
A Status Report on Implementation of Our Palm Oil Responsible Sourcing Commitment, October 2018

This report summarizes progress made on our [Palm Oil Responsible Sourcing Commitment](#) since our previous [update in March 2018](#).

In March, we also published a [2018 Palm Oil Responsible Sourcing Action Plan](#) outlining this year's strategy and specific milestones that will help ensure Clorox and our suppliers continue to make progress in implementing our Palm Oil Responsible Sourcing Commitment. The Action Plan outlines three key steps to be carried out this year, 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.

Priority Suppliers Review and Selection

Clorox sources a low volume of ingredients containing palm oil or palm kernel oil derivatives from various suppliers with fluctuations from year to year in amount and source based on our business needs. During the first quarter of 2018, we conducted an annual review of our domestic purchases of palm oil-derived ingredients to ensure we are executing our action plan with an updated set of suppliers representing the bulk of our most recent palm oil purchases. Through our review, we identified five priority suppliers for 2018, accounting for approximately 92 percent of the estimated 2,300 metric tons of palm oil derivative material contained within ingredients that Clorox purchased in 2017.

This year, we are continuing to focus on our domestic business direct suppliers as we complete an assessment of possible palm oil derivatives in our international business supply chain. Once identification and analysis are 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 palm oil derivative volumes are small and generally acquired through distribution channels.

Progress on Three Steps Toward Responsibly Sourced Palm Oil

Step 1 Progress - Evaluate and track ongoing supplier progress to meet our commitment.

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

In May of 2018, Clorox informed all of our suppliers of palm oil-derived ingredients for our domestic businesses of our Action Plan and Commitments for sourcing palm oil, and requested their assistance and support to drive industry change. We also conducted webinars and engaged the smaller group of priority suppliers in deeper discussions to ensure their alignment with Clorox's sourcing commitment, and to ensure their full understanding of the larger issues and risks related to palm oil production and sourcing. By gaining visibility to the context surrounding Clorox's palm commitment, suppliers are better able to act as implementation partners as we execute our action plan.

- **In Progress:** December 2018 - Priority suppliers to submit relevant policies, procedures, commitments, and/or action plans to demonstrate how they will materially comply with our palm oil sourcing requirements and the Clorox Business Partner Code of Conduct.

Clorox is working closely with our priority suppliers on their sourcing commitments, policies and action plans and will continue to push for equivalency with Clorox's commitment.

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

- ✓ **Completed:** March 2018 - Summary report on 2017 traceability efforts; palm oil-derived ingredient volume update and progress report for current priority suppliers.

In March, Clorox published a [progress update](#) on our efforts in meeting our previous traceability and supplier engagement goals. We also assessed our 2017 palm oil ingredient volumes to identify our priority suppliers for 2018, and published an updated [action plan](#) laying out the goals and milestones for engagement with those suppliers this year.

- **In Progress:** 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.

Clorox is currently engaging each of our priority suppliers—representing about 92 percent of our domestic business palm oil derivative purchases—on traceability, and have made excellent progress against our milestone goals. Currently, Clorox has achieved 93 percent traceability to the origin refiner and 87 percent traceability to the mill.

- **In Progress:** December 2018 - Analysis of ingredients that may be derived from palm oil purchased by Clorox for international operations.

Evaluation of ingredients used for our international businesses is underway to determine possible existence of palm oil-derived ingredients outside our domestic supply chain.

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

- **In Progress:** Clorox has continued working with our implementation partner, The Forest Trust (TFT), and this year renewed support for Priority Areas for Transformation (APT). APT is a program focused on land-use planning within the highly biodiverse Leuser 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.

In addition to contributing to APT's baseline activities—which include spatial diagnostics, project management, and communications—we have set aside funding for an additional project falling within the scope of the larger program. This will support APT's overall goals while accelerating its progress.

Next Steps

Clorox will publish another implementation update summarizing progress on this year's established milestones and action plan. We will continue to work towards progress on our December 2018 key traceability milestones, after which we will evaluate our latest sourcing data to develop an action plan for 2019.