

# Supply Chain: Responsible Sourcing and Sustainability

2011-2019

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## Overview

We have a strong commitment to ethical business practices, treating people with dignity, respect and equal opportunity, and conducting business in a responsible way that promotes good stewardship of our planet. Business partners are expected to comply with our [Business Partner Code of Conduct](#). The Business Partner Code of Conduct details our expectations regarding adherence to the [Human Rights Commitment](#) and other expectations related to human rights and labor, health and safety, the environment, and business conduct and ethics. Meanwhile, our responsible sourcing and sustainability program helps us assess our own upstream supply chain against social and environmental impacts.

In our 2020 strategy, we focused efforts to help ensure there is no deforestation in our forest commodity supply chains.

This document provides environmental sustainability achievements made to our supply chain during our 2020 strategy period. For a full list of corporate responsibility highlights, [please visit our 2019 Integrated Annual Report](#).

## Forest Commodities

In looking at the forest commodities in our supply chain, we've identified wood-based fiber use and sourcing for our packaging as the areas where we can have the greatest impact on reducing the pressure on natural forests. As well, we recognize that responsibly sourcing palm oil ingredients plays a key role in protecting human rights while conserving the environment including our forests.

### Fiber

Ninety percent of our fiber use is in our packaging, both the primary package that contains some of our products and the secondary packaging in which we ship our products. Our strategy to minimize the impact of our fiber sourcing leads with reducing the amount of fiber we use. Next, we strive to maximize recycled fiber to meet the majority of our needs. When virgin fiber is required, we seek sustainable forestry certifications to ensure responsible forestry practices have been followed.

In addition to packaging, we use wood-based fiber in some of our products —namely Clorox® disinfecting wipes, Green Works® compostable cleaning wipes, Burt's Bees® towelettes and Burt's Bees® baby wipes. Although we don't purchase this fiber directly, nearly 96% of the wipes material we use is sourced from suppliers who use 100% certified sustainable tree-based fiber in their wipes material.

By 2020, our goal was to use only recycled or certified virgin fiber in our packaging. By the end of 2019, we nearly met this goal for packaging we purchase directly, using recycled or certified virgin fiber in more than 99% of our packaging.

## Palm Oil

The palm oil industry has a significant impact on biodiversity, climate change, people and communities. Clorox takes seriously our commitment to the responsible sourcing of palm oil ingredients and to enhancing our own and consumer packaged goods industry practices.

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.

While our use is small, we are committed to continuing to ensure our sourcing of palm-derived materials does not contribute to deforestation or infringe upon the rights of workers and indigenous peoples. In our 2020 strategy period (2012-2018) our approach to influence progress in the supply chain is through collaboration and partnership with our suppliers, consumer packaged goods peers and nongovernmental organizations.

### Our Goals and Progress for Palm Oil Sourcing

In 2012, we set a goal to 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 replaced our 2012 commitment with a more comprehensive [Palm Oil Responsible Sourcing Commitment](#). Taking effect in August 2015, this commitment expanded 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. As part of the commitment, we developed an initial [time-bound action plan](#) to work with our supply chain and third-party stakeholders to achieve and verify companywide compliance.

In this action plan, the company identified three key steps to implement the Palm Oil Responsible Sourcing Commitment:

1. Evaluate and track supplier progress toward achieving compliance with our commitment
2. Trace our palm footprint to various milestones in the supply chain, including to the mill level and subsequently to fresh fruit bunch origin
3. Identify key points in our supply chain where we can influence change and support transformation activities on the ground

To achieve progress, Clorox worked with our supply chain and third-party stakeholders to achieve and verify companywide compliance. Through close collaboration with our partner The Forest Trust (TFT) we were able to effectively engage with our palm oil ingredient suppliers, achieving traceability to the refineries in producing countries for 4 of our key suppliers.

Below are the percentages by year of our priority supplier volume traced to first refiner and mill:

Year	First Refiner	Mill
2016	66%	76%
2017	93%	87%
2018	98.9%	92.1%
2019	98.8%	89.3%

We developed time-bound action plan to work with our supply chain and third-party stakeholders to achieve and verify companywide compliance and committed to bi-annual updates. Another [time-bound action plan was published in 2018](#).

[A Progress Update on Implementation of Our Palm Oil Responsible Sourcing Commitment, October 2016 – PDF](#)

[A Progress Update on Implementation of Our Palm Oil Responsible Sourcing Commitment, June 2017 – PDF](#)

[A Progress Update on Implementation of Our Palm Oil Responsible Sourcing Commitment, October 2017 – PDF](#)

[A Progress Update on Implementation of Our Palm Oil Responsible Sourcing Commitment, March 2018 – PDF](#)

[A Progress Update on Implementation of Our Palm Oil Responsible Sourcing Commitment, October 2018 – PDF](#)

[A Progress Update on Implementation of Our Palm Oil Responsible Sourcing Commitment, May 2019 – PDF](#)

[A Progress Update on Implementation of Our Palm Oil Responsible Sourcing Commitment, October 2019 – PDF](#)

[A Progress Update on Implementation of Our Palm Oil Responsible Sourcing Commitment, May 2020 – PDF](#)

## Supplier Footprint

### 2020 Strategy: Supplier Environmental Footprint Scorecard

As part of our 2020 strategy, we developed a Supplier Environmental Footprint Scorecard to make our upstream supply chain more sustainable. Launched in 2014, the scorecard targeted our top 100 suppliers that collectively represented approximately two-thirds of our spending for goods and services. The scorecard enabled us to profile top-supplier efforts to measure, set goals, and report on water and energy consumption, greenhouse gas emissions and waste sent to landfill. It also requested data about our top suppliers' suppliers (our second-tier suppliers) to expand our view of and ability to impact our upstream supply chain. The scorecard was part of our ongoing work to help reduce the environmental impact of our top 100 suppliers, one of the company's 2020 sustainability goals.

### 2019 Top 100 Supplier Environmental Footprint Scorecard Summary

The response rate for the 2019 Top 100 Supplier Environmental Footprint Scorecard was 100%, up 25 percentage points from 2014. Our 2014 Supplier Environmental Footprint Scorecard served as a baseline with the goal of working with our strategic business partners to drive sustainability improvements across our supply chain in the years ahead. In 2017, we implemented a supplier scoring system to more clearly communicate our expectations for what constituted strong performance. The scoring details are explained in the educational webinar which accompanied our survey each year.

### Percentage of Suppliers that Request Sustainability Information from their Suppliers

2019	2014	Percentage point change vs. 2014 baseline
47%	38%	9-point increase*

\*Percentages and percent point changes are rounded to the nearest one.

### Percentage of Responding Top 100 Suppliers that Measure Footprint

	2019	2014	Percentage point change vs. 2014 baseline
<b>GHG Emissions</b>	75%	58%	17-point increase*
<b>Energy Consumption</b>	85%	73%	12-point increase*
<b>Water Usage</b>	76%	61%	15-point increase*
<b>Waste Sent to Landfill</b>	66%	48%	18-point increase*

\*Percentages and percent point changes are rounded to the nearest one.

Percentage of Responding Top 100 Suppliers with Public Reduction Goals

	<b>2019</b>	<b>2014</b>	<b>Percentage point change vs. 2014 baseline</b>
<b>GHG Emissions</b>	46%	41%	5-point increase*
<b>Energy Consumption</b>	50%	34%	16-point increase*
<b>Water Usage</b>	38%	30%	8-point increase*
<b>Waste Sent to Landfill</b>	41%	32%	9-point increase*

\*Percentages and percent point changes are rounded to the nearest one.