workplace compliance in all Clarke operations and activities. The corporate compliance committee also provides guidance on Clarke's Code of Conduct and Ethics policies. We have established an Ethics Hotline as a confidential resource for employees to access should they have an issue to report. We monitor feedback submitted through the hotline and follow-up immediately on any reported issues.

Our sustainability progress is measured and guided by a Sustainability Advisory Board made up of our executive leadership team, senior management from Regulatory Affairs and Human Resources and employee representatives from each focus area. Established in 2011 as part of our Project Greater Purpose initiative, the Sustainability Advisory Board meets quarterly and monitors progress towards our sustainability goals.

**Vision** Create an organization that reaches around the world to help make the lives of more than 660 million people more livable, safe and comfortable.

**Values** Clarke's core values guide all our steps:

- **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 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.

**Mission** Together, we help make communities around the world more livable, safe and comfortable.

We are doing this by:

- Pioneering, using and championing the most eco-responsible and advanced products, services and business practices possible
- Providing support to as many communities as we can through the Clarke employee volunteer programs and through the Clarke Cares Foundation
- Living our mission through our words and actions
- Supporting our customers, partners and each other in this endeavor, and inspiring others to join us



# Accelerating a Sustainable Clarke

What started as a set of ideals and concepts has become embedded as a core business strategy at Clarke. With a clear sustainability reporting process established and project action plans in place, our approach to sustainability continues to mature and evolve as we innovate and seek new opportunities to put our mission into action.

Clarke's sustainability strategy focuses on proactively managing the environmental and social footprint of our operations, products and services to provide the greatest value to the communities we serve. Early on, we recognized a number of key impact areas including our fossil fuel dependence, the impact of climate change on public health, our expertise in water ecology, the safety and wellness of our workforce, and the opportunity to engage within the communities we serve. In the four years since we embarked on our journey to become a more sustainable and more socially responsible company, we've made significant progress in reducing our carbon emissions, decreasing our reliance on energy from fossil fuels, reducing our waste stream and giving back within our communities.

Despite our progress, we recognize that we've just scratched the surface of our imagination and capabilities.

In 2012, we accelerated our efforts through increased stakeholder engagement and radical innovation. The most transformative event that propelled us forward in our efforts thus far was a three-day Appreciative Inquiry summit in February.

Appreciative Inquiry (AI) is a change management methodology that identifies what works within an organization and uses that knowledge to intensify energy and vision for the future. AI is a *strengths-based* approach to organizational change management. Pioneered by Dr. David Cooperrider and Dr. Ronald Fry of the Case Western Reserve University Weatherhead School of Management, AI engages the "whole system," including employees, customers, suppliers, community members, regulators and others in exploring strengths and discovering possibilities for the future.

Dubbed **Clarke+**, our AI summit focused on the theme of ***Accelerating a Sustainable Clarke: Radical Innovation to Secure a Shared Global Future***.

The summit objectives were to:

- Fully engage all stakeholders to accelerate progress toward ambitious and meaningful sustainability goals.
- Create a mindset of radical innovation and creativity to achieve our vision of a complete portfolio of truly next generation offerings.
- Expand our thinking to identify additional or alternate opportunities to increase value to our stakeholders and secure a shared global future.

**Clarke+** brought together all of our 130 employees from five countries, along with customers, suppliers and key external stakeholders, including sustainability thought leaders from other industries, for a three-day exchange. Keynote and panel speakers included Andrew Winston (author of Green to Gold and Green Recovery), Valerie Casey (Necessary Projects), KoAnn Skrzyniarz (Sustainable Brands), Chris Laszlo (author of Sustainable Value) and Chuck Fowler (CEO of Fairmount Minerals).

What emerged from the summit were new opportunity areas for radical innovation and seven energized and integrated teams charged with developing action plans to adopt new initiatives in the short and long term.

## CLARKE+







## Opportunity areas:

<b>Radical Partnerships &amp; Bold Catalyst for External Change</b>	Efforts to influence a paradigm shift within our industry and our communities related to sustainability and environmental stewardship.
<b>Transformational Energy Solutions</b>	Operations, fleet and facility improvements to reduce carbon footprint, energy costs and increase efficiencies
<b>Net Zero Waste</b>	Waste stream initiatives to reduce total waste and achieve zero waste to landfill status at 20 percent of our locations by the end of 2014.
<b>Water Resource Management</b>	Develop and integrate sustainable practices into the operational protocol for our aquatic services offering.
<b>Accelerate Next Generation</b>	Processes to foster more rapid discovery, development and commercialization of NextGen products and services.
<b>How Clarke Cares</b>	Initiatives that demonstrate our commitment to caring for people and caring for the planet, both at home and abroad.
<b>Extraordinary Health &amp; Happiness</b>	Policies and programs with a focus on the health and well-being of all Clarke employees.

## Seven energized and integrated teams emerged from the Summit

Plans and initiatives from **Clarke+** were further refined during two “Summer Summit” meetings with Clarke management and opportunity area teams. Some initiatives were immediately actionable – such as the Transformational Energy initiative to conduct a pilot study of idle management and engine calibration devices on our service fleet and the launch of a Zero Waste initiative. Other opportunity areas, such as Bold Catalyst for External Change, compel a long-term focus and provide direction in how we will do business and how we will engage our customers and partners in collaborative change.

The impact of **Clarke+** can be seen throughout this report – in the continued reduction of our carbon footprint, improvements in our waste stream, engagement of our employees in giving back to the communities in which we work, and in the spirit of the efforts and initiatives of our Extraordinary Health & Happiness team. Coming together as a whole system was an amazing experience that will guide our efforts for some time to come.



# Annual Reporting & Measurement

## About this Report

This sustainability report, “**Clarke+**”, addresses progress made during 2012. It is our fourth such report, detailing Clarke’s environmental, social and economic performance across 17 global offices, facilities and work projects. This report covers Clarke’s global operations, including subsidiaries. As with our 2011 report, we see value using the Global Reporting Initiative (GRI) G3.1 guidelines in developing this report. It has been verified by the GRI as meeting the criteria for the Application Level B. Clarke adheres to the GRI principles for reporting to ensure the quality of this report.

We have no restatements of information from Clarke’s previous 2011 report, nor have we experienced any significant organizational changes in ownership or scope. The 2011 report, along with previous reports, is available in downloadable PDF format at [www.clarke.com](http://www.clarke.com).

## Measurement and Transparency

Progress on our goals and initiatives is measured through quarterly Sustainability Advisory Board meetings, employee performance management systems and in our corporate bonus structure, which includes a requirement for volunteerism and employee engagement in sustainability initiatives. Results are formally reported in an annual sustainability report, which is published to all internal and key external stakeholders.



In his quarterly company review to all employees, J. Lyell Clarke, the company’s President & CEO, provides often-impassioned updates on Clarke sustainability efforts and initiatives and reports on the progress that we are all making toward our Sustainability Goals.

In 2012, we developed a sustainability dashboard that is used to report performance toward our sustainability goals on a quarterly basis. This dashboard is reviewed at our Sustainability Advisory Board meetings and posted to the company’s electronic communication board.

### CLARKE MEMBERSHIPS & ASSOCIATIONS

- EPA WasteWise Partner
- American Mosquito Control Association (AMCA)
- American Society for Quality
- American Society for Testing and Materials
- Aquatic Ecosystem Restoration Foundation (AERF)
- Entomological Society of America (ESA)
- European Mosquito Control Association (EMCA)
- Global Collaboration for the Development of Public Health Pesticides (a working group of the World Health Organization)
- Mosquito Control Association of Australia (MCCA)
- Responsible Industry for a Sound Environment (RISE)
- Other local, state and regional mosquito control organizations



## 2012 AWARDS, RECOGNITION & SIGNIFICANT ACHIEVEMENTS

- 2012 - Illinois Governor's Sustainability Award (presented by the Illinois Sustainability Technology Center, a unit of the Prairie Research Institute at the University of Illinois).
- 2012 - Volunteer of the Year Award from the Walter and Connie Payton Foundation.
- Received Earth Flag Certification from DuPage County's School and Community Assistance for Recycling and Composting Education (SCARCE) on May 8, 2012.
- Created a compost center at our Roselle operations facility, collecting food scrap waste from our Illinois facilities and turning it into compost that is used in our landscaping at our Roselle facility.
- Enhanced our wellness efforts, now referred to as Extraordinary Health & Happiness, with the adoption of incentive programs to increase employee participation in our annual Biometric Screening and Health Risk Assessment Program. Through cash incentives and health benefit contribution discounts, we increased our participation from 66 percent to 91 percent of our full-time, benefit eligible, workforce.
- Publication of our third sustainability report following Global Reporting Initiative (GRI) guidelines and earning an Application Level B certification.
- As part of our Bold Catalyst for External Change efforts, we initiated planning to sponsor and help organize the first symposium on Sustainability at the American Mosquito Control Association's annual meeting.
- J. Lyell Clarke, President & CEO, invited presenter at the Sustainable Brands annual conference (SB'12).
- Presented a Keynote Address at the CropLife America and Responsible Industry for a Sound Environment Spring Regulatory Conference in Washington, D.C. regarding Precision Pesticide Application Technologies on the 50th Anniversary of Rachel Carson's Silent Spring.

2012 Illinois  
Governor's  
Sustainability  
Award  
November 9, 2012

Clarke



Pat Quinn  
PAT QUINN  
Governor



# Goal Update

Clarke has established a set of seven ambitious goals to guide its sustainability efforts. By the year 2014, we seek to:

- 1 Reduce our carbon footprint by 25 percent
- 2 Acquire 20 percent of our energy from renewable resources
- 3 Reduce waste stream by 50 percent

- 4 Generate 25 percent of revenues from products ranked as "NextGen" on the Clarke Eco-Tier™ Index
- 5 Incorporate a cradle-to-cradle design philosophy in all of our product/service development efforts
- 6 Attain LEED certification for all new facilities

- 7 Donate or volunteer 2,080 employee hours (equivalent to one full-time employee) to the communities in which we work

These goals influence every aspect of our business – from product development to supply chain management, from the vehicles we drive to the buildings where we work. In 2012, Clarke focused on developing innovative solutions that accelerated progress toward our sustainability goals.

2014 Goal	Goal Update	Status
Reduce our carbon footprint by 25% <sup>1</sup>	24 percent reduction since 2008 and 9 percent reduction from the prior year.	ON TRACK
Utilize 20 percent of energy from renewable energy sources	48 percent utilization in 2012 through Green Power contracts and on-site solar power.	ACHIEVED (138 PERCENT OF GOAL)
Reduce waste stream by 50 percent <sup>2</sup>	In 2012, we reduced our overall waste by 45 percent over 2010 waste stream and diverted 70 percent of our waste from going to landfill.	ON TRACK
Attain LEED certification for all new facilities	Followed principles of LEED in development of Natular production facility. No new facility projects introduced in 2012.	MORE WORK REQUIRED
Generate 25 percent of revenues from NextGen <sup>3</sup> products/services	Generated 13 percent of sales revenue from NextGen products and services in 2012. Our goal for 2013 is 18 percent.	MORE WORK REQUIRED
Incorporate a "cradle-to-cradle" design philosophy in all product/service development efforts	As we've explored this initiative, we've come to understand that achieving C2C status for pesticide products will be more challenging than first anticipated. As we pursue innovative solutions in this area, we've made considerable progress in reducing the environmental impact of our traditional product packaging, goal than initially expected.	MORE WORK REQUIRED
Donate or volunteer 2,080 employee hours to assist the communities in which we work	In 2012, 95 percent of employees volunteered their time for a total of 2,687 employee hours donated (valued at \$67,258).	EXCEEDED

1. From 2008 2. From base year 2010 3. NextGen defined as products and services purposed for sustainability and designed with cradle-to-cradle concepts in mind



# Project Greater Purpose



Project Greater Purpose is our internal organizational development initiative designed to establish a formal structure around our sustainability efforts and to create processes that enable progress in key environmental and social priorities.

Formed in 2011, Project Greater Purpose clustered very naturally for us into five committees: Communication, Education & Awareness; Extraordinary Health & Happiness; Social Responsibility; Good Earth; and Sustainable Business.

Project Greater Purpose also became a way to foster employee engagement and communication, providing employees meaningful opportunities to contribute to sustainability objectives. From social engagement to progress accountability to business decision making, Project Greater Purpose has proven a true sustainability accelerator for Clarke.

The Sustainability Advisory Board provides guidance and direction to the committees and project teams, reinforcing Clarke's commitment to its sustainability goals. Every Clarke employee is invited and encouraged, within the scope of their job and through personal bonus objectives, to participate on one or more of the five committees. In 2012, more than 70 unique projects were initiated under Project Greater Purpose and 70 percent of Clarke's employees actively participated in one or more sustainability activities.

## MAJOR INITIATIVES

### Sustainable Business

- Carbon Footprint Tracking & Reporting
- Transformational Energy - Fleet
- Transformational Energy - Facilities
- Green Power
- Sustainable Packaging
- C2C & Design for the Environment
- Responsible Purchasing Policies & Vendor Programs
- Zero Waste

### Communication, Education & Awareness

- Sustainability Report
- Appreciative Inquiry Summit
- Speakers Program & Training
- Internal Communications - The CLOG
- Outreach & Education

### Social Responsibility

- Swing for Nets Golf Outing
- Volunteerism Events
- Day of Caring
- Volunteer Week



### Good Earth

- Earth Day Events
- Composting, Rain Barrels & Recycling
- Solar Panels

### Extraordinary Health & Happiness

- Wellness Incentive Program
- Health Risk Assessment & Biometric Screening
- Health Care Benchmarking
- Health & Wellness Awareness
- Weight Watchers at Work
- Employee Safety Programs



# Radical Partnerships and Bold Catalyst

## Partnerships and Collaborations

*"A funny thing happened on the way to the forum..."*

There could be no more apropos quote for what we have experienced in our sustainability journey. One of the most significant and unexpected outcomes has been the increased quality of engagement with customers and suppliers.

It began in small ways. For example, asking a packaging supplier if a corrugate box design could be changed to use less material without sacrificing strength. On the customer side, our efforts to be more transparent resulted in scrutiny of our new products at unprecedented levels, which, in turn, changed the way we support customers and has sparked engaging dialogue with the EPA.

Relationships have always been a key element of Clarke's success. In 2012, we developed a survey that was distributed to all our major suppliers. The survey was sent to the suppliers that made up 90 percent of Clarke's total purchase spend and inquired about their own sustainability policies and practices in general, as well as in their materials usage and packaging. We submitted 30 surveys and achieved a 70 percent response rate. Based on the responses, we learned that 50 percent of our major suppliers practice sustainability to some degree. Data received suggests opportunities to engage our suppliers as partners in our efforts – particularly with Sustainable Packaging and Next Generation Product development.



## Fighting West Nile – Texas Style

Within 72 hours of receiving official contract approval from the Texas State Health Department in late July 2012, Clarke had an operations team, flight crew and PR staff on the ground in Dallas to take on what was the largest outbreak of West Nile Virus since 1999. Although rapid emergency response is nearly routine for Clarke – the situation in Texas was different. It was a major metropolitan area planning an aerial application of pesticides for the first time in decades. The ensuing media attention and public scrutiny was unprecedented.

Misconceptions and misinformation had spread rapidly through social media forums before Clarke arrived on the scene. In what seemed to be an instinctive (although never done before) fashion, our on-site team responded with total transparency about every aspect of the operation - from inviting camera crews to observe planes being loaded with pesticides, to Twittering real time operational details. Field surveillance sites were set up to allow a doubting city mayor and news media to see, first hand, the accuracy and effectiveness of our aerial applications. Initial misinformation quickly turned to facts and trust.

External stakeholders (customers, suppliers, business partners and sustainability thought leaders) made up close to 30 percent of participants at **Clarke+** - providing a very unique perspective of Clarke and our vision for the future. In the months following **Clarke+** and as part of

our Bold Catalyst for External Change initiative, we began planning for events (in 2013) to bring the story and inspiration of sustainability to our industry and key customers. This included coordinating the first-ever symposium on sustainability to be held at the American Mosquito Control Association's annual meeting (in February 2013).



## Bill & Melinda Gates Foundation

In November 2011, Clarke received a grant from the Bill & Melinda Gates Foundation to develop and evaluate a new method of controlling mosquitoes in areas of the world affected by malaria and other mosquito-borne diseases. Working with vector borne disease specialists from around the world, our primary charter in 2012 was to conduct a feasibility assessment of a new intervention for mosquito control. If proven commercially viable, this new control method has the ability to significantly reduce transmission levels of malaria while reducing overall pesticide exposure for villagers.

Malaria is caused by the parasite Plasmodium, transmitted into the bloodstream via the bite of an infected Anopheles mosquito. As of 2010, the World Health Organization reports that an estimated 1.2 million people will die each year from malaria.



“This partnership has challenged us to look at vector control from so many amazing perspectives”.



CLARKE TEAM MEMBER  
BMGF GRANT OPP1032358

Bill Jany

“Helping to improve the lives of people suffering from mosquito borne diseases like malaria is something Clarke does. It’s part of our corporate mission. Working with the Bill & Melinda Gates Foundation to help create a new paradigm for disease vector control is truly a humbling experience”.





# Transformational Energy

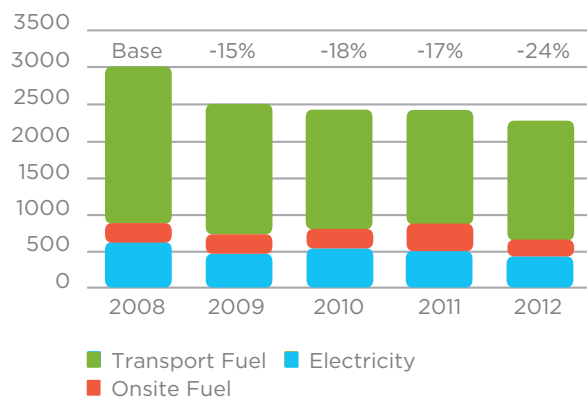
Our Transformational Energy initiatives seek to improve our operational processes and activities to achieve greater efficiency, reduce carbon emissions and reduce our reliance on fossil fuels and non-renewable energy sources.



## Carbon Footprint

Since we began tracking greenhouse gas emissions in 2008, we have reduced our total carbon footprint by 24 percent and achieved a 9 percent reduction from the prior year.

### CARBON FOOTPRINT



As 63 percent of our carbon emissions come from the transport fuel associated with our operations and our sales fleet, this is the primary focus for our carbon footprint reduction efforts. Since 2008, improved efficiencies in our operations have resulted in a 14 percent decrease in our total fleet and a 24 percent reduction in the number of large, fuel inefficient (i.e., < 20 mpg) pick-up trucks used in our operations. Today, hybrid vehicles and smaller trucks make up 33 percent of our operational fleet.

### TOTAL ENERGY (GIGAJOULES)

#### STATED BY ENERGY TYPE

	2010	2011	2012
Jet Fuel	854	640	810
Gasoline	21,663	21,776	15,055
Liquid Petroleum Gas	173	134	105
Electricity	3,839	3,598	3,313
Natural Gas	4,526	6,447	3,999
<b>TOTAL</b>	<b>31,055</b>	<b>32,595</b>	<b>23,282</b>

#### STATED BY ENERGY CATEGORY

Direct Energy	27,216	28,997	19,969
Indirect Energy	3,839	3,598	3,313

power to human pedal power. In 2012, 78 percent of the total 482,248 catch basins we treated were performed by pedal power (an increase of 6 percent from 2011). Staffing this crew used to be a challenge. Today, the bike technician job is one of the most coveted crew assignments of our seasonal workforce!

**Fleet Management Programs** - The Transformational Energy team from Clarke+ launched several initiatives to better manage our operational fleet, reduce fossil fuel consumption and lower our carbon footprint.

**a) Idle Management Systems** - In late 2012, we pilot tested an idle management system in our Roselle, Illinois fleet. The systems are set to turn off the engine whenever the vehicle is idling in park for more than five minutes. Since it is not uncommon for a driver to sit and idle while completing their electronic activity report or to leave the car and air conditioning running in the summer time, we project that this initiative (once rolled out to our entire fleet) has the potential to reduce our carbon emissions by 98.5 metric tons or 3.5 percent of our total carbon footprint.

**b) Sales Fleet** - Hybrid or high fuel efficiency vehicles make up 55 percent of our sales fleet. With a high concentration of hybrid vehicles in our Midwest sales region, we can see the significant impact that these vehicles are having on fuel efficiency. Improved fleet efficiency contributes to a reduction of our carbon emission and associate fuel costs. As vehicles reach end of life, replacement vehicles are selected after a thorough evaluation that considers driving conditions and usage needs, environmental impact and carbon footprint.

## Carbon Reduction Initiatives

**Catch Basin by Bike** - Since 2009, we've put an innovative spin on one of our traditional mosquito abatement operations - the application of larvicides to street catch basins to reduce the emergence of adult mosquitoes. Traditionally, this work was performed using a fleet of trucks - with drivers stopping every few feet to apply a larvicide application into the catch basin storm sewer. In 2009, we began converting this operation from gasoline



## Bill Quinn

CLARKE TEAM MEMBER  
OPERATIONS SUPERVISOR



"Today, when the discussion turns to getting new vehicles, we're thinking smaller. No one is asking for Chevy Silverado 2500s anymore. Now we think more in terms of do we NEED a vehicle and if we do, how small can it be."





**c) Other Fleet Initiatives** – To date, most of our fleet initiatives have focused on vehicle engineering and vehicle selection. During 2013, we are exploring data management systems that will allow us to capture vehicle performance and driver behavior data for each vehicle in our fleet on a real time basis. This type of dynamic data management system will help us address vehicle performance issues in real time, as well as develop driver training programs to optimize our operational fleet performance.

**Facility Improvements** – Starting in late 2012, we began to convert the lighting at our manufacturing and operational facility in Roselle, Illinois from incandescent bulbs to CFL. By converting 27 fixtures and installing motion sensors where appropriate, we estimate an annual savings of \$7,000 in electricity costs and the elimination of 32 metric tons of carbon emissions (1 percent reduction in our carbon footprint).

**Carbon Offsets** - For those emissions we cannot eliminate, Clarke has invested in offsets that sequester carbon dioxide. In 2012, we purchased our offsets from Carbonfund.org, which supports projects meeting international certification standards for carbon sequestration. This offset of 1,017 metric tons of carbon dioxide (CO<sub>2</sub>) represents the total carbon emissions from our 2011 electricity and on-site fuel use.

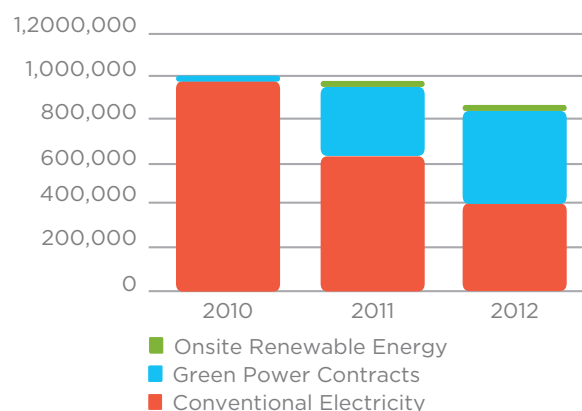
## Renewable Energy

A significant component of Clarke's energy-related activity revolves around renewable energy. Since 2010, Clarke has received a portion of their electricity from photovoltaic panels installed at two facilities – the new Natular® manufacturing facility in Schaumburg, Illinois and our distribution facility in Brisbane, Australia. The array in Illinois produced 3,989 kWh in 2012 – a 29 percent increase over 2011. The array in Australia produced 4,135 kWh – enough

energy to cover nearly 100 percent of the facility's energy needs!

Through a combination of these on-site renewable energy installations and Green Power contracts at three of our four Illinois locations in 2012, 48 percent of our total electricity consumption came from renewable sources (138 percent of our 2014 goal)!

ENERGY BY SOURCE (KILOWATTS)



PERCENTAGE OF  
PRODUCT CONTAINERS  
REUSED EVERY YEAR

75%

## Australia Ahead of the Curve

Long before their parent company began its formal initiative to become a company with greater purpose, the employees of Pacific Biologics Pty. Ltd. in Brisbane, Australia ("PB") had already established programs to reduce their environmental impact. For more than 15 years, PB has had a reusable packaging program in place for its ProLink ProSand® product. Empty 15 liter buckets and their lids are retrieved from customers each time new product is delivered. The buckets and lids can be cleaned and reused up to four times. Through this process, approximately 75 percent of this product's packaging is reused every year - in 2012 the program diverted approximately 28.7 cubic meters of waste from landfill. Although not a significant waste producer, with the support of well-organized local government recycling programs, PB has reduced their waste to landfill by 50 percent since 2008. In 2012, the company diverted approximately 75 percent of their total waste from landfill to be recycled or reused.

Taking advantage of the sunny, sub-tropical climate, the solar array installed at PB's facility in 2011 provides approximately 87 percent of their total power needs. Because the system generates more power than is needed during the summer months, the facility receives a net refund from their energy utility company. In 2012, replacement of the 25-year old diesel lift truck with an electric version further reduced carbon emissions as well as maintenance expense and realized another benefit of the on-site energy production.



# Zero Waste

In 2012, we upgraded our 2011 waste initiative, Operation Starve Oscar, to a Zero Waste initiative with an ambitious goal to reduce the waste stream at all of our locations and to achieve Zero Waste to landfill at 20 percent of our locations by the end of 2014.



As part of this effort, we visited Zero Waste manufacturing facilities (Subaru in Lafayette, Indiana and Hayworth in Holland, Michigan) to gain a basic understanding of the best practices in creating a successful Zero Waste program.

Throughout the fall, the team conducted site waste stream assessments, established site waste champions, developed policies and protocol for waste, designed formal waste station installations and signage, and developed employee program training.

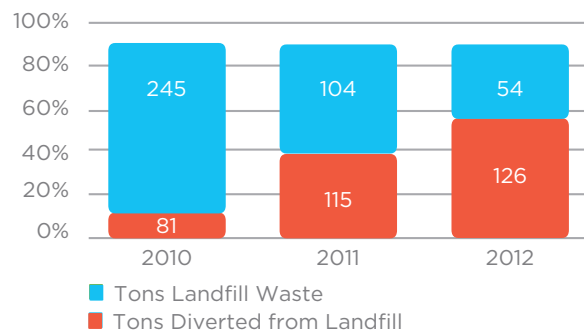
As a WasteWise Partner® and using tools provided through the EPA's WasteWise program, we developed benchmark waste generation and reduction data and standardized tracking among all facilities. We continue to make significant progress toward our goal of reducing the total waste stream by 50 percent.

Although the full impact of our Zero Waste initiative will be seen in 2013 with the full rollout of the program, we saw a dramatic improvement in our waste stream metrics in 2012. At our manufacturing facility in Roselle, Illinois, our largest waste generator, we saw a slight increase in the total waste produced but diverted 85 percent of that waste from landfill. This was an 18 percent improvement over 2011. Overall, for all of our facilities (world-wide) we reduced total waste by 45 percent (from our 2010 benchmark) and diverted 70 percent of our waste from landfill (a 34 percent improvement over 2011)!

## Recycling Drives

Our Good Earth committee is responsible for cultivating environmentally sound practices and projects that focus on education and lifestyle changes at work and at home. We work to inspire practical solutions that will have a healthy impact on our future and the Earth. In 2012, the committee coordinated Earth Awareness collections to recover and repurpose items that would otherwise have ended up in landfill, including 1,657 greeting cards; 390 books; 3,014 pounds of electronics; 105 pairs of gym shoes; 10 pairs of flip flops; 15 boxes of school supplies and 50 strands of holiday lights.

### DISPOSITION OF WASTE



## Customer-Focused Waste Reduction

In 2012, to further reduce our impact on the planet and support our customers' environmental goals, we increased our focus on packaging reduction and management. These customer-focused waste reduction efforts to eliminate paper and packaging support more environmentally responsible services for our customers. Through these efforts, we are also educating our customers on the benefits of reducing waste in their own operations.

**E-Everything (Paperless) Initiative** - The E-Everything initiative came from asking the question: How can we reduce paper in our customer transactions AND make it easier for our customers to do business with us?

We initially launched our paperless processing initiatives in 2010, starting with an initiative to convert our customers to electronic invoicing. Initially, progress was very slow. Knowing that our customers were sensitive to change, we took a team approach. From our sales team, through order entry, to our accounting department, we talked to our customers at every opportunity to encourage them to make the shift from paper to electronic. By the end of 2012, 54 percent of our active customers were registered for the e-invoicing program (a 14% increase over 2011).



As e-invoicing gained momentum it inspired other initiatives to reduce paper consumption, become more efficient and have a positive impact with our stakeholders, including:

- **E-File Cabinet:** Electronic storage of our vendor AP invoices and contracts.
- **E-Payables:** Electronic payments to our vendors instead of sending paper checks. Currently 39 percent of our vendors are receiving payments electronically.
- **E-Payroll:** This allows employees to view their check online instead of receiving a paper copy. By the end of 2012, 80 percent of employees had enrolled in our E-Payroll program.
- **E-Shipping Confirmation:** Implementation of electronic shipping confirmations allows customers to be notified of their shipping status and to track shipments when it is convenient for them.
- **E-Door Tags:** Service customers now receive notification via email once service has been performed. Through this initiative we improved our communication to our customers and eliminated the paper door tags.
- **E-Workshop Registrations:** Our customers have the ability to register online and receive an email confirmation with details of the workshop. We have made it easier for our customer to register for our workshops.

The resulting impact of these electronic initiatives has made us more efficient, more responsive to our customers, and has had a real financial impact. The savings in check stock, office supplies, storage facilities and bank fees for 2012 is more than \$10,000.

## Return/Refillable Packaging

Since 2010, customers purchasing product in 30- or 55-gallon drums were encouraged to return empties to Clarke rather than sending them to landfill after a single use. Through this refillable drum program, HDPE drums are returned, cleaned, and reused as many as six times before they are sent to be shredded and recycled. Our returnable/refillable drum program grew as customers voluntarily joined the program. The number of 30- and 55-gallon drums returned increased 48.6 percent. This diverted 10,876 lbs. of HDPE plastic from landfills (a 32.7 percent increase from 2011). In addition to reducing landfill waste, this program also reduces liquid pesticide rinsate waste, customer disposal costs, and eliminates the need to purchase new drums for every shipment.

7,000 lbs. of corrugate diverted from landfills

## Sustainable Packaging

In 2012, Clarke committed to using only paper stock managed under the Sustainable Forestry Initiative (SFI) for corrugated packaging. We also engaged with our corrugate box supplier to reduce the total amount of corrugate used in our packaging. Corrugate boxes are used to ship 1 liter and 2 ½ gallon containers, tableted products, and surveillance parts and accessories. We began with our largest volume SKUs utilizing a corrugate box - a case of two, 2 ½ gallon containers. By redesigning the type of box fold and modifying box dimensions, we maintained structural integrity and reduced fiber needs per box by 23 percent, saving 28,600 sq. ft. of fiber. This diverted 6,000 lbs. of corrugate from landfills. Another 1,080 lbs. was saved by reconfiguring our protective box for pallet loads. In total, over 7,000 lbs. of corrugate was diverted from landfills.



## Bill Gooch

CLARKE TEAM MEMBER  
WAREHOUSE SUPERVISOR

"It's a great feeling to know you are first in the industry implementing an 'all in' returnable/reusable/recyclable drum program. Rather than buying a drum that had one use then to landfill, now we're looking at five to six uses before recycling the drums."



# Water Resources Management



We recognize that in most conversations about sustainability, water resources management refers to the stewardship of water – viewing it as a limited natural resource. For Clarke, our focus is on how we treat water bodies for our aquatic service customers. Our goal is to reduce the environmental impact when controlling invasive weeds and ecosystem-degrading algae.

In 2012, two significant steps were taken to reduce the total amount of pesticide products used in Clarke-treated water bodies.

## 1 A prescriptive review

Each customer account was reviewed, looking at the history of products used and how many inspections and treatments were made. This historical perspective allowed us to optimize the treatment program for our

customers. Treatment solutions utilizing biological controls, dyes and chelated products were “re-balanced” to minimize overall environmental impact.

Through this review process, we were able to optimize operational inspection and treatment patterns for some water bodies, making our fleet operations more efficient and reducing our carbon footprint.

## 2 A product reassessment

Copper, the most common chemical used to control algae, comes in a variety of forms. In 2012, we switched from copper sulfate to chelated copper in our operations. This change enabled us to lower dosage rates, make less frequent applications and reduce the amount of metallic copper added to the water body.

These changes reinforced our prescriptive “right time, right product, right amount” methodology. The results - effective performance with a reduction in our overall pesticide usage and environmental impact.

## Regulation as Opportunity

In 2011, interpretation of the Clean Water Act changed as it applied to public health applications. The resulting impact required applications of both mosquito control and aquatic habitat maintenance to be recorded. While the smallest of users were exempt, the majority of customers were affected with new data capture and reporting requirements.

Rather than lament the burden of the regulatory change, Clarke embraced it as an opportunity in 2012.

For product customers, state-specific webinars were posted online, distilling the legal language of the change into simple steps, providing links to state reporting forms and template reports. A simple database software was produced to aid small budget customers with their regulatory compliance.

In our mosquito and aquatic service sectors, minor modifications were made to our proprietary scheduling and treatment software system to ensure all legal data capture requirements were met.

## DOING THE RIGHT THING

In 2010, we learned of the presence of copper in the drainage basins at our Roselle, Illinois operations truck wash station. Since a copper-based product is used in our aquatics services to control algae, we understood that we had a potential source. Even though the discharge of copper did not exceed compliance limits, it was imperative for us to understand how it was occurring.

We voluntarily ceased truck wash operations for over a year while we embarked on efforts to eliminate any potential addition of copper to the waste stream.

After a series of corrective measures, including administrative, operational and engineering changes, we succeeded in eliminating copper from being introduced to the wash system and sewer. Yet, detectable residual copper levels could still be found in the triple basin separator designed to remove sediment debris from the wash.

With no clear resolution to the matter, in 2012, Clarke excavated the entire wash pad, the triple basin separator, and associated sewer piping and replaced the system with all new materials. Routine analytical monitoring of water from the wash pad is now reported to management teams to assure there is no operational contamination of the water supply.





## CONSERVE™ PRECISION AQUATIC APPLICATION SYSTEM

GPS technology drives many things these days. It's in our cars and on our smartphones, telling us where we are and where we're going. That concept, applied to our aquatic management program, became Conserve™ - a precision aquatic application system that integrates application flow control technology with the most advanced sonar mapping system.

Thanks to collaboration with two technology partners, pre-treatment GPS mapping provides a view of aquatic vegetation below the water's surface and permits overlay mapping of known areas of endangered species. With this information, we can prescribe an optimal treatment plan using the most appropriate herbicide at the most effective application rates. Applications are made using variable depth deployment lines, increasing efficacy and optimizing product usage. And, as the application is made, all data is captured in real time for integration with pre- and post-mapping to satisfy all regulatory reporting requirements.





# Accelerate NextGen

Accelerate NexGen was an opportunity area that emerged from **Clarke+** to hasten development and market acceptance of products and services that demonstrate our commitment to a more sustainable future.



As a pesticide manufacturer and applicator, we know that our ability to make rapid advances will not be easy. In 2012, following up on our 2010 Presidential Green Chemistry Challenge Award-winning larvicide, we registered our second OMRI Listed NextGen brand, Merus™ adulticide.

With Natular and Merus both OMRI Listed for use in and around organic farms and gardens, we will be able to aggressively promote our EarthRight™ community mosquito control program, which combines these pioneering products with innovative application and routing technologies to present a fully integrated sustainable option to broad area mosquito control programs.

Not every step we take toward our sustainability vision will be a quantum leap. In addition to the significant achievements of bringing formulations such as Natular and Merus to market, our product development efforts are also focused on enhancing our existing products. In 2012, we introduced a new larvicidal oil. In the development of this new product, we sought to deliver high

efficacy and consistent performance and to make the product more environmentally compatible than traditional larviciding oils. After three years in development, CocoBear™, is a patent pending formulation of vegetable and plant oil products that reduces the petroleum distillates component from 95 percent to 10 percent compared to its predecessor.

Accelerate NextGen also includes looking beyond the product to the packaging and our upstream and downstream impacts. In 2012, we challenged ourselves to create cradle-to-cradle packaging for two of our Natular formulations. In this effort we were again reminded that, as a pesticide manufacturer, our progress will not be quick. Finding materials that meet strict product handling requirements and that are consistent with cradle-to-cradle certification has proven to be challenging. The hurdles are significant, but not insurmountable. Delivery concepts are expected to be in the prototype stage in spring of 2014.







## Love the Earth. Not mosquitoes.™

EarthRight was born out of a vision to offer a more sustainable community mosquito control service - one that integrates sustainable choices in all areas - from the products that are used to the method and mode of their application. In 2012, with the introduction of Merus, our OMRI Listed adulticide, this vision became a reality.

Where once gas-guzzling 8-cylinder trucks were dispatched to treat catch basins, now four member bike teams arrive in a Prius. Bike technicians disperse to make the treatments using Natular, the first Reduced Risk larvicide. Adulticide applications are made with electric sprayers instead of gas engine sprayers. And our Merus adulticide, labeled for use in and around organic farms and gardens, gives residents a peace of mind about community mosquito control.



# How Clarke Cares



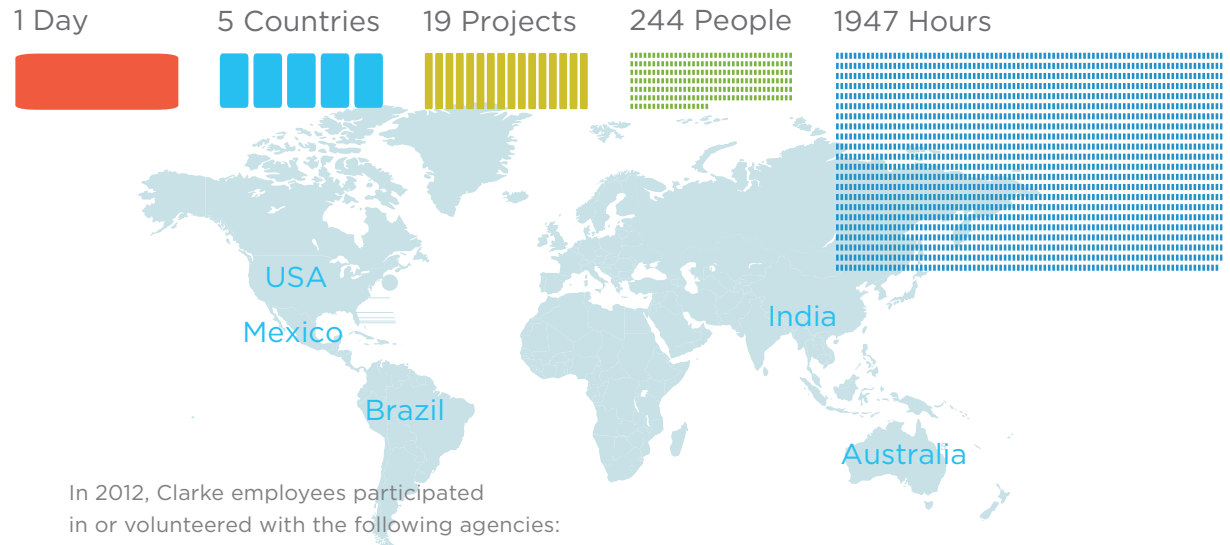
From our corporate headquarters in Roselle, Illinois to the communities we serve in rural Africa, Clarke touches people and families around the world. Through the efforts of our Social Responsibility committee and an enthusiastic workforce, and policies that support volunteer activities, we have surpassed our goal of volunteering 2,080 hours (equivalent to one full-time employee) of employee time to projects that give back to the communities in which we work.

In 2012, through our partnership with the Clarke Cares Foundation and The Carter Center, Clarke employees organized a golf outing to raise funds to provide bed nets to communities in Nigeria at risk for malaria and lymphatic filariasis. With a commitment from Clarke to match donations, the Clarke Cares Foundation contributed \$198,790 to The Carter Center. The Carter Center was able to use these funds to purchase approximately 40,000 nets – protecting close to 120,000 people from life threatening disease.

On September 24, 2012, Clarke conducted its **first annual Day of Caring**. All of Clarke's offices throughout the United States, Australia, Mexico, Brazil, and India closed so that employees could participate in a day of volunteering. In Illinois, 127 employees spent the day at St. James Farm in the Forest Preserve District of DuPage County pulling weeds, raking, clearing debris, and cleaning the renovated horse farm and stables. Activities at other locations included river and stream clean-up in Virginia and Idaho, and wildlife recovery in Louisiana, Mississippi and Brisbane, Australia.

In addition to this single day event, Clarke encourages employees to participate in non-profit organizations in the communities where we operate.

## FIRST ANNUAL DAY OF CARING

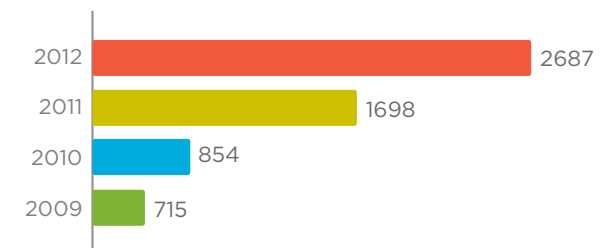


In 2012, Clarke employees participated in or volunteered with the following agencies:

- American Cancer Society
- Christmas for Kids
- Cinderella's Closet
- Elkhart (IN) Food Bank
- Give Kids the World
- Humanitarian Service Project
- Kids Against Hunger
- Northern Illinois Food Bank
- Party for the Planet
- SCARCE
- Schwab Rehabilitation Hospital
- Second Harvest Food Bank
- Spring Valley
- Village of Lombard Spring Clean-Up
- Walter and Connie Payton Foundation
- Working Bikes

In total, Clarke donated 2,687 hours of employee time in 2012 – at a value of approximately \$60,000!

## VOLUNTEERISM HOURS (2080 hrs. by 2014)







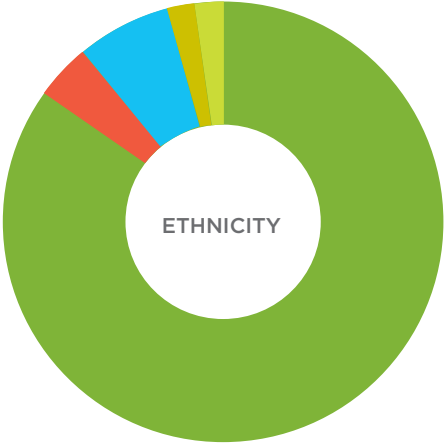
### Culture at Clarke

Our efforts to make communities around the world more livable, safe and comfortable will only be successful by promoting a work environment that embraces diversity, encourages open discussion and creates opportunities for individuals to make meaningful contributions through their work. Clarke aims to engage our people by connecting their passions and interests with the work we do. Clarke's 2012 average voluntary turnover rate of 2.1 percent reflects our commitment to building a passionate and purposeful culture, grounded in a mission and values shared by all.

### OCCUPATIONAL CATEGORY

OCCUPATIONAL CATEGORY		ETHNICITY	
Management	54	White	374
Administrative	32	Black or African American	17
Sales	29	Hispanic or Latino	29
Professional	20	Asian	9
Technicians	21	Two or more Races	10
Craft Workers	4	American Indian or Alaska Native	0
Operatives & Laborers	22		
Service Workers	257		
<b>Total</b>	<b>439</b>	<b>Total</b>	<b>439</b>

AGE (U.S. WORKFORCE ONLY)		GENDER	
50+	108	Male	341
30 - 49	146	Female	98
20 - 29	167		
< 20	12		
<b>Total</b>	<b>433</b>	<b>Total</b>	<b>439</b>



- WHITE 85%
- BLACK OR AFRICAN AMERICAN 4%
- HISPANIC OR LATINO 7%
- ASIAN 2%
- TWO OR MORE RACES 2%



## Rewarding Our People

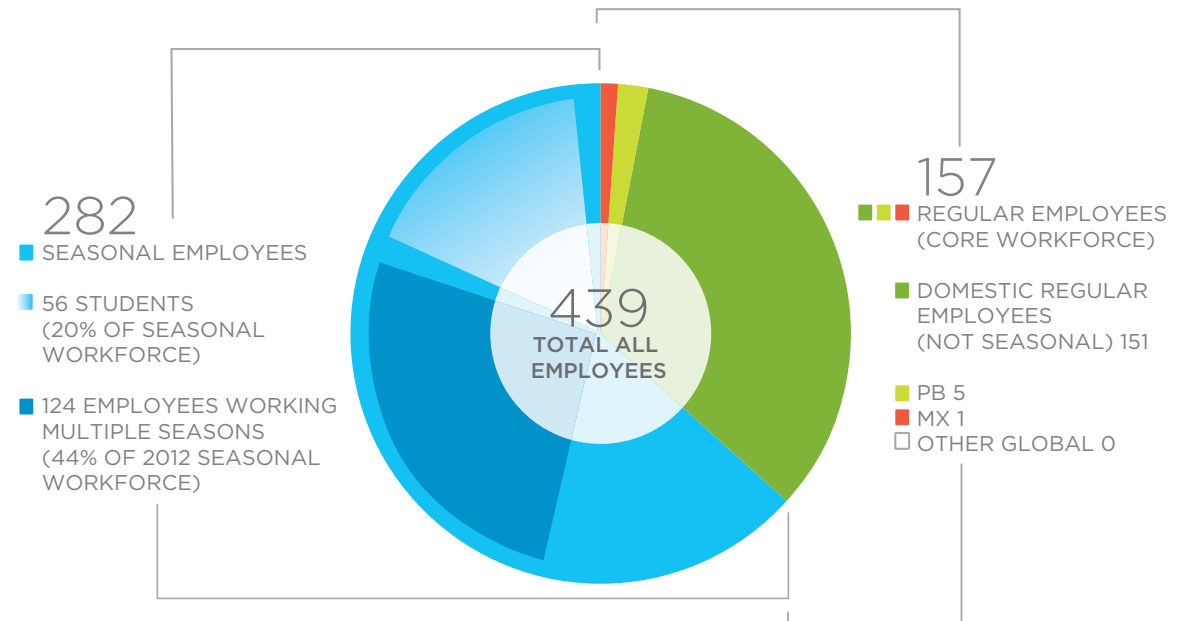
To attract and retain the very best talent, Clarke provides competitive compensation and employee benefit packages that offer opportunities for its people to build a solid financial future. Benefits offered to our full-time workforce include a medical and dental plan, 401(k) retirement program, paid sick and vacation leave, and incentive programs. We link individual and company sustainability performance by including formal sustainability objectives into our corporate bonus program, which is available to full- and part-time Clarke employees.

Beyond compensation and benefits, we strongly believe in recognizing our people for extraordinary work. Clarke's annual service recognition awards program allows us to express our gratitude to employees who dedicate their time, energy and spirit. The highlight of the program, the popular annual awards banquet, is where we recognize employees celebrating milestone anniversaries and acknowledge contributions they have made to Clarke's growth and success.

We also honor one exceptional individual through our Employee of the Year program. Nominated by their peers, the Employee of the Year selection is based on outstanding performance in:

- Customer service
- Commitment to sustainability
- Focus on philanthropy
- Special achievements

TOTAL ALL EMPLOYEES



## Training and Education

Along its sustainability journey, each of Clarke's successes is fundamentally rooted in learning and building greater awareness about how corporate and individual actions impact our planet and communities. To become better environmental stewards and raise the profile of social responsibility in ways that support continued success, Clarke provides its employees with tools to develop this understanding and encourages open dialogue and new approaches among its employee-led teams.

Through our **Sustainability Speakers program**, we seek to draw on the knowledge and experience of other organizations. Speaker events in 2012 included:

- **Waste Reduction and Recycling** – Shefali Trivedi, DuPage County Environmental Specialist
- **SCARCE and Recycling Education** – Kay McKeen, SCARCE
- **Wellness Begins with Awareness** – CHC Wellness
- **Connecting Employees with Nature** – Melinda Pruett-Jones, Chicago Wilderness



## Employee of the Year (2012)

In 2013, Clarke named, not just one, but three employees as their 2012 Employee of the Year.



**CLARK WOOD**, Vice President of Business Development, was recognized for his extraordinary leadership and team coordination efforts in managing the 2012 Texas West Nile Virus emergency management program in Dallas and Denton counties. For more than 38 years, Woody has been an inspiration and mentor to Clarke employees for his tireless efforts and passionate spirit.



**MARIANN CUMBO**, Treasury Manager, was recognized by her peers for her passionate leadership of Clarke's customer focused waste reduction efforts. By converting customers to electronic invoicing and automating accounting processes Mariann has helped to make us more efficient and more responsive to our customers and generated savings of more than \$10,000.



**AMY SOLIS**, Operations Supervisor and Biologist for Clarke's Kissimmee Florida operation, was recognized for her efforts in emergency operations for the State of Florida and for coordinating ground operations in the Texas West Nile Virus emergency management program. Amy is also a key contributor to our sustainability efforts and volunteer programs.

Carrie Aitken Erin Akstins Michelle Anderson Erin Arnott Elizabeth Baer George Balis Ronald Banks James Bardin Jennifer Biancalana David Boggs Robert Boggs Alex Boyd Brett Bultemeier Shawn Calay William Calvano Jr. Nivaldo Carlucci Douglas Carroll Crystal Challacombe Mary Kemp Clarke Frank Clarke Mary Robertson Clarke John Lyell Clarke III Lori Clemence Erickson Brian Erickson Alicia Fachet Daniel Fachet Joel Fruendt Ryan Dengler Jennifer Dopke Derek Drews Robert Giner Lauren Glines Joseph Haufle Jeffrey Hottenstein Donna Hunter Brian Irby William Jany Nancy Jimenez Timothy Gardner Mark Grundy Patricia Hallahan Jacob Hartle Joseph Kargol Linda Kidd Jaime Korbecki Frances Krenick Michael Kroll Heather Kubinski Wesley Gruenberg Mark Jurczewski Frances Kanouse Denise Lavezzi Andrew Kevin McCurley David McLaughlin Peter McNeil Jeffery Meyers Louis Miceli Mark Jones Theresa Jurszewski Karen Larson Lauren Lavezzi Christopher Novak Robert Olson Jonathan Ostrowski Patrick Patterson John Patty Terry Phillips James Lapinskas Jeffrey Larson Samuel Matias, Jr. Joshua Matta Reed Julie Reiter April Richter Hector Rios Fernando Rivera Jorge Rivera Shyamal Majumdar Peter Mantas Joseph Naro Christopher Amy Rogers Paul Roper Carolyn Russo Marie Saunders Daniel Schmidt Kimberly Schulke Michael Muldoon Sevil Mursalova Raia Christopher Novak Amy Rogers Paul Roper Carolyn Russo Marie Saunders Daniel Schmidt Kimberly Schulke Maricela Posada William Quinn Natasha Raia Christopher Novak Amy Rogers Paul Roper Carolyn Russo Marie Saunders Daniel Schmidt Kimberly Schulke Maldalena Rivera Steven Rizzi Stephanie Rodriguez Amy Rogers Paul Roper Carolyn Russo Marie Saunders Daniel Schmidt Kimberly Schulke Michelle Selander Marylou Servin Gabriella Simone Adam Slater Amy Rogers Paul Roper Carolyn Russo Marie Saunders Daniel Schmidt Kimberly Schulke Scott Surowiecki Bryan Tazbier Wallace Terrill Jack Thennisch Stan Toensing April Topel Joanna Tyszko James Ulrich Elizabeth Vargas Victoria von Ammon Richard Voss David Walker Thomas Wawrzyniak Scott Westney Michael Willis Clark Wood Erica Wyatt Michael Ziegler

# Extraordinary Health & Happiness



## Wellness

Our mission to make communities more livable, safe and comfortable, includes focusing on the health and safety of employees and their families. In June 2012, we celebrated the first year of our Wellness Incentive Program (WIP). This program promotes wellness and allows employees to earn points to be used for cash rewards for engaging in wellness activities. Employees

earn points in the areas of Preventive Care, Physical Fitness, Healthy Habits, Earth Healthy Ways, Smart Finances and Personal Giving. At the end of our first full year, 44 percent of our eligible employees participated and received cash rewards for focusing on their wellness.

In the fall of 2012, we launched a Weight Watchers at Work program. The 15 participants in this program

set an initial goal to lose 15 percent of their total body weight, or reach a Body Mass Index (BMI) of 25 in six months. By the end of the year, just three months into the program, the team was already reporting a total weight loss of 210 pounds!

One of the foundational programs of our wellness initiative is our annual biometric screening and health risk assessment. In 2012, we enhanced this program to boost participation by adding cash incentives (contribution to an employees' Health Savings Account) and discounts on the cost for coverage. Through these enhancements and a robust communication campaign, participation in this important health screening jumped from 60 percent to 91 percent of all eligible employees.

We adopted the same approach of employee engagement for our annual healthcare renewal process. Our 2012 Benefits Team included representatives from management, the Human

Resources team, and employees from various departments. Through this team approach, we implemented a change in our insurance carrier and introduced a high deductible healthcare plan with a health savings account provision.

We kicked off our open enrollment period with a series of dinners designed to educate employees and families about our new healthcare plan offerings and to foster a culture





of more informed healthcare consumers. As a result of this effort, more than 50 percent of our employees made the switch to a more affordable and consumer directed healthcare program.

## Safety

Safety is about valuing our people – communicating that no project or activity is ever worth compromising their safety.

The nature of the work environment at Clarke presents unique safety challenges. In addition to traditional manufacturing and workplace hazards, our field operations cover a great deal of territory. It is not uncommon to find us on bikes, in boats, trucks and even helicopters to get the job done.

The expansion of our aquatic management program in Florida adds a new challenge, working in swamps and wetlands inhabited by poisonous plants, insects, snakes and dangerous large reptiles. In 2012, we sought expert guidance to develop a comprehensive training program for our field deployed staff. This training focuses on the habitat and behavior of the American alligator. It is expected to be fully deployed in spring of 2013.

On an annual basis, we prepare supervisors to deliver safety training through a train-the-trainer program. Relying heavily on this core group of trainers, Clarke ensures that all employees, full-time, part-time or seasonal, have the training they need to work safely. Our training program covers major safety topics,

including annual hazard communication, fire prevention, personal protective equipment and more. Each year, we also deliver specialty training for employees whose work requires knowledge of bicycle safety, all-terrain vehicle and lift truck operation, and PA70E electrical safety. In 2012, we added formal training on watercraft safety and hazard identification.

Clarke’s integrated environmental health and safety (EHS) management program strives to identify and proactively address safety risks. Our hazard identification program includes reporting on near-miss incidents to pro-actively address emerging or potential hazards in the work environment. Our audit program reviews each facility at least every three years and safety risks are addressed through ongoing job hazard analyses. Each facility manager is responsible for providing monthly “tailgate safety talks” and for identifying at least two near-miss incidents and implementing appropriate corrective actions.

In 2012, we established a formal Incident Review Process to ensure that appropriate steps are taken to address workplace safety issues and to prevent, reduce or mitigate the risk of future employee safety issues. The Incident Review Board is comprised of Executive Management and other key management representatives. The Board meets on an “as needed” basis to investigate incidents resulting in serious injury or damage to property, potential for serious injury or damage, or that reflect a pattern of systemic

hazard in the work environment. In 2012, our Incident Review Process resulted in work site improvements to prevent slips and falls in our manufacturing facility, improved lifting and back safety programs, and enhanced operational protocol and safety training for all terrain vehicle (ATV) operations.

Caring for the planet and caring for people – two of Clarke’s core values – reinforce our safety philosophy. Although we know our sustainability journey will take us in new directions, safety will serve as a basic foundation for any strategy we create.

	2010	2011	2012
Total Recordable Injuries	15	14	15
Incidence Rate	7.02	6.78	7.44
Fatalities	0	0	0
# of days away	19	22	31
# of DART Cases	11	13	12
Total DART Days	209	342	266

# Conclusion



At Clarke, deepening our understanding of sustainability has helped to shape our work and our company. The work that we are doing together is improving how we do business, how we manage our operations and how we care for our employees. We are accelerating our business by adopting sustainability strategies and activities throughout our operations,

products and community activities around the world. Recognizing the importance of this work is helping us better manage the rapidly changing market demands of our industry. Though we are still at the beginning of our sustainability journey, we can already see that this work is leading us towards a future in which all of us at Clarke can be proud.





PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER
1. STRATEGY AND ANALYSIS			
1.1	Statement from the most senior decision-maker of the organization.	»	P. 2
1.2	Description of key impacts, risks, and opportunities.	»	P. 6-7
2. ORGANIZATIONAL PROFILE			
2.1	Name of the organization.	»	P. 2
2.2	Primary brands, products, and/or services.	»	P. 4
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	»	P. 4-5
2.4	Location of organization's headquarters.	»	P. 4, Roselle, IL, USA
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	»	P. 4, 6
2.6	Nature of ownership and legal form.	»	The Clarke Group is a privately held company with five core operating units: Clarke Mosquito Control Products, Inc., Clarke Environmental Mosquito Management, Inc., Clarke Aquatic Services, Inc., Clarke International, LLC, and Pacific Biologics, Pty., LTD.
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	»	P. 4
2.8	Scale of the reporting organization.	»	P. 4-5
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	»	P. 8 None to report.
2.10	Awards received in the reporting period.	»	P. 9
3. REPORT PARAMETERS			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	»	P. 8
3.2	Date of most recent previous report (if any).	»	Our last report was published in November 2012
3.3	Reporting cycle (annual, biennial, etc.)	»	Annual
3.4	Contact point for questions regarding the report or its contents.	»	Julie E. Reiter, Vice President, Human Resources & Sustainable Development, jreiter@clarke.com
3.5	Process for defining report content.	»	P. 2, 6-8
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	»	P. 8
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	»	P. 8
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	»	P. 8 This report includes data and information for all subsidiaries of The Clarke Group.

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	»	Data included in this report is measured and calculated according to the relevant GRI Indicator Protocols.
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	»	We have no restatements to report.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	»	None to report.
3.12	Table identifying the location of the Standard Disclosures in the report.	»	GRI Content Index.
3.13	Policy and current practice with regard to seeking external assurance for this report.	»	We have not had this report externally assured.
4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	»	P. 5
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	»	Clarke's Board of Directors is chaired by Mary Kemp Clarke, who is also an executive officer of the company.
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	»	Clarke's two-person Board of Directors includes one male and one female member, both of whom are in the 50 and older age group. Our Advisory Board is comprised of three independent members, all of whom are male.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	»	P. 5
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	»	Clarke's senior managers and executives may be eligible for bonus compensation based on business performance metrics, which include participation in sustainability initiatives as well as participation in community volunteer activity.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	»	P. 5
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	»	P. 5
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	»	P. 5
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	»	P. 5, 8
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	»	P. 8



PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER
4.11	Explanation of whether and how the precautionary approach or principle is addressed by organization.	»	P. 5-6
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	»	P. 6-8
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: *Has positions in governance bodies;* Participates in projects or committees;* Provides substantive funding beyond routine membership dues; or *Views membership as strategic.	»	P. 8
4.14	List of stakeholder groups engaged by the organization.	»	P. 6-7, 12
4.15	Basis for identification and selection of stakeholders with whom to engage.	»	P. 8, 12
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	»	P. 6 - 7, 12
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	»	P. 6 - 7, 12
MANAGEMENT APPROACH			
DMA EC	Disclosure on Management Approach EC		
	Economic performance	»	P. 4-5, 24
	Market presence	»	P. 4, 22
	Indirect economic impacts	»	P. 24
DMA EN	Disclosure on Management Approach EN		
	Materials	»	
	Energy	»	P. 14-16
	Water	»	P. 20
	Biodiversity	»	P. 11
	Emmissions, effluents and waste	»	P. 14, 17
	Products and services	»	P. 16, 18, 20
	Compliance	»	P. 20
	Transport	»	P. 15-16
	Overall	»	P. 6-7, 10-11
DMA LA	Disclosure on Management Approach LA		
	Employment	»	P. 5. 25-26
	Labor/management relations	»	P. 5

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER
	Occupational health and safety	»	P. 28-29
	Training and education	»	P. 26 While we do not currently track average hours of training per employee annually, we report a variety of training and education opportunities that are made available to Clarke employees.
	Diversity and equal opportunity	»	P. 25-26
	Equal remuneration for women and men	»	P. 26
DMA HR	Disclosure on Management Approach HR		
	Investment and procurement practices	»	P. 5, 22
	Non-discrimination	»	P. 25-26
	Freedom of association and collective bargaining	»	P. 25-26 Clarke does not currently have any employees covered by a collective bargaining agreement.
	Child labor	»	P. 5, 25
	Prevention of forced and compulsory labor	»	P. 5, 25
	Security practices	»	We do not currently hire security personnel.
	Indigenous rights	»	We do not have any violations involving the rights of indigenous people to report.
	Assessment	»	P. 26, 28-29
	Remediation	»	
DMA SO	Disclosure on Management Approach HR		
	Local communities	»	P. 24
	Corruption	»	We do not currently have a formal process for analyzing business unit risks related to corruption.
	Public policy	»	
	Anti-competitive behavior	»	P. 5 We have no incidents of legal action related to anti-competitive behavior, anti-trust and monopoly.
	Compliance	»	P. 5, 24
DMA PR	Disclosure on Management Approach PR		
	Customer health and safety	»	P. 18, 22
	Product and service labeling	»	P. 18, 22
	Marketing communications	»	P. 5, 22
	Customer privacy	»	P. 5, 22
	Compliance	»	P. 5, 20



PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER
ECONOMIC			
Economic Performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	»	Clarke is a privately held corporation and does not disclose this information.
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	»	P. 5, 14
EC3	Coverage of the organization's defined benefit plan obligations.	»	P. 26 We provide a description of Clarke's benefit program but do not disclose specific financial information related to coverage.
EC4	Significant financial assistance received from government.	»	
Market Presence			
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	»	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	»	While Clarke does not have a specific policy related to local suppliers today, we are in the process of developing a sustainable procurement policy, which will likely include, but is not limited to: <ul style="list-style-type: none"> <li>• spending with local suppliers</li> <li>• human rights and labor issues</li> <li>• environmental stewardship</li> <li>• cost</li> <li>• quality</li> <li>• availability of material</li> </ul>
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	»	P. 26
Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	»	P. 24
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	»	P. 24
ENVIRONMENTAL			
Materials			
EN1	Materials used by weight or volume.	»	
EN2	Percentage of materials used that are recycled input materials.	»	
Energy			
EN3	Direct energy consumption by primary energy source.	»	P. 14
EN4	Indirect energy consumption by primary source.	»	P. 14
EN5	Energy saved due to conservation and efficiency improvements	»	P. 14, 16

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	»	P. 16
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	»	P. 14, 16
Water			
EN8	Total water withdrawal by source.	»	
EN9	Water sources significantly affected by withdrawal of water.	»	
EN10	Percentage and total volume of water recycled and reused.	»	
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	»	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas..	»	
EN13	Habitats protected or restored.	»	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	»	P. 16
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	»	
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	»	P. 14
EN17	Other relevant indirect greenhouse gas emissions by weight.	»	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	»	P. 14, 16
EN19	Emissions of ozone-depleting substances by weight.	»	
EN20	NOx, SOx, and other significant air emissions by type and weight.	»	
EN21	Total water discharge by quality and destination.	»	
EN22	Total weight of waste by type and disposal method.	»	P. 17 Clarke reports on our most significant waste impacts, which include non-hazardous waste sent to landfill and recycled waste. In 2012, Clarke properly disposed of an additional approximately 220 gallons of hazardous waste.
EN23	Total number and volume of significant spills.	»	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	»	



PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	»	
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	»	P. 5, 18, 22
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	»	
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	»	We have no fines or non-monetary sanctions resulting from noncompliance with environmental laws and regulations to report.
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce..	»	P. 14 - 15
Overall			
EN30	Total environmental protection expenditures and investments by type.	»	
SOCIAL: LABOR PRACTICES AND DECENT WORK			
Employment			
LA1	Total workforce by employment type, employment contract and region, broken down by gender.	»	P. 25 - 26
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	»	P. 25 - 26
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	»	P. 25 - 26, 28 - 29 Clarke provides competitive compensation and employee benefit packages that offer opportunities for our people to build a solid financial future. Benefits offered to our regular full-time workforce include a medical and dental plan, 401(k) retirement program, paid sick and vacation leave, and incentive programs.
LA15	Return to work and retention rates after parental leave, by gender.	»	
Labor/ management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	»	Clarke does not currently have any employees covered by a collective bargaining agreement.
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	»	
Occupational health and safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	»	

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER
LA7	Rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities by region and by gender.	»	P. 29
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	»	
LA9	Health and safety topics covered in formal agreements with trade unions.	»	
Training and education			
LA10	Average hours of training per year per employee by gender, and by employee category.	»	P. 26 While we do not currently track average hours of training per employee annually, we report a variety of training and education opportunities that are made available to Clarke employees.
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	»	
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	»	
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	»	
Equal remuneration for women and men			
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	»	
SOCIAL: HUMAN RIGHTS			
Investment and procurement practices			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	»	
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	»	We do not currently have a specific human rights screening process, although we plan to implement a sustainable supplier program, which will include human rights criteria, over the next year.
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	»	P. 26
Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken.	»	
Freedom of association and collective bargaining			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	»	



PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER
Child labor			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	»	Clarke does not employ forced, bonded or child labor.
Forced and compulsory labor			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	»	Clarke does not employ forced, bonded or child labor.
Security practices			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	»	We do not currently hire security personnel.
Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	»	We do not have any violations involving the rights of indigenous people to report.
Assessment			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	»	
Remediation			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	»	
SOCIAL: SOCIETY			
Local communities			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	»	
SO9	Operations with significant potential or actual negative impacts on local communities.	»	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	»	
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	»	We do not currently have a formal process for analyzing business unit risks related to corruption.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	»	
SO4	Actions taken in response to incidents of corruption	»	We have no incidents of corruption to report.
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying.	»	

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	»	
Anti-competitive behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	»	We have no incidents of legal action related to anti-competitive behavior, anti-trust and monopoly practices to report.
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	»	Clarke paid an OSHA Penalty totaling \$2,500 for a total of 2 'Other-than-Serious' violations of the Occupational Safety and Health Act of 1970. • 1 for violations of 29 CFR 1910.134(f)(2) pertaining to documentation of annual respirator fit test requirements (corrected prior to settlement) • 1 for violation of 29 CFR 1904.32(a)(4) pertaining to posting of the OSHA 300A Form (corrected during inspection)
SOCIAL: PRODUCT RESPONSIBILITY			
Customer health and safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	»	P. 6-7, 11, 20-23
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	»	We have no incidents of non-compliance concerning the health and safety of our products to report.
Product and service labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	»	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	»	We have no incidents of non-compliance concerning product and service information and labeling to report.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	»	
Marketing communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	»	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	»	We have no incidents of non-compliance concerning marketing communications, advertising, promotion or sponsorship to report.
Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	»	We have no complaints about breaches of customer privacy and/or losses of customer data to report.
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	»	We have no fines for non-compliance concerning the provision and use of products and services to report.









## GLOBAL HEADQUARTERS

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