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

This report summarizes progress made on our [Palm Oil Responsible Sourcing Commitment](#) since our previous [update in May 2019](#).

In 2018, we published a [2018 Palm Oil Responsible Sourcing Action Plan](#) outlining our 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, which we continued to follow throughout 2019, 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

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. During the first quarter of calendar year 2019, 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 derivative purchases. Through our review, we identified eight priority suppliers for 2019, accounting for approximately 90% of the estimated 2,262 metric tons of palm oil derivative material contained within ingredients that Clorox purchased in 2018.

International: No direct palm oil or palm kernel oil is purchased for our international operations, and the palm oil derivative volumes are small. While the assessment of palm derivatives in our international business supply chain is still in progress, in 2020, 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:** May 2019 - All domestic business palm derivative suppliers informed of Clorox's sourcing commitment and expectations on an annual basis. (Yearly process)

Clorox has informed our domestic business suppliers of palm oil-derived ingredients of our Action Plan and Commitments for sourcing palm oil and requested their assistance and support to drive industry change. We also engaged our priority suppliers in deeper discussions to ensure their alignment with Clorox's sourcing commitment and their full understanding of the broader risks related to palm ingredient 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.

- **Completed:** September 2019 - Priority suppliers submitted relevant policies, procedures, commitments and/or action plans to demonstrate how they will materially comply with our palm oil sourcing requirements and The Clorox Company 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 drive comparable commitments of our suppliers.

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

- ✓ **Completed:** May 2019 - Summary report on 2018 traceability efforts; palm oil-derived ingredient volume update and progress report for current priority suppliers.

In May, Clorox published a [progress update on](#) our efforts in meeting our previous traceability and supplier engagement goals. In this update, we reported 99% traceability to the origin refiner and 92% traceability to the mill for our 2018 priority suppliers.

- **In Progress:** By December 2019 - Our goal is 100% traceability to origin refiners for palm oil-derived ingredients from 2019 priority suppliers with an objective for all identified origin refiners to provide transparency to all mills in their supply chains.

This year, we identified our 2018 palm oil ingredient volumes to identify our priority suppliers for 2019, which follows our [action plan](#) laying out the goals and milestones for engagement with those suppliers this year. Clorox is currently engaging each of our priority suppliers on traceability, and will be reporting out our 2019 traceability results in our next bi-annual status update.

- **In Progress:** By December 2019 - 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 volumes of palm oil-derived ingredients outside our domestic business 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 continues to work with our implementation partner, Earthworm (formerly The Forest Trust). This year, we renewed support for Earthworm's Priority Areas for Transformation (APT) and joined the APT steering committee. The APT program focuses 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 supporting 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 including working with the mills and plantations directly to implement and strengthen NDPE policies.

Next Steps

Clorox will continue to work towards progress on our December 2019 key traceability milestones, and we are currently assessing our actions and opportunities to enhance our efforts. We expect to refresh our commitments in 2020 to better mitigate impacts on the environment and communities in palm ingredient growing and producing regions.