



## Responsible Sourcing Standard

---

The Clorox Company (“Clorox”) Responsible Sourcing Standard (“Standard”) sets out detailed requirements for the responsible sourcing of all materials, products and services. It complements our [Responsible and Sustainable Sourcing Policy](#) (“Policy”) and outlines how we verify that suppliers meet our expectations. The Standard may be updated from time to time.

### The Clorox Responsible and Sustainable Sourcing Policy

As part of our commitment to responsible business practices, we require our suppliers to abide by the Clorox [Responsible and Sustainable Sourcing Policy](#), which requires compliance with all applicable laws and regulations, the Clorox [Business Partner Code of Conduct \(BPCoC\)](#), the Clorox [Human Rights Policy](#), the Clorox [Environmental Policy](#) and the Clorox [Freedom of Association Policy](#). We also require [our suppliers to share our Policy, its associated standards](#), and our [BPCoC](#) with their upstream suppliers and ensure those suppliers adhere to our principles and requirements.

In situations where laws applicable to our suppliers are more stringent than our policies and standards, our suppliers must follow the applicable laws.

### Detailed Responsible Sourcing Requirements

Our Responsible Sourcing requirements are:

- (1) Human Rights and Labor: Protect human rights of workers and treat all workers with dignity
  - Prohibit harassment, discrimination or inhumane treatment
  - Establish fair and competitive wages and working hours
  - Respect Freedom of Association and recognize the right of collective bargaining
  - Prohibit human trafficking and slavery
  - Prohibit child labor
  - Protect land rights of communities
- (2) Health and Safety: Create safe working conditions and a healthy work environment for all workers
  - Establish processes and programs that comply with applicable laws to ensure safe working conditions
  - Prevent occupational injury and establish occupational safety procedures
  - Identify hazardous materials and prevent chemical exposure
  - Prepare for emergencies and their response
- (3) Environment: Safeguard the environment and reduce environmental impacts Have an environmental management system



- Reduce waste, resource consumption and pollution
- Manage hazardous materials safely to protect the environment

(4) Business Integrity: Establish high standards of ethical conduct and comply with fair business practices

In addition to these requirements applicable to all suppliers, Clorox's [Sustainable Sourcing of Raw Materials Standard](#) sets out our general requirements for the sourcing of raw materials of agricultural or mining origin, as well as to material-specific requirements. Our Carbon Reduction in our Supply Chain Standard specifies requirements for certain suppliers to reduce carbon emissions.

## Verification of Compliance

Suppliers are expected to designate one or more members of management staff to be responsible for assessing and monitoring compliance with the [Responsible and Sustainable Sourcing Policy](#) and this standard.

### New suppliers authorization

New suppliers must complete a declaration of compliance with Clorox's [Responsible and Sustainable Sourcing Policy](#) and [BPCoC](#), as part of our supplier authorization process. In addition, we may require verification of compliance for certain suppliers. Failure to comply with these requirements may mean that Clorox is unable to complete the new supplier authorization process. As a result, the supplier would not be able to do business with Clorox until the issue has been resolved.

### Existing suppliers' verification process

#### A - Risk assessment

A risk assessment will be conducted to determine if a supplier will be required to have an external audit or other forms of assessments conducted:

- Product category segmentation: We concentrate on high-risk product categories which are determined by factors such as the inherent risks associated with suppliers' business activities or the nature of our contractual relationship.
- Supplier risk assessment: We classify suppliers as high, medium or low risk, taking into account the results from any previous audits shared with Clorox and the inherent risks associated with the supplier's specific location and business activities. We are a member of [Sedex](#) and encourage our suppliers to also register with their online platform as it enables suppliers to share data and demonstrate their ethical business practices. When available, we use information provided by suppliers in [Sedex](#) to inform our risk assessment.

#### B - External audit

Selected high risk suppliers will be required to undertake an independent external audit to verify



compliance to our [Responsible and Sustainable Sourcing Policy](#) and this standard.

- Audit process: We require selected suppliers to commission an audit by an internationally recognized firm; we will provide a list of approved audit companies. External auditors will arrange to visit selected suppliers' facilities to evaluate compliance with minimum labor, health and safety and environmental standards. Auditors will follow the [Sedex Members Ethical Trade Audit \(SMETA\)](#) protocol which includes all Clorox requirements. The auditors will indicate in advance the necessary records and personnel access and will agree to an audit date with suppliers. All necessary records and relevant personnel should be available at the site during the audit. Auditors will have full access to the supplier's site.
- Cost of the audit: Suppliers are expected to cover the cost of the audit and may use the output of the audit for the requirements of any of their other customers. The transactional and financial relationship is between the supplier and the audit company; however, Clorox must have access to the full audit report and supporting documentation from the audit.
- Audit validity: Audits have a validity of 1, 2 or 3 years based on the outcome of the audit. A new audit will be required prior to the expiry of the previous validity period.

### **C - Corrective action**

Where an audit identifies non-compliance with our requirements, we will require the supplier to identify corrective actions and timeframes for completing those actions.

- The auditor will need confirmation that corrective actions have been completed in order for the supplier to achieve compliance. Depending upon the nature of the issue, the auditor may need to make a follow-up site visit within 90 days of the initial audit. Any critical incidents found will require no longer than a seven-day corrective action plan.
- Our Clorox's SMETA trained quality team may support verification of corrective actions on site.

### **D – Reducing auditing burden**

Clorox is a member of [AIM-Progress](#), a forum for leading fast-moving consumer goods companies, manufacturers and suppliers who share best practices and work together to promote responsible sourcing. By promoting mutual recognition of supplier audits commissioned by another [AIM-Progress](#) member company, the forum also reduces the burden of repeated responsible sourcing audits. Clorox will therefore recognize audits carried out by internationally recognized auditing firms – COMMISSIONED BY AIM PROGRESS MEMBER COMPANIES - which have been completed within the past 1-2 years (depending on risk and nature of past non-compliances).

### **E – Other assessment methodologies**

Clorox is continuously reviewing the most effective approach to assess supplier compliance to our



requirements. In addition to audits, we may introduce alternative verification approaches.

## Consequences for violations of the Policy, Standard or applicable laws

Suppliers' compliance with the requirements of our Policy, Standard and all applicable laws is a material condition of continued business with Clorox. We will endeavor to work with our suppliers to address issues and implement remediation solutions, but in case of prolonged or excessive non-compliance, Clorox reserves the right to review business with our supplier, up to and including termination of the business relationship and any related contracts.

## Grievance mechanism and whistleblowing

We are committed to ensuring that workers who report violations or participate in investigations are treated fairly. Suppliers may not retaliate against their workers who report in good faith possible violations of the law, Policy or Standard to Clorox, law enforcement or government agencies or directly through the suppliers' grievance mechanism. Nor may suppliers retaliate against their workers for cooperating with or participating in good faith in any investigation of actual or potential business misconduct or violation of our Policy.

- Suppliers must have systems in place to enable anonymous grievance reporting and management. Grievance mechanisms must be continuously monitored, records must be maintained and appropriate actions taken in a confidential manner. Workers must be informed of how to access grievance mechanisms.
- In addition, anyone who becomes aware of any actual or potential violation by any Clorox supplier of our Policy, Standard, our [BPCoC](#) or any applicable law or other misconduct, should immediately report such conduct to Clorox. Suppliers, including their employees, may contact Clorox directly via either (1) the Clorox employee with whom they have a working relationship or (2) the Clorox Compliance Hotline, which allows for confidential reporting where permitted by law. The Clorox Compliance Hotline can be reached using the contact information detailed in our [BPCoC](#). Suppliers are expected to comply with all applicable data privacy laws when using the hotline.

*Michael Holly*

VP Product Supply Services  
The Clorox Company

Date: September 8, 2021