Progress Update

A Status Report on Implementation of Our Palm Oil Responsible Sourcing Commitment, May 2020

This report summarizes progress made against our commitments since our previous update in October 2019.

In 2018, we published a 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 and to-date in 2020, outlines 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 Supplier Review and Selection

U.S.: During the first quarter of calendar year 2020, we conducted an annual review of our domestic 2019 purchases of palm oil ingredients and identified a total of 1,738 metric tons, with 99% being palm derivatives. The amount and source fluctuates from year to year based on our business needs. This total reflects the low volume of ingredients containing palm oil, palm oil derivatives, or palm kernel oil derivatives that are sourced by Clorox from various suppliers.

International: We conducted an annual review of our international 2019 purchases of palm oil ingredients and identified a total of 399 metric tons, with 98% being palm derivatives. We will include global palm volumes in our 2020 Roundtable on Sustainable Palm Oil (RSPO) Annual Communication on Progress (ACOP) report and action plan.

Based on our domestic and international reviews, we identified six priority suppliers, including two new international suppliers since last year’s review, accounting for approximately 82% of the 2019 total global volume of 2,137 metric tons of palm oil ingredients we purchase. All six priority suppliers have volumes exceeding 50 MT which is our benchmark for tracing. These priority suppliers represent all of our direct suppliers with 50 metric tons or more of palm oil derivatives or palm kernel oil derivatives in aggregate for the ingredients we purchase from them. We plan to closely engage with these priority suppliers as part of our action plan in 2020.

Progress Toward Responsibly Sourced Palm Oil

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

✓ Completed: All domestic business palm oil ingredient suppliers informed of Clorox’s sourcing commitment and expectations on an annual basis.

In May 2019, we informed our domestic business suppliers of palm oil ingredients of our action plan and commitments for sourcing palm oil ingredients 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, we believe that our suppliers are better able to act as implementation
partners as we execute our action plans. We also engaged some Tier 2 suppliers — suppliers that sell ingredients to our suppliers — enabling us to further trace and understand their sources. This engagement also raised awareness and understanding of the need for traceability to support transformation projects to improve best management practices in high risk geographic areas.

**Completed:** Priority suppliers submitted their relevant policies, procedures, commitments and/or action plans to Clorox to demonstrate how they will materially comply with our palm oil ingredient 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 awareness of our commitments with our remaining suppliers. In 2019, we made significant progress in our traceability journey when three priority suppliers shared their full mill lists with us. These suppliers are now developing sustainability plans internally to advance toward even greater transparency.

**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 ingredient volume update and progress report for current priority suppliers.

In May 2019, Clorox published a [progress update](#) on our efforts in meeting our traceability and priority supplier engagement goals. We reported 2018 purchased volumes in our May 2019 RSPO ACOP report and will similarly report 2019 purchased volumes, also stated in this document, in our 2020 RSPO ACOP report. We have also assessed palm volumes for 2019 to identify our key suppliers for 2020 engagement.

- **In Progress:** 100% 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.

  We continue to engage our priority suppliers on traceability and have made strong progress against our milestone goals. In 2019, we achieved 99% traceability to the origin refiner and 89.3% to the mill with priority suppliers.

- **Complete:** December 2019 - Analysis of ingredients that may be derived from palm oil purchased by Clorox for international operations.

  We completed an assessment of our international supply chain and determined we purchased a low volume (399 metric tons) of palm oil ingredients in 2019 for our international operations. We will integrate these volumes and suppliers into our 2020 RSPO ACOP report and action plan.

**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 Foundation and began working with Business for Social Responsibility. In 2020, we renewed support for Earthworm’s Priority Areas for Transformation (APT) program after joining the APT steering committee in 2019 to allow for direct input on the selection of specific geographic areas for transformation. APT 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. APT key objectives include:
1. Government support and multi-stakeholder capacity-building
2. Eliminating in-concession deforestation of High Conservation Value (HCV)/High Carbon Stock (HCS) areas
3. Strengthening No Deforestation, No Peat, No Exploitation (NDPE) practices of mills and plantations
4. Reducing smallholder and community-driven deforestation of HCV/HCS areas
5. Robust data and monitoring to support interventions and communities

In addition to supporting APT’s baseline activities — which include spatial diagnostics, project management and communications — we are funding another project falling within the scope of APT’s larger program. This supports APT’s overall goals while accelerating its progress, working directly with mills and plantations to implement and strengthen NDPE policies.

This year, we joined a new multi-stakeholder project, facilitated by Business for Social Responsibility, which focuses on ensuring the safety and well-being of workers involved in palm growing and harvesting in Indonesia. We also supported a series of workshops to deepen understanding of labor issues and defined a set of palm oil producers in Indonesia that are committed to collaborate to improve plantation management practices related to working conditions and worker welfare.

**Next Steps**

We will continue to advance our commitment and make progress to help protect the environment and communities in palm ingredient growing and producing regions. Details of this progress, along with our annual disclosures, can be found on our website:  (https://www.thecloroxcompany.com/corporate-responsibility/environmental-sustainability/supply-chain/forest-commodities/).