

2018 Clorox Palm Oil Responsible Sourcing Action Plan

Overview

This 2018 Clorox Palm Oil Responsible Sourcing Action Plan outlines the strategy and specific milestones that will help ensure The Clorox Company and our suppliers are making progress in implementing our [Palm Oil Responsible Sourcing Commitment](#). This year, we will focus on three key steps to be carried out in cooperation with our suppliers:

1. Evaluate and track ongoing supplier progress to meet our commitment.
2. Trace our core volumes to key milestones in the supply chain, including origin refiner and mill.
3. Leverage key points in the supply chain where we can influence change and support related transformation activities on the ground.

Refer to the individual sections below for additional detail about each of these steps.

Note: Clorox sources a low volume of palm oil-derived ingredients from various suppliers, with fluctuations from year to year in amount and source based on our business needs. As a result, we review our purchases annually and determine our “priority suppliers.”

During the first quarter of 2018, Clorox will review our domestic purchases of palm oil-derived ingredients to ensure we fully execute this action plan with an updated set of suppliers. Based on current information, priority suppliers represent more than 95 percent of the domestic volume of palm oil-derived ingredients that Clorox purchases annually.

This year, we will continue to focus on engaging our domestic business suppliers as we complete an assessment of possible palm oil derivatives in our international business supply chain. Once identification and analysis is complete, Clorox expects to integrate palm oil-derived ingredients sourced for our international business into our future annual volume updates and supplier prioritization, with supplier engagement and traceability work undertaken as appropriate. Today no direct palm oil or palm kernel oil is purchased for our international operations, and the derivative volumes are small and generally acquired through distribution channels.

Three Steps Toward Responsibly Sourced Palm Oil

1. Evaluate and track supplier progress to meet our commitment.

Clorox will require our priority suppliers to have company sourcing policies, procedures and/or commitments that ensure material compliance with Clorox’s Palm Oil Responsible Sourcing Commitment and the Clorox Business Partner Code of Conduct. Clorox will actively engage them on their approach and progress to support these principles across their operations, using third-party verification as appropriate.

Key supplier engagement milestones:

- **May 2018:** All domestic business suppliers informed of Clorox’s sourcing commitment and expectations.

December 2018: Deadline for priority suppliers to submit relevant policies, procedures, commitments, and/or action plans demonstrating how they will materially comply with our palm sourcing requirements and the Clorox Business Partner Code of Conduct.

2. Trace our core volumes to key milestones in the supply chain, including origin refiner and mill.

Clorox will look for our priority suppliers to demonstrate continuous improvement in traceability to the origin refiner, mill and, where feasible, to plantation levels.

There are three major points in the palm oil supply chain that represent the greatest opportunities to drive transparency and transformation through the entire supply chain and back to origin:

- ***Palm oil mills***, where fresh fruit bunches are initially processed after they've been harvested.
- ***Origin refiners***, which are the first refiners in the country of production that source crude palm oil or palm kernel oil directly from mills or from aggregators like traders and dealers.
- ***First importers***, the companies (usually refiners/traders) that are responsible for importing palm oil from a producing country to the country of ingredient manufacturing (such as the United States).

Due to their close relationships with the mills and influence within their respective mill sheds, origin refiners represent the greatest opportunity in the supply chain for a company like ours to contribute to meaningful transformation work on the ground. As a result, we've identified traceability to origin refiner as a key milestone to continue to report on publicly. Transparency and responsible practices at all mills supporting an origin refiner are needed to ensure the production of responsibly sourced palm oil.

Key traceability milestones:

- **March 2018:** Summary report on 2017 traceability efforts; palm oil-derived ingredient volume update and progress report for current priority suppliers.
- **December 2018:** 100 percent traceability to origin refiners for palm oil-derived ingredients from priority suppliers, with an objective for all identified origin refiners to provide transparency to all mills in their supply chains.
- **December 2018:** Analysis of ingredients that may be derived from palm oil purchased by Clorox for international operations.

Through these milestones, we are building on previous engagements with suppliers to improve their levels of traceability and working with an updated list of suppliers to encourage additional traceability efforts.

3. Leverage key points in the supply chain where we can influence change and support related transformation activities on the ground.

Through increased traceability, transparency and engagement with our direct suppliers, Clorox will be able to communicate and encourage sourcing commitments further upstream. This will help ensure that our expectations and values are understood and promoted by stakeholders able to influence change on the ground.

Clorox has been working with our implementation partner, The Forest Trust, or TFT, to help achieve this goal. We're supporting Priority Areas for Transformation, a program focused on land-use planning within a highly biodiverse ecosystem in Indonesia that allows program members and other participating stakeholders — including local communities, civil society, smallholders, industry and government — to work together to bring about sustainable economic growth while protecting a critical ecosystem. Clorox will continue to support this work as well as identify additional opportunities and partners that will allow us to promote industrywide transformation. We will encourage our suppliers and responsible sourcing industry partners to increase their involvement in that transformation effort as well.

As a company, we recognize there are many challenges associated with the production of palm oil and its derivatives that are widespread and common throughout the industry, and it will take time to address all of them on a large scale. To ensure that progress is being made, we expect our suppliers to have time-bound action plans, including grievance mechanisms and procedures, to react to and address issues as they arise.

Other contributions to industry transformation that Clorox will encourage include participating in trainings and workshops aimed at actively addressing the palm industry's most critical and widespread challenges; improving practices in our suppliers' supply chains beyond certification and sourcing policy and/or commitments; and increasing percentages of suppliers' palm volumes covered by broad transformation plans.

Next Steps: 2018 and Beyond

Clorox will continue to explore additional strategies and opportunities to meet our commitments as we gain further insights and achieve greater engagement with our supply chain. We believe implementation will be a journey of continuous improvement and that we will be most successful through strategic partnerships within our supply chain, capability building and credible external stakeholders.

Our action plan will be re-evaluated in the first quarter of 2019, when we will review our progress, update our priority suppliers and identify the next interim milestones required to achieve our Palm Oil Responsible Sourcing Commitment.