
A Status Report on Implementation of Our Palm Oil Responsible Sourcing Commitment May 2019

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

The [2018 Palm Oil Responsible Sourcing Action Plan](#) outlined our continuing strategy and specific milestones to ensure The Clorox Company and our suppliers are making progress in implementing our Palm Oil Responsible Sourcing Commitment. The action plan specified 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.

Priority Suppliers Review and Selection

U.S.: 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. As in prior years, we assessed our domestic purchases of palm-derived ingredients that we directly procured in calendar year 2018 to ensure we are executing our action plan with an updated set of suppliers representing the bulk of our most recent palm derivative purchases. Based on an analysis of 2018 data, we will continue to focus 2019 efforts on the same five “priority suppliers” as 2018 plus an additional three for a total of eight priority suppliers. Priority suppliers accounted for approximately 90 percent of the estimated 2,262 metric tons of palm derivative material contained within ingredients that Clorox purchased in 2018.

International: No palm oil or palm kernel oil is purchased directly for our international operations. The palm derivative volumes we purchase are small and generally acquired through distributors rather than directly from manufacturers. While the assessment of palm derivatives in our international business supply chain is still in progress, we anticipate integrating these volumes and suppliers into future reporting and engagement.

Progress on Three Steps toward Responsibly Sourced Palm Oil

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

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

In May of 2018, Clorox informed all of our direct suppliers of palm-derived ingredients for our domestic businesses of our action plan and commitments for sourcing palm-based ingredients and requested their assistance and support to drive industry change. We also conducted webinars and engaged in deeper discussions with the group of five priority suppliers we targeted in 2018 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 of Clorox’s palm commitment, suppliers are better able to act as implementation partners as Clorox executes its action plan.

In 2019, we are continuing this work by engaging in deeper discussions with the original five priority suppliers identified, while spending additional time with the three suppliers that were not included in our 2018 engagement activities. We do not have plans to engage our suppliers with webinars in 2019; instead, our engagement will consist of direct meetings along with Earthworm Foundation's actions to support our discussions and educate all priority suppliers.

- **Completed:** Priority suppliers submitted relevant policies, procedures, commitments, and/or action plans to demonstrate how they materially comply with our palm sourcing requirements and the Clorox Business Partner Code of Conduct.

We have evaluated the status of our priority suppliers through close engagement and are confident all are aligned with Clorox's commitments to responsibly source palm-derived materials and comply with the Clorox Business Partner Code of Conduct. Our engagement with suppliers is a continuing activity to enhance relationships and ensure alignment to drive industry change through cooperation and partnership. In March 2019, this effort included site visits with multiple suppliers to plantations, mills and palm-derivative production operations in Malaysia and Indonesia.

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

- ✓ **Completed:** Annual summary report on status of traceability efforts; palm oil-derived ingredient volume update and progress report for current priority suppliers.

In March 2018, Clorox published a [progress update](#) for our efforts in meeting our 2017 traceability and priority supplier engagement goals. We also reported 2017 volumes in our May 2018 RSPO ACOP report. Traceability results for 2018 priority suppliers are reported below and volumes will be disclosed in the 2019 RSPO ACOP report. We have also assessed updated palm volumes for 2018 to identify our key suppliers for 2019 engagement.

- **Ongoing:** 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 continued to make strong progress toward our traceability goals, achieving 99 percent traceability to the origin refiner and 92 percent traceability to the mill by December 2018 for our 2018 priority suppliers, which represented 92 percent of our domestic business palm oil derivative purchases.

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

Evaluation of palm-based ingredients used for our International businesses is in progress as of this report. We anticipate integrating these volumes and suppliers into future reporting and engagement.

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

- **Ongoing:** Clorox has continued working with our implementation partner, Earthworm Foundation (formerly The Forest Trust). In June 2018, we renewed annual 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.

Clorox will continue publishing updates at least twice annually to summarize progress against our action plan for 2019 and beyond.