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## Palm Oil Responsible Sourcing Commitment

We strive to responsibly source palm oil ingredients in a manner that doesn't contribute to deforestation and respects human rights in our sourcing communities because we recognize the palm oil industry has a significant impact on biodiversity, climate change, people and communities. To further drive industry change, we're accelerating and broadening our commitments to improve responsible sourcing of our palm oil ingredients.

The company's use of palm oil ingredients is largely limited to derivatives of palm and palm kernel oil. Typically present in very small percentages as sub-components of surfactants, fatty alcohols, emulsifiers or fragrances, palm oil derivatives are used in some of our bio-based and conventional cleaning products, food flavorings and fragrances as well as natural personal care products such as cleansers, lotions, shampoos and soaps. Palm oil derivatives are important ingredients in our formulas; however, Clorox's total palm oil ingredient volume represents less than 0.01% of palm oil produced globally each year.

Given that our palm oil impact is relatively small on a global scale, we believe the most effective way to influence progress in the supply chain is through collaboration and partnership with our suppliers, consumer packaged goods peers and nongovernmental organizations.

We're working with our current suppliers to ensure the palm oil and derivative ingredients used in our products are from responsible sources. And, in 2012, we set a public goal that we would source all palm oil ingredients from Roundtable on Sustainable Palm Oil-certified sustainable palm oil or through Green Palm offsets by the year 2020. In 2015, we created a more robust and comprehensive Palm Oil Responsible Sourcing Commitment that replaces the goal set in 2012. This new commitment expands the scope of our palm oil ingredient sourcing practices to address three key areas: deforestation and peatland protection, business ethics and human rights, and traceability. The goals outlined below apply to all palm oil-derived ingredients in our current products and products to be developed in the future.

### **Deforestation & Peatland Protection**

In 2015, we began communicating requirements to our palm oil ingredient suppliers to ensure they respect the principles of no deforestation and peatland protection. By the end of 2020, we'll require suppliers to secure third-party verification to demonstrate compliance with the following sourcing practices throughout all tiers of their supply chain:

- Do not contribute to deforestation by conserving and protecting primary and secondary forests, High Carbon Stock and High Conservation Value forests across all of their landholdings.
- Commit to no new development on peatlands, regardless of depth.
- Use best management practices for existing palm oil plantations on peat soils.
- Prohibit the use of fire for preparation or clearing of land areas.
- Comply with existing RSPO Principles and Criteria or other equivalent standards.

### **Business Ethics & Human Rights**

Clorox holds suppliers at all tiers within its palm oil supply chain accountable to the following principles listed in the Business Partner Code of Conduct:

- Comply with all applicable laws and regulations in the countries of operation.
- Prohibit child labor, forced and/or bonded labor.
- Compensate workers in accordance with all applicable laws and regulations—including those pertaining to minimum wage, overtime, maximum hours, benefits and leave.

- Prohibit discrimination, harassment and inhumane treatment in employment or occupation.
- Provide a safe and healthy work environment, including clean and safe housing when provided.
- Respect workers' rights to freedom of association and to collective bargaining.
- Prevent and prohibit corruption, including extortion and bribery.
- Use ethical recruitment practices, in which recruitment processes are documented and transparent, and costs charged to the workers are transparent, justified and legal.
- Identify and implement efforts to reduce environmental footprints.
- Provide safe work procedures and appropriate personal protective equipment to prevent chemical exposure, and where possible, eliminate worker exposure to harmful chemical, biological and physical agents—such examples are Paraquat, as well as chemicals categorized as World Health Organization Class 1A or 1B, or listed by the Stockholm or Rotterdam Conventions.

In addition to the principles within our Code of Conduct, we require these suppliers to:

- Respect land tenure rights and the rights of indigenous and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to operations on lands to which they hold legal, communal or customary rights.
- Have a credible and accessible grievance mechanism that allows for stakeholders to report concerns without fear of reprimand or dismissal. New or existing conflicts, including ones resulting from a lack of FPIC, should be managed and resolved through a transparent, balanced and accessible dispute resolution process.
- Track and reduce GHG emissions at plantations and mills per planted hectare and per ton of crude palm oil and palm kernel oil produced.
- Facilitate the inclusion of smallholders into our supply chain, and support them through the process of achieving compliance.

### **Traceability**

We're currently mapping various suppliers in our supply chain and are further investigating various approaches and tools we can deploy to help us assess risk and drive positive change. Due to the complexity of the palm derivative supply chain, the process of achieving traceability involves a number of companies at many tiers.

We will partner with our suppliers and NGOs to enable third-party verification of our suppliers' supply chain traceability efforts as well as verification of sourcing practices that include no deforestation and the protection of peatlands. Our ambition is to work with suppliers of our palm oil ingredients to map the supply chain back to the mill level by the end of 2017 and, subsequently, to the plantation by 2020. Traceability is far more challenging for palm oil derivatives versus palm oil; therefore, this timeline is subject to change based on more learning and the progress of our suppliers.