
A Status Report on Implementation of Our Palm Oil Responsible Sourcing Commitment October 2017

This report covers progress made on our Palm Oil Responsible Sourcing Commitment since our previous update in June 2017.

The Clorox Company published the [Clorox Road Map](#) in March 2016, which lays out targets for meeting our [Palm Oil Responsible Sourcing Commitment](#) and outlines the following three key steps in its implementation:

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

Since the June 2017 update, we have continued to engage with our suppliers and map our supply chain to meet these targets, working in close collaboration with our partner [The Forest Trust](#) (TFT) to make further progress toward specific time-bound milestones within each of these steps.

During this reporting period, we discovered the overall volume of palm oil in our direct domestic supply chain differs from what was shared in May 2017 in our RSPO Annual Communications of Progress (ACOP). This discrepancy was identified as we gathered detailed information further up the supply chain and determined several derivative ingredients that ultimately were derived from a non-palm oil source. The updated palm oil volume in our direct domestic supply chain for CY 2016 is just over 3,000 tons versus 3,814 tons reported in the 2017 RSPO ACOP.

Step 1 Critical Milestone Progress:

- ✓ **Complete:** Conduct webinars introducing palm-derivative sourcing requirements and performance indicator categories with 100 percent of direct suppliers providing ingredients containing palm oil by September 2016. (See October 2016 Progress Update)
- ✓ **Complete:** Conduct initial evaluation of the palm oil sourcing practices or plans for our 12 key suppliers and identify priority next steps with each one by December 2016. (See June 2017 Progress Update)

Step 2 Critical Milestone Progress:

- **In Progress:** Achieve traceability to the first importer level for our 12 key suppliers by September 2017.

Our 12 key suppliers represent 95 percent of the overall volume of palm ingredients Clorox sourced domestically that contain or are likely to contain palm, based on our CY 2016 spend data. The term “first importer” refers to companies (usually refiners/traders) that are responsible for importing palm oil from a producing country to the country of ingredient manufacturing. An important link to suppliers in the countries of palm origin, first importers could provide significant leverage in our efforts to gain better traceability across the supply chain.

To date, Clorox has achieved **nearly 80 percent traceability to the first importer**. Though this falls short of our commitment of full traceability to first importer by September 2017, it represents significant progress toward the ultimate goal of our traceability work: to ensure that Clorox's Responsible Sourcing Palm Oil Commitment is being met by all its suppliers, and to identify and prioritize areas where we can have the greatest potential impact to support industrywide transformation.



Figure 1 Supply Chain Map to Mill Level

- **In Progress:** Identify the origin refiners in our supply and achieve traceability to the mill level for our 12 key suppliers by December 2017.

During this reporting period, Clorox continued working with more midstream suppliers and first refiners to obtain mill level information. Since our last progress update in June 2017, Clorox has improved its traceability to more than **75 percent to the origin refiner** for our derivatives supply from the previously reported 66 percent. Through this increased engagement with suppliers across the supply chain, Clorox has achieved **more than 70 percent traceability to the mill**, putting us within range of achieving our goal of full traceability to mill by December 2017.

Clorox also sources a small amount (1 ton) of palm kernel oil (as opposed to derivatives) from one supplier and is currently more than **75 percent traceable to mill** with this supplier. We intend to update this degree of traceability and explore further engagement in this supply chain in the coming year.

Step 3 Critical Milestone Progress:

- **In Progress:** Identify key points in our supply chain where we can influence change and support transformation activities on the ground.

While we continue our efforts to improve the overall traceability of our palm purchasing, we have already made enough progress to identify some specific opportunities to improve environmental and social sustainability across both our supply chain and the broader industry. In partnership with TFT, Clorox is supporting a multicommodity program focused on land use planning within a highly biodiverse ecosystem in Indonesia. This program, called Areas for Priority Transformation (APT), is designed to address shared challenges among key stakeholders while reconciling their potentially conflicting interests. It will allow program members and other participating stakeholders, including local communities, civil society, smallholders, industry and government, to work together to bring sustainable economic growth while protecting a critical ecosystem. Though this work already goes beyond our third goal of identifying key leverage points in our supply chain from which to support change, we will continue to assess additional opportunities to further engage with transformation work on the ground.

We will report on the final milestones laid out in our current roadmap that ends in December. After that date, we will begin reviewing and updating our roadmap to identify next steps, building on the knowledge we've gained to date. A revised roadmap will be made available in January 2018.