

Nalco's Response to the California Transparency in Supply Chains Act of 2010

As a subsidiary of Ecolab, Inc., Nalco has adopted the Ecolab Ethical Sourcing Standards. These Standards represent a global supply chain initiative requiring our direct suppliers to protect the health, safety and human rights of their employees. Suppliers must meet standards regarding forced labor, child labor, health and safety, fair pay, and harassment in the workplace. We require that our suppliers identify and act swiftly to eliminate any unacceptable conditions or practices in their facilities. We will not do business with suppliers who do not support the fundamental principles of human dignity and rights of workers to fair and equitable treatment. We base our supplier requirements on international standards including the United Nations Universal Declaration of Human Rights, the United Nations Convention on the Rights of the Child, and the Conventions of the International Labour Organization, including its Fundamental Principles and Rights at Work.

The *California Transparency in Supply Chains Act of 2010* (SB 657), effective January 1, 2012, requires certain companies to disclose information regarding their efforts to eradicate slavery and human trafficking from their supply chains. In accordance with the Act, Nalco's disclosures are as follows:

1. **Verification.** In order to evaluate and address risks of human trafficking and slavery in its supply chains, Nalco will submit a detailed ethical assessment to its top suppliers in order to verify compliance with the Ecolab ethical sourcing requirements. Nalco will require its top suppliers in the chemical, packaging, equipment and contract manufacturing categories to complete the assessment. Suppliers will be questioned not only on their policies, but on management practices and specific performance related to protection of employees' human rights and prevention and elimination of trafficking and slavery.
2. **Auditing.** Nalco does not currently conduct on-site audits of suppliers related to trafficking and slavery in supply chains, but is evaluating whether to expand its existing auditing program to incorporate trafficking and slavery standards.
3. **Certification.** Nalco requires all suppliers to comply with applicable government regulations, as well as with its policies and procedures. Nalco plans to incorporate a certification requirement into its supplier ethical assessment in 2012.
4. **Accountability.** Nalco employees are held internally accountable for ensuring that they meet standards regarding slavery and trafficking through Ecolab's Code of Conduct. The Code of Conduct requires employees and contractors to engage in ethical source selection. It also makes clear that compliance with applicable government regulations and Company policies and procedures is required of all Nalco suppliers, agents and consultants.
5. **Training.** Nalco provides training to its supply chain and purchasing employees, as well as to its suppliers, regarding Nalco's ethical sourcing policies and procedures.