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**Hive Wisdom**

Bees are not just our namesake. They’re part of our history, our culture, and our collective future. When Burt found his first colony of bees by chance back in the early ’80s, no one could have imagined what would come of his hives. But the wax became candles and then lip balm, and bees became our teachers. Their efficient and collaborative way of life became a model for our culture; their creations and pollination efforts became part of our products; and their connectedness to and stewardship of nature inspire our vision for sustainability. Throughout this report, we’ll draw on the lessons of bees and share how they are becoming both the inspiration for and the beneficiaries of our sustainability work.
Letter from Our General Manager

Doing What Comes Naturally

Welcome to our fourth comprehensive sustainability report.

The Burt’s Bees brand has always followed its own path. We pioneered natural personal care products and embraced sustainability before the word was commonly known.

According to Millward Brown market research, we enjoy the trust of millions of committed consumers. Our products are now available in 40 countries and our newest brand, güd, launched in 2012, is introducing natural products to a new, younger audience. Burt’s Bees is one of the world’s leading natural personal care brands, and despite the tough economic climate, we continue to post healthy growth.

How did we get here? Acting as nature’s champion is how we’ve always grown our business. It was the motivation for our co-founders Burt Shavitz and Roxanne Quimby and still guides us today as a fully integrated subsidiary of The Clorox Company.

Since our 2010 sustainability report, we have achieved 100 percent natural ingredients in more than half of our products and become involved in the Gimme 5 partnership, a U.S. plastic take-back program. We’ve also made a strategic decision to focus our giving on a single mission: making valuable investments in human health through sustainable agriculture and community gardening, which also help honey bee populations thrive.

While we are proud of our journey so far, there is much work to be done. Our business path to an even more sustainable future involves tough choices and uncharted territory. Although we met some of our previously set 2020 goals — including sending zero waste to landfill — years in advance, other goals need to be revised based on what we’ve learned. As we move to a “whole systems approach” by embedding sustainability throughout our product life cycle, we will undoubtedly encounter more challenges and trade-offs.

This is a household brand that cares deeply about its consumers, the environment, our community, and each other. I am excited to be moving into a new challenge as senior vice president and chief customer officer at Clorox. And as I hand over the leadership reins to the new Burt’s Bees vice president and general manager, Craig Stevenson, who joins the Burt’s Bees brand from the professional products division of Clorox, I thank all of my Burt’s Bees colleagues for their passion and commitment. As we discover anew every day, sustainability is a journey that’s well worth the ride.

Nick Vlahos
Vice President and General Manager, Burt’s Bees, 2011–2012
Anatomy of a Product

Sustainability in a Box

When you break down the “triple bottom line” that drives our company, you find people, planet, and profit. You can find these same considerations when you deconstruct our products.

The holidays are our busiest season, and our holiday gift products are targeted for shoppers who want quality and value. We also need to provide refreshed options every year, so innovation is important. We do our best to offer our customers and consumers gifts that conform to our commitment to sustainable products with the smallest possible environmental footprint.

Below, we deconstruct our 2012 Travel Basics Holiday Gift.
Packaging

- Plastic without petroleum: The packaging that encases our holiday gift set is completely free of petroleum-based plastic. Even the window film is a cellulose-based material. Take a peek!

- Paper tray: We used to use plastic trays to package our holiday gifts, but we gradually moved to plastic-free holiday packaging utilizing paperboard and corrugate. Now, we’re excited to introduce PaperFoam trays to our 2013 packaging. These trays reduce waste, make it easier to pack gift boxes efficiently, and are recyclable with other paper. Wrap with care!

- After you: The paperboard box we use is now 60 percent postconsumer recycled (PCR) content. Compared with 2011, we’ve used a grand total of 15 tons more repurposed material in our packages.

- Cutting corners: The octagon-shaped box saves material by cutting off unnecessary corners. Who’d have thought geometry would pay off?

Cosmetic Bag

- Natural all around: This stylish cosmetics bag is 100 percent natural, made of cotton.

- Across borders: Burt’s Bees products are manufactured in the USA, although we outsource some manufacturing of non-core accessories, like this cosmetic bag, to other countries, such as China.

Shea Butter Hand Repair Cream

- It’s only natural: All of our products are at least 95 percent natural, but this one hits the 100 percent mark. It includes botanical oils — sesame, borage, macadamia, rosehip and sunflower — along with a star ingredient, shea butter. Sourced from the fruit of the Karite (Butyrospermum parkii) tree, shea butter is a moisture-rich natural fat that nourishes while improving your skin’s elasticity.

- Going nuts: One of our sources of shea butter is the West African country of Ghana, where women’s cooperatives collect shea nuts from their villages for sale in local markets and to process the kernels into shea butter. They even use shea butter for their own skin and body care, and cooking. Sound like a brand you know? Find out more: www.burtsbees.com/ingredients

- Cook-off: Our “kitchen chemistry” philosophy relies on simple processes like heating, mixing, extraction and distillation to maintain the purity of natural ingredients. That’s why this hand cream is almost good enough to eat (hand creams tend to taste a little funny).

- Special treatment: Some of our products need special packaging to best protect the unique natural ingredients inside. For this one, we use a laminate tube. Unfortunately, the tube doesn’t contain PCR content. But we have to put safety and quality first.

- To protect and to serve: To stop the pliable laminate tube from denting on store shelves, we house it in a paper carton. We’re happy to say that this part of the package does have PCR content — 35 percent in fact.
Lemon Butter Cuticle Cream

- **Something to aspire to:** Another 100 percent natural product, its ingredients include candelilla wax, almond and sunflower oils, and cocoa butter. Our long-term ambition is a product portfolio comprised completely of 100 percent natural products, just like this one.

- **Family Business:** Candelilla (*Euphorbia cerifera*) is indigenous to Mexico. Our material is extracted from the candelilla plant, which is a small desert shrub that is collected by hand. The first extraction takes place in the desert, and it is later refined in factories. Candelilla wax production has long been a family business in Mexico, and it continues to be passed down from one generation to the next. Find out more: www.burtsbees.com/ingredients

- **Pedal to the metal:** This metal container, made from a minimum of 35 percent PCR material, is both reusable and recyclable.

Replenishing Lip Balm with Pomegranate Oil

- **Safety first:** We only allow synthetics in some products to protect their safety in the absence of a viable natural ingredient. But we don’t need synthetics in this one, another member of the 100 percent natural colony. Find out more: www.burtsbees.com/ingredients

- **Gimme 5:** The #5 plastic tube on our lip balm is incredibly lightweight - perfect for slipping into your pocket. Finding a place to recycle #5 plastic used to be a challenge, but now it is returnable to participating stores under our Gimme 5 recycling program.

Beeswax Lip Balm

- **Nothing naughty:** This lip balm uses 100 percent natural ingredients, including beeswax and peppermint oil. We exclude many commonly used synthetics from our products, including parabens, phthalates, ethoxylated ingredients, chemical sunscreens and formaldehyde-donating preservatives.

- **My hero:** The hero of our Beeswax Lip Balm is, of course, beeswax. Our source of beeswax is Africa, where our Ethiopian beekeeping sourcing partners suspend hives housed in hollowed-out logs from tree branches. We go all the way to Africa for our beeswax because commercial agricultural chemicals are less frequently used, so there is less chance that they will contaminate our ingredients. Find out more: www.burtsbees.com/ingredients

- **That shrinking feeling:** In trying to cut down on shrink wrap, we came up with a brilliantly simple way of sealing our products — extend the label! Genius, right? The amount of shrink wrap we’ve eliminated is enough to wrap the Statue of Liberty 100 times.

- **Earthly ink:** The label uses vegetable-based ink, yet another all-natural element of our products and packaging.
Company Profile: Building a Sustainable Brand

Nature’s Champion

The Burt’s Bees brand draws its inspiration from nature. We believe the beauty and bounty of the natural world provide the best answers when it comes making the best personal care products for people around the world. We seek to emulate nature’s resourcefulness in how we manage and grow our business.

We also believe nature needs a loyal champion. Since our co-founders first sold homemade beeswax candles and lip balm at craft fairs almost 30 years ago, we have offered truly natural products that are good for our consumers and help protect the environment.

In pursuit of this mission, we have broken barriers and set milestones, changing the personal care industry along the way. On the next page are just a few of the landmark achievements in our history.

Integral to our heritage, sustainability is the foundation on which we have built a financially sound business. Today, we are a recognized leader in the booming natural personal care products industry, with approximately 170 Burt’s Bees products sold in 40 countries. Our sustainability journey has helped power our growth into a household brand, with 360-plus employees and U.S. retail sales of $242 million in FY12, a 7.2 percent increase from the previous year.

Our acquisition by The Clorox Company in November 2007 was a milestone in our evolution, bringing organizational change in people and process as well as exciting opportunities to bring natural, sustainable products to more people.

Concerns from some consumers that our values as a sustainability-driven business may be compromised have proven unfounded. Under Clorox leadership, we have increased the percentage of natural ingredients in our products, further reduced our environmental footprint, increased our charitable giving, and brought greater transparency to our supply chain. Clorox has pushed us to improve in many areas, including reducing the amount of waste we send for waste-to-energy processing (better to not create waste in the first place!) and measuring water used in the manufacture of our products.

Hive Wisdom

Bees are personal to us.

But bees should be personal to everybody. They are nature’s champions, providing a crucial ecosystem service — pollination — that helps power the cycle of life. One-third of everything that people eat, including many fruits, nuts, and vegetables, relies on bees.

Found on every continent except Antarctica and in every habitat that contains insect-pollinated flowering plants, honeybees have much to teach our business about productivity, efficiency, and resourcefulness.

As we grow, the Burt’s Bees brand strives to continually learn from bees what it means to be nature’s champion.
Sustainability MILESTONES

1984
The Burt’s Bees® brand is born, selling hand-poured beeswax candles.

1991
Our famous Beeswax Lip Balm is created and quickly becomes our best seller.

1999
Our Milk & Honey Body Lotion pioneers a natural preservative system.

1994
We moved from Maine to Durham, North Carolina, to focus solely on personal care products and improve our distribution.

1999
Natural Personal Care Products for The Greater Good®, our commitment to responsible business practices.

2007
We launch The Greater Good®, our commitment to responsible business practices.

2008
We play a leading role in developing the Natural Products Association’s Natural Standard for Personal Care Products and Seal, an industry first.

2007
We reach an average of 99% natural ingredients in our products.

2010
We celebrate our first-year full year of sending zero waste to landfill in our three U.S. facilities.

2011
Our responsible sourcing senior manager visits eight countries that supply priority ingredients.

2012

What’s more, Clorox has made a strategic commitment to promoting health and wellness to consumers that fits perfectly with our natural product portfolio. Being part of Clorox has expanded our access to research and development resources, helped us think through our next generation of product innovation, and enabled us to reach the global consumer. See Embedding the Burt’s Bee Culture on page 46 for examples.

Another step in our evolution is bringing natural products to a wider audience. In 2012, we launched the güd™ brand, a new line aimed at young women seeking more contemporary earth-friendly products. Since sensory stimulation is all-important to this audience, the range includes some synthetic fragrances. But ingredients in the güd line are still more than 95 percent natural.

As we progress, our goal is to build an enduring business that honors our heritage while advancing innovation that’s inspired by the wisdom and power of nature. We believe that nature has the best solutions to care for our bodies, since we are part of nature. That’s why we must also protect nature. This report describes our present and next steps to further embed sustainability in everything we do.

**While we strive for 100 percent natural ingredients in all Burt’s Bees products, we cannot sacrifice product safety.**

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**OUR COMMITMENT TO NATURAL PRODUCTS**

Our approximately 170 Burt’s Bees products were on average 99 percent natural in 2012 (see more on page 18). Our guidelines specify that no product can be less than 95 percent natural. We source these ingredients from responsible sources of flora, fauna, and minerals, while using minimal processing to preserve nature’s function and characteristics. One category in which we use non-natural ingredients is preservatives, which are critical for product safety and currently difficult to source naturally. We are actively researching natural preservatives that are as effective as their non-natural counterparts. Along with güd products, we also use some synthetic fragrances in a few earlier Burt’s Bees products.
2011-2012 SUSTAINABILITY AWARDS

Ameri Star
Packaging Award for our biodegradable potato starch trays in kits and gifts

Walmart Supplier of the Year
Sustainable Packaging for lip products packaged with card backing

Walmart Sustainable Supplier of the Year
2012 Excellence in Sustainability Award for our lip products packaged with card backing

Keep Durham Beautiful Golden Leaf Award
For our collaboration in building an inner-city sustainable farm and community gardens

Golden Mode Award
2012 Triangle Transit Smart Commute Challenge for most employee trip reductions for a business our size

A World of Difference Award
For being Zero Waste to Landfill from Heritage Interactive Services

The Greater Good Business Model
Sustainability is embedded in our culture, operations, product development, and consumer and community outreach. Launched in 2007, The Greater Good™ (TGG) is the business model we use to operationalize sustainability (see graphic on right). It’s our North Star, our means of navigating our corporate mission, strategy, and relationships with internal and external stakeholders.

Over the past two years, while fully integrating with our parent company, Clorox, we have strengthened this business model. Today, TGG is the backdrop to every conversation our managers have, ensuring that business decisions meet the triple bottom line of people, profit, planet.

The result, documented throughout this report, has been measurable progress across each of our sustainability areas.
Sustainability Governance and Strategy

Putting The Greater Good® into practice requires a strong commitment from our leadership. We have responded by fully integrating sustainability throughout our business, including Operations, Packaging, Sourcing, Distribution, HR, IT, Portfolio Management, and Marketing. Our director of Sustainable Business and Innovation sits on the Burt’s Bees Leadership Team, which directs company strategy and is supported by a manager of Social and Environmental Responsibility.

This Sustainable Business Team upholds existing standards and ensures that sustainability is reflected in our business goals and decisions. The team also works closely with the Clorox Eco Office — our parent company’s sustainability team — ensuring that the Burt’s Bees sustainability values are represented at the most senior levels in our parent company.

Our sustainability strategy is pragmatic and business-driven, with clear goals and timeframes. (See our 2020 Goals chapter). Our priorities include: striving for 100 percent natural formulas, shrinking our environmental footprint as we grow, sourcing ingredients responsibly, and using philanthropy and community engagement to promote human health and bee-friendly environments through community gardening and sustainable agriculture.

One Sustainability Metric Scorecard

Sustainability is also a “must” in our innovation process — the pipeline for new products. To help our research and development team translate this principle into practice, we have designed a unique tool, the One Sustainability Metric Scorecard. This will help us better measure our performance on ingredient sourcing, product formulation, packaging, and manufacturing. We plan to refine the parameters of this metric in FY2013 and introduce it by FY2014.

The One Sustainability Metric Scorecard is part of a new “whole systems approach” we have adopted as part of our sustainability strategy.
Sustainability 2012: By the Numbers

- 8 COUNTRIES that supply priority ingredients visited by our responsible sourcing senior manager
- 20 NON-PROFIT ORGANIZATIONS AWARDED GRANTS BY THE BURT'S BEES GREATER GOOD FOUNDATION
- 2,840 EMPLOYEE SERVICE AND TRAINING HOURS THROUGH OUR LIVE THE GREATER GOOD PROGRAM
- 6.5% DROP IN WASTE sent to waste-to-energy provider by switching to recyclable label backing
- 40% POST-CONSUMER RECYCLED CONTENT FOR ALL PRIMARY PLASTIC CONTAINERS
- 8.4 MILLION MILES OF TRANSIT SAVED BY LABELING OUR TINTED LIP BALM TUBES INSTEAD OF SENDING THEM TO A FACILITY WHERE THEY WERE DECORATED USING A PROCESS CALLED HEAT TRANSFER PRINTING
- 0 WASTE SENT TO LANDFILL FOR THE THIRD CONSECUTIVE YEAR
2020 Goals

**Leading Edge Policy and Practice**

Since our first sustainability report in 2008, we’ve been setting short- and long-term goals that both stretch and empower us (see our 2008 and 2010 CSR reports for previous goals). On the next page you can read for the first time our updated and new 2020 goals. Goals are from a 2011 baseline.

In a couple of cases, our revised goals may seem less ambitious, but that’s because we have learned that our sustainability aspirations do not yet match what is technically feasible. This does not mean we are reining in our efforts; it’s quite the opposite. We have also set ourselves tough new goals in areas including supply chain, contract manufacturing, responsible sourcing, water usage, community outreach, and philanthropic giving. What’s more, on top of our 2020 goals, we’ve developed a number of longer-term ambitions to guide our efforts. Specific details are provided in the table on pages 14–17.

It’s worth noting that in 2012 we began partnering with like-minded companies to extend our brand through licensing into categories where there is a consumer desire for natural and environmentally responsible products. These products are guided by our 2020 goals and are held to high sustainability standards, but because the materials and category dynamics can be quite different from our core business, they don’t fall into our 2020 goal calculations.
## 2020 Goals

### NATURAL PRODUCTS

<table>
<thead>
<tr>
<th>Issue Area</th>
<th>Current 2020 Goal</th>
<th>Reason for New Goal</th>
<th>Current Status</th>
<th>Long-Term Ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product Formulations</strong></td>
<td>Maintain at least an average of 99% natural formulations across our product portfolio.</td>
<td>Natural alternatives for some needed preservatives (for stability and safety) aren’t always feasible, but we’re constantly trying to find ones that meet our strict criteria.</td>
<td>Currently, our products contain an average of 99% natural ingredients and must contain no less than 95%, (see page 19).</td>
<td>Achieve 100% natural formulations for all products.</td>
</tr>
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</table>

### OUTREACH

<table>
<thead>
<tr>
<th>Issue Area</th>
<th>Current 2020 Goal</th>
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</thead>
<tbody>
<tr>
<td>*<em>Community Outreach</em></td>
<td>Register 10,000 honeybee forage sites through the Pollinator Partnership S.H.A.R.E. program and 10,000 acres through partnerships of The Greater Good Foundation.</td>
<td>We recognize the critical importance of habitats for honeybees (and honeybees for humans), and we want to be a part of the solution.</td>
<td>Sites are tracked through the Pollinator Partnership S.H.A.R.E. map. Public and private partnerships will be critical to achieving these goals (see page 53).</td>
<td>Increase awareness of the importance of honeybee health issues and the link to food security and human health.</td>
</tr>
<tr>
<td>*<em>Philanthropic Giving</em></td>
<td>4x investment in The Greater Good Foundation to $1 million, with at least 10% funding projects in Global Supplier Communities.</td>
<td>We are proud of our past philanthropic efforts but feel we can do more and be more strategic by focusing on the intersection of human and honeybee health through investments in sustainable agriculture and pollinator habitat.</td>
<td>Our FY2012 contribution totaled $233,000. This meets our commitment for 10% of website sales and establishes a baseline for our 2020 goal, (see page 53).</td>
<td>Continue to contribute 10% of sales revenue from Burtsbees.com to The Greater Good Foundation.</td>
</tr>
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*New goal area. We’ve expanded the goal categories as well as changing our original goals to cover almost all we do.
## 2020 Goals

### RESPONSIBLE SOURCING

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<thead>
<tr>
<th>Issue Area</th>
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<tr>
<td>Responsible Sourcing*</td>
<td>Trace, evaluate, and monitor priority raw materials (per Burt’s Bees Responsible Sourcing Roadmap).</td>
<td>We feel it’s time to take transparency to the next level. We have created an enhanced sustainability section of our required supplier self-assessment. We will be partnering with independent third parties for verification of supply chain practices.</td>
<td>We have created a three-year roadmap that will guide our approach to tracing our raw materials; in 2012 we visited suppliers in eight countries; and we are members of AIM-Progress for sharing of best practices, (see page 24).</td>
<td>Achieve raw material supply chain transparency verified by site visits, audits, and/or certifications.</td>
</tr>
<tr>
<td>Global Supplier Community Investment*</td>
<td>Identify and begin investing in at least 10 Global Supplier Communities.</td>
<td>Developing these community partnerships will help us understand our suppliers better, build trust and dialogue, and in turn, strengthen our supply chain relationships.</td>
<td>We have not yet begun investing in a Global Supplier Community. Nonetheless, in 2012, we used our initial site visits to, among other things, begin to identify the needs and opportunities among our suppliers for community investment partnerships, (see page 24).</td>
<td>Achieve world-class practices in responsible sourcing by going beyond risk management to global supplier community development.</td>
</tr>
<tr>
<td>Contract Manufacturing*</td>
<td>Integrate contract manufacturing into sourcing and operational footprint goals and metrics.</td>
<td>Including contract manufacturing in a brand’s CSR goals is uncommon and complex. We think it’s important and worth the effort to have the same high operational standards across all products that carry the Burt’s Bees brand name.</td>
<td>Since we direct formulation, packaging, and raw materials for contract manufacturing, these are already included in our goals and metrics. Influencing sourcing and operational footprint will require more effort.</td>
<td>All strategic contract manufacturers driving improvements in sourcing and operational footprint.</td>
</tr>
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*New goal area. We’ve expanded the goal categories as well as changing our original goals to cover almost all we do.
# 2020 Goals

## PACKAGING

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<tbody>
<tr>
<td>Packaging</td>
<td>Reduce total packaging materials by 10%, increase recycled content of primary container packaging by 40%, and increase recyclability by 20%.</td>
<td>Current regulations and technology limit the possibility of fully recyclable and biodegradable packaging for some of our products. Material reduction and enhanced recyclability can reduce waste, yet because not everything that can be recycled is recycled, we strive for the highest post-consumer recycled content feasible.</td>
<td>Approximately 35% of our primary packaging is post-consumer recycled content, and 42% of our primary packaging is currently recyclable, (see page 29).</td>
<td>Pioneer sustainability in packaging that’s visible and a source of delight for consumers, and has a lighter impact on the planet.</td>
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## WASTE

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<tr>
<td>Waste **</td>
<td>Limit waste-to-energy (WTE) to less than 10% of total byproduct.</td>
<td>We met our zero-waste-to-landfill goal in 2010, but we’d like to limit waste incineration and prioritize byproduct reduction and recycling.</td>
<td>We used waste-to-energy disposal for 35% of our byproduct in FY2012, (see page 39).</td>
<td>Zero waste.</td>
</tr>
</tbody>
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**Excludes contract manufacturing (i.e. producing our products at a third party) for now, but we’ve committed to a 2020 goal to further integrate contract manufacturing into our operational footprint and responsible sourcing metrics.**
## 2020 Goals

### WATER

<table>
<thead>
<tr>
<th>Issue Area</th>
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<tr>
<td>Water* **</td>
<td>Reduce water usage by 10% over 2011.</td>
<td>We have worked to reduce our water footprint since 2008 with annual non-product water goals but never set a goal for both production and non-production water. Clorox’s commitment to water reduction has spurred us to set specific targets.</td>
<td>Through the water reclamation system at our manufacturing plant, we used 204,100 gallons of reclaimed water in FY2012 (11.2% of our total water usage), (see page 43).</td>
<td>Become water-neutral (via reduced use, restoration, and remediation).</td>
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### CLIMATE

<table>
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<tr>
<td>Energy**</td>
<td>Reduce energy usage by 10% over 2011.</td>
<td>We have a long way to go, so we want to focus on a goal we can realistically achieve by 2020. We also currently lease our facilities, which makes sustainability investments more complicated and difficult to pay out.</td>
<td>Our FY2012 energy consumption goal was a 5% reduction from FY2011 levels, normalized for company growth. We beat the goal by 30.4%. Currently, we have not installed any renewable energy infrastructure, (see page 36).</td>
<td>Fossil fuel-free.</td>
</tr>
<tr>
<td>GHGs**</td>
<td>100% carbon-neutral for domestic operations.</td>
<td>We realize it’s just a start, but we currently offset all our Scope 1 and 2 emissions and will begin offsetting our Scope 3 emissions in FY2014.</td>
<td>We currently offset all our Scope 1 and 2 emissions by purchasing Verified Emission Reductions (VERs), (see page 36).</td>
<td>Zero carbon.</td>
</tr>
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*New goal area. We’ve expanded the goal categories as well as changing our original goals to cover almost all we do.

**Excludes contract manufacturing (i.e., producing our products at a third party) for now, but we’ve committed to a 2020 goal to further integrate contract manufacturing into our operational footprint and responsible sourcing metrics.
Creating Natural Products

Nature’s Champion
The term “natural” is used widely today in the personal care industry. Many companies use petroleum-based ingredients, like mineral oil and chemical additives, add a few botanical extracts, and call their products “natural.” The Burt’s Bees brand is different. We believe natural products should be just that — natural. We rarely use synthetic ingredients, and when we do, we are transparent with consumers, highlighting the percentage of natural ingredients on each product label.

Why are we so obsessed with natural ingredients? Because they promote human well-being (we’re part of nature) and, most importantly, they work really well.

1. Tea Tree (Melaleuca alternifolia)  2. Macadamia (Macadamia ternifolia)  3. Geranium (Pelargonium graveolens)

Our Natural Products Goals

<table>
<thead>
<tr>
<th>Issue Area</th>
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<td>Product Formulations</td>
<td>Achieve 100% natural ingredients in all product formulations.</td>
<td>Maintain at least an average of 99% natural formulations across our product portfolio.</td>
<td>Natural alternatives for some needed preservatives and fragrances don’t yet exist, but we’re constantly trying to find or develop them.</td>
<td>Achieve 100% natural formulations for all products.</td>
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“Working at Burt’s Bees has fundamentally and permanently changed the way I think about how the decisions that I make, whether at work or at home, can make a difference… I now better understand the impact that can be made on ingredient choices. By choosing natural, safe, plant-based ingredients with a clear understanding of their source, we are making a difference in our environment and the communities involved in their harvest.” Ken McLellan, The Clorox Company

Open Innovations Network Business Connection Leader

Hive Wisdom
We draw the inspiration for our personal care products from the beauty and bounty of the natural world, personified by bees and the bountiful environments in which they live. We believe natural ingredients, like the signature beeswax in our lip balms, provide the safest, most effective products consumers can buy. We also seek to emulate nature’s resourcefulness in dreaming up new products.
99 Percent Natural

Our approximately 170 Burt’s Bees products were on average 99 percent natural in 2012. To keep raising this bar, we do not allow our products to contain less than 95 percent natural ingredients. Our new goal is to maintain at least an average of 99 percent natural formulations across our product portfolio. We source these ingredients from responsible sources of flora, fauna, and minerals, while using minimal processing to preserve nature’s function and characteristics. In FY2012, 57 percent of our approximately 170 total products contained 100 percent natural ingredients.

Our long-term ambition is a product portfolio comprised completely of 100 percent natural products. Making this happen depends in part on technological advancements that will allow us to eliminate synthetic preservatives — mainly phenoxyethanol — and the synthetic fragrances that we use in a few products from our earlier days and our güd line of products. Our previous goal was to achieve 100 percent natural Burt’s Bees products by 2020. We have learned that finding nature-based alternatives is an aspiration that we can’t put a concrete time frame on, so we will instead strive to reach this goal as soon as practically possible. Our R&D team spends a lot of time on replacements for synthetics, and it is difficult to predict when we will achieve breakthrough.
Product Formulation Principles

In addition to percentage of natural ingredients that our products contain, we adhere to several other simple principles:

1. **SAFETY FIRST**
   - We test all of our products for safety and to prove their benefits. In some cases, we use synthetic preservatives to keep products safe.

2. **NO TESTING ON ANIMALS**
   - We do not do any animal testing of our finished products. China is the only country that still requires it. And, as a result, we decided to not enter into China, despite its offer of a market with a strong consumer interest and tradition in natural personal care products.

3. **NON-GMO PREFERENCE**
   - We ask all of our suppliers to sign a non-GMO declaration. To date, the vast majority have done so. Our team has ongoing dialogue with suppliers to seek alternatives to genetically modified ingredients and ensure the quality of natural ingredients in our supply chain.

4. **NO PARABENS, PHALATES, OR PETROCHEMICALS.**
   - Plain and simple. You won’t find these potentially harmful synthetics in a Burt’s Bees product.

Kitchen Chemistry

The very first Burt’s Bees product was Burt Shavitz’s honey. In fact, our name, “Burt’s Bees”, is how Burt labeled his bee hives to prevent them from being stolen. Our other co-founder, Roxanne Quimby, added hand-poured beeswax candles. The R&D lab and the factory were both in Roxanne’s kitchen. She and Burt called it “kitchen chemistry,” and it’s still what we are committed to today — simple processes like heating and mixing as well as extraction and distillation to maintain the purity of natural ingredients.

The ingredients in our labs sit in mixing bowls, not test tubes. What we serve up is as thoughtfully prepared as any home-cooked meal, and it tastes just as good to your skin. Indeed, we even look to the food industry for inspiration: Take our liquid crystal technology (see feature box on page 23), which borrows an emulsifier from salad dressing.

Biomimicry

We are on a quest to look further into nature to understand its unique processes and structures, and how it adapts to varying environments. Once we understand this, we can mimic nature to provide solutions to our problems, whether it be a skin condition, a sustainable package design, or a new way of processing our products with less energy or waste. This is why we are exploring the science of biomimicry.

Biomimicry is a design discipline that seeks sustainable solutions by emulating nature’s time-tested patterns and strategies. We now not only look at nature for our solutions, but we also look to nature to educate us on how to better design our products, processes, and ways of working to be more sustainable.
Organic Ingredients

Natural doesn’t mean organic. Burt’s Bees currently sources some organic ingredients, but with approximately 170 products and 400-plus individual ingredients, it’s nearly impossible to secure organic ingredient supplies across our entire product portfolio.

In the United States alone, organic cultivation, while expanding, still only makes up just over 0.5 percent of farmland, according to *Organic World*. Globally, this figure is just below 1 percent. We hope that will change, and over the next five years we will explore how to increase the amount of organic ingredients we use (see our Responsible Sourcing chapter).

Availability isn’t the only hurdle, though. Organic certification in cosmetics is hindered by the fact that government organic standards currently only exist for food products, making it even more difficult to procure suitable ingredients. It is also very important to our business that we continue to offer high-quality natural products at accessible prices. As we look to convert some raw materials to organic, we must do so with only modest price increases to consumers, if any at all.

In addition to our limited use of organic ingredients, our sourcing assessments, non-GMO preference, efforts toward reduction in pesticide application, and supply chain discovery support organic agricultural principles.

NATURAL PRODUCT ASSOCIATION

In 2008, we played a leading role in developing The Natural Products Association (NPA) Natural Standard for Personal Care. While a large number of Burt’s Bees products carry the NPA seal, some don’t. One reason is that products submitted for NPA Natural Standard certification undergo a six- to nine-month certification process. Burt’s Bees products that have been submitted for NPA certification but have not yet passed do not carry the seal. We continue to support the NPA and its Natural Standard for Personal Care.

Skin Health

We were founded on the premise and promise that natural products are good for the skin. Here’s why:

The skin is the body’s largest organ. It needs nutrients to survive, to build strong defense systems, to heal and protect itself, and to stay healthy and in balance. Natural ingredients typically contain vitamins, amino acids, omega oils, essential fatty acids, antioxidants — things you need to keep your skin healthy and looking its best. Just as we need to feed our bodies with the healthiest natural foods, we believe you must do the same for your skin.

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1 Organic World, The World of Organic Agriculture 2013
Product Safety

Since much of what we put on our skin finds a way into the body, we must be very conscious of the risks associated with certain ingredients and ensure the safety of each formula overall.

While our guidelines allow the use of synthetics in a few cases, we exclude many commonly used synthetics from our products. These include chemicals like parabens, phthalates, ethoxylated ingredients, chemical sunscreens, and formaldehyde-donating preservatives.

Sometimes we need synthetic ingredients to ensure the safety of our products. For example, in products that contain water, we use a synthetic preservative called phenoxyethanol. This is a Natural Product Association-approved, non-paraben, non-formaldehyde-donating preservative that protects our products from growing mold and inhibits bacterial growth. Currently, no natural alternatives are robust enough to ensure the safety of our natural formulas, which are susceptible to bacterial and mold contamination. So we choose product safety over a sub-optimal natural preservative.

INGREDIENTS YOU WON’T SEE IN OUR PRODUCTS

<table>
<thead>
<tr>
<th>Cleansers</th>
<th>Petrochemicals</th>
<th>Synthetic Sunscreens</th>
<th>Preservatives</th>
<th>Moisturizers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sodium Lauryl Sulfate</td>
<td>Petrolatum</td>
<td>Oxybenzone</td>
<td>Parabens</td>
<td>Propylene Glycol</td>
</tr>
<tr>
<td>Sodium Laureth Sulfate</td>
<td>Mineral Oil</td>
<td>Avabenzene</td>
<td>DMDM Hydantoin</td>
<td>Butylene Glycol</td>
</tr>
<tr>
<td>Sodium Myreth Sulfate</td>
<td>Paraffin</td>
<td>Octinoxate</td>
<td></td>
<td>Polyisobutene</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Parsol 1789</td>
<td></td>
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</tr>
</tbody>
</table>

We are conscious that some natural ingredients, too, can be harmful to humans in certain applications and levels. As we experiment with new ingredients, every product is rigorously tested to ensure it is safe and beneficial for our customers. We require all of our suppliers to do testing before sending ingredients into our building. Then we test the products again before we allow them onto store shelves. We alert consumers to fragrance allergens in our products by clearly listing them on ingredient labels.

The result of all this testing and checking? Safe, natural, and effective personal care products for our discerning consumers to trust and enjoy.
Product Innovation

Our commitment to creating natural products defines our past, present, and future. It drives our innovation process and our product pipeline. Since 2007, we’ve launched 25–30 new products a year, and we aim to invest up to 2 percent of total revenue into research and development (R&D).

Our 20 R&D employees drive product innovation at Burt’s Bees. They look for new ingredients and ways to formulate products based on the following principles:

- Use smart and powerfully beneficial ingredients from nature
- Employ innovative technologies in natural formulations that help deliver premium efficacy and aesthetics
- Develop breakthrough products that enhance the health of the skin, hair, and nails

Sustainability is also considered a “must” in the innovation process. When products under development don’t meet our sustainability criteria, difficult discussions occur as we seek solutions that promote and balance people, profit, and planet.

Being natural isn’t without its challenges. The supply of natural ingredients can be variable depending on the crop and growing conditions. The same ingredient can have different odors, colors, and textures. In an effort to alleviate this inconsistency, we work with suppliers to create very tight ingredient specifications so that variations are minimal.

We can also face challenges in the lab when formulating products. Natural ingredients can be particularly unstable in emulsions, so we take care to prevent them from separating with skilled formulation techniques. Our manufacturing procedures and testing protocols are very strict in order to know our products will withstand a three-year shelf life.

**Unlocking Nature’s Benefits — Liquid Crystal Technology**

We’ve got a long history of unlocking the technology hidden within nature’s bounty. Here’s one example:

To promote better absorption of our body lotions, we developed a new liquid crystal emulsification system with carrier oils. We added natural active ingredients and, in some cases, a light scent. The technology allowed the nutrients from the natural ingredients to be absorbed as needed by the skin and the clinical results were impressive — the body lotion using the new technology moisturized for a full 24 hours, a rare result for any cosmetic product.

This innovative technology is now used in all our body lotions and some of our face care products. Click here to watch our video for more information.
Responsible Sourcing

Our natural ingredients are what define us, and it is important to us that these ingredients come from responsible sources.

Achieving raw material supply-chain transparency is difficult due to the nature of our business. We are no longer a local operation selling honey, beeswax candles, or lip balm; we are a global brand with approximately 170 natural personal care products. And as opposed to single-origin products (like coffee or chocolate), we have a complex supply chain of more than 400 ingredients from more than 60 countries. As a result, visiting every ingredient source in the short term would require more resources than we can commit. As a result, we are working to learn more about our suppliers through a combination of dialogue, self-assessments, site visits, and third-party audits. We ask tough questions and mentor our suppliers on sustainability improvements, with the aim of offering products that truly exemplify The Greater Good.

The way we think about our supply chain is evolving. Up to this point, we have focused on certifying our ingredients and processes as natural, but now we are moving toward a “whole systems” approach to our products that evaluates sustainability impacts from sourcing ingredients to disposal of the final product, reflected in our 2020 Responsible Sourcing Goals.

<table>
<thead>
<tr>
<th>Issue Area</th>
<th>Current 2020 Goal</th>
<th>Reason for New Goal</th>
<th>Long-Term Ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible Sourcing</td>
<td>Trace, evaluate, and monitor priority raw materials (per Burt’s Bees Responsible Sourcing Roadmap).</td>
<td>We feel it’s time to take transparency to the next level. We have created an enhanced sustainability section of our required supplier self-assessment. We will be partnering with independent third parties for verification of supply-chain practices.</td>
<td>Achieve raw material supply-chain transparency verified by site visits, audits, and/or certifications.</td>
</tr>
<tr>
<td>Global Supplier Community Investment</td>
<td>Identify and begin investing in at least 10 Global Supplier Communities.</td>
<td>Developing these community partnerships will help us understand our suppliers better, (see page 25), build trust and dialogue with our suppliers, and in turn strengthen our supply-chain relationships.</td>
<td>Achieve world-class practices in responsible sourcing by going beyond risk management to global supplier community development.</td>
</tr>
</tbody>
</table>
**Partners in Responsible Sourcing**

To help us achieve our Responsible Sourcing goals, we collaborate with our parent company, customers, and industry associations.

**Our parent company**

We work closely on responsible sourcing with The Clorox Company. We share the same Supplier Code of Conduct and commitment to supplier site visits. We aim to jointly introduce a third-party supplier audit program through which we will share results and best-practice examples. For now, we’re at the beginning of a journey on which we’ll be collaborating with a number of partners and experts in responsible sourcing.

**Customers**

Since 2009, the Burt’s Bees brand has been a member of The Sustainability Consortium, an independent collaborative network that seeks to build a scientific foundation that drives innovation to improve sustainability through all stages of a product’s life cycle. Through our participation in the Home and Personal Care Sector, we work to improve the sustainability of our products with regard to waste, water, energy, packaging, footprint, and sourcing, among others. As an outcome of the Sustainability Consortium, Walmart, an important Burt’s Bees customer, created the Sustainability Index, an effort to create a global retail standard for sustainability in products. In 2012, the Burt’s Bees brand and Clorox started reporting on the Walmart Sustainability Index.

**Associations**

In 2012, the Burt’s Bees brand and Clorox joined AIM-Progress, a forum for consumer goods manufacturers and suppliers that promotes responsible sourcing and sustainable production. Our role through AIM-Progress is to help drive efficiency in the development, assessment, and promotion of responsible sourcing practices in global supply chains.

**Supply Chain Transparency**

**The world is our Farmers’ Market**

Trust and transparency are absolutely essential for responsible sourcing. Our consumers go to farmers’ markets to know the people who grow their food and to know how their food is grown. It’s about trust and a one-to-one dialogue. Often, this relationship and transparency is more important to consumers than seals and certifications.

In the same way, we want to build trust and dialogue with and between our suppliers around the world and take our consumers along for the journey. We want to understand our individual suppliers better — what motivates them to produce natural ingredients and what challenges they encounter while they grow and harvest our valuable ingredients. We want to pioneer new ways of working together. And we will explore certifications where they will help us achieve our goals to ensure trust and provide transparency.
Our Approach

Since our founding and as our business has grown, we’ve maintained a number of checks and balances to which suppliers must comply in order to do business with us. For instance, we utilize supplier self-assessment tools, third-party certifications, and a Supplier Code of Conduct that focus on environmental stewardship, ethical conduct, human rights, and safe working conditions.

Now, we’re taking our responsible sourcing program up a level.

To sum up our recent efforts: We’ve strengthened our strategic supplier relationships and made social and environmental considerations a key focus of our sourcing by creating a new role, our senior manager of Responsible Sourcing. Hiring this expertise demonstrated that we are serious about responsible sourcing.

That same year, we launched our responsible sourcing program, which is founded on trust and transparency with our supply chain partners. Over time, we expect this approach to shine greater light into our supply chain, helping us to learn from and mentor suppliers as we strive together for the highest principles of social and environmental responsibility.

Next Steps

Our responsible sourcing program will use a combination of five initiatives:

1. Supplier self-assessments
2. Supplier site visits
3. Supplier sustainability plans
4. Third-party audits
5. Ingredient certification

Understanding our entire ingredient supply chain is an enormous task, so we’ve decided to tackle it in stages. Over the next three years, we have ambitious goals, backed by our leadership’s commitment to drive transparency through our supply chain. Our approach will be targeted, focusing first on strategic ingredients that we use most widely.

To understand and segment risks, we’ve established five “Indicators of Responsible Sourcing.”

We’ve begun our journey and look forward to reporting further progress and the lessons we’ve learned over the coming years.
Supplier Questionnaires and Self-Assessments
The Burt’s Bees brand has an extensive assessment process for ingredient suppliers, who must provide regulatory, quality, sourcing, and sustainability information. We review this information, approve only raw materials that meet our strict criteria, and then keep a dialogue going as we seek to raise the bar and continually improve our performance.

As we develop our program, we’re exploring how we will also use supplier management tools from third-party organizations.

Site Visits and Supplier Sustainability Plans
Our bottom line is that our ingredients must be natural and produced in a socially and environmentally responsible manner. With this in mind, we are placing more emphasis on verifying conditions at our key suppliers, starting with in-person site visits from our global sourcing team partners.

In 2012, our senior manager of Responsible Sourcing visited eight countries that supply the Burt’s Bees brand with priority ingredients. These visits helped us:

• Understand the ingredient’s entire supply chain and promote transparency throughout it
• Assess current sources for potential social and environmental risk
• Gain firsthand knowledge of the ingredient source, as well as the supplier
• Explore the business case for selective third-party certifications and/or additional measures
• Prepare suppliers for prospective third-party audits
• Explore the potential for community development programs, including understanding how we can engage suppliers in a culturally sensitive manner

In most cases, we aim to visit both our own suppliers and other local suppliers of the same material so that we can fully understand the entire ingredient’s supply chain and develop effective sustainability plans. After these visits, we collaborate with suppliers to create site-specific supplier sustainability plans, which direct teams to discuss and act on findings. With our help and guidance, suppliers become accountable for follow-up and empowered to create a more sustainable supply chain.

Certification
Since 2008, we have certified our products with the Natural Products Association Natural Standard for Personal Care Products. As we pursue a more holistic approach to sustainability from source to disposal, we will explore and use additional third-party certifications where they can provide further verification of the integrity of our ingredients, operations, and packaging.
Imagine being greeted by 20 excited villagers and walking into the African bush to see firsthand the source of your baobab oil supply. That’s what happened when the Burt’s Bees Responsible Sourcing team conducted a site visit to a key Kenyan supplier in September 2012.

Baobab (Adonsonia digitata) is a valuable resource that grows in Eastern and Southern Africa. Its oil is highly moisturizing and soothing for skin and hair, and contains vitamins A, D, E, and F. We use it in products such as our Ultimate Care body lotion and our More Moisture shampoo.

Baobab trees are some of the oldest trees on Earth and can live for a millennium. Our suppliers carefully harvest the fruit by hand, remove the pulp, collect the seeds from inside, dry them, and then transport them to factories where they’re pressed into oil. Villagers even use up the pulp in drinks and food — how’s that for zero waste! The factories train employees on responsible sourcing practices, including fairly traded and organic principles.

One factory even powers its boiler with the nut shell leftovers of another vegetable oil that it produces. The whole process is a case study in efficiency — even honeybees would be proud (especially because they have hives in the tree that contains our baobab source).

Challenges: Transportation, Food, and Clean Water

Our visit to the baobab tree and its production facility revealed an impressive system, but some challenges for maintaining a consistent supply, including:

- **Harvesters have limited transportation and access to proper roads**
- **Harvesters must collect the ripe fruit before it goes bad or is eaten by animals**
- **Villagers lack consistent access to tools and clean water**

We are committed to working with our baobab sourcing community to overcome these obstacles and help this valuable resource flourish for generations. After our visit, the Burt’s Bees and Clorox Supplier Code of Conduct team won a cash prize for an internal sustainability award that they donated to the local primary school to help provide food and clean water for 400-plus students in the baobab community.
Packaging

Innovative and Sustainable Packaging

Our packaging is what consumers see first when they encounter our products. So we want it to do a number of jobs: protect our products during delivery and storage, describe what’s inside and communicate what we stand for. As a business that includes sustainability in its bottom line, we seek environmentally responsible packaging with end-of-life disposal in mind.

Our package engineering team is constantly looking for ways to innovate and do more with less material. We also develop and monitor advances in sustainable packaging materials and technology, and we are active members of the Sustainable Packaging Coalition and the newly formed Sustainability Packaging Cosmetics Roundtable.

Hive Wisdom

Honeybees require no packaging to transport their goods. They deliver pollen by hand — or rather, by wing. Zero packaging is a dream we one day may realize. Meanwhile, we aim to deliver our products in materials that make as light an impact as humanly possible on the environment.

Click here to get the real story on pollination.
Packaging Approach

Our goal is to introduce the most sustainable packaging guidelines to our packaging choices and decisions. We strive to use the most environmentally responsible/sustainable packaging systems available that meet or exceed our quality standards, as well as regulatory, product, and global customer requirements, without sacrificing consumer appeal. We also look to use our leadership position to pioneer new systems that will further the development of sustainable alternatives for all.

<table>
<thead>
<tr>
<th>Issue Area</th>
<th>Previous 2020 Goal</th>
<th>Current 2020 Goal</th>
<th>Reason for New Goal</th>
<th>Long-Term Ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Packaging</td>
<td>100% PCR/ biodegradable packaging.</td>
<td>Reduce total packaging materials by 10%, increase recycled content of primary container packaging by 40% and increase recyclability by 20%.</td>
<td>Current regulations and technology limit the possibility of fully recyclable and biodegradable packaging for some of our products. Material reduction and enhanced recyclability can reduce waste, yet because not everything that can be recycled is recycled, we strive for the highest post-consumer recycled content feasible.</td>
<td>Pioneer sustainability in packaging that’s visible and a source of delight for consumers, and has a lighter impact on the planet.</td>
</tr>
</tbody>
</table>

Packaging Policy

In 2012, we revised our 2020 packaging goal to focus on reducing our total packaging materials by 10 percent, increasing recycled content of primary container packaging by 40 percent and increasing recyclability by 20 percent (using 2011 as a baseline). Our original goal was to use 100 percent post-consumer recycled (PCR) or biodegradable packaging by 2020. While we will strive for the maximum possible use of PCR or compostable material, 100 percent may not be attainable until technology and regulations change. Currently, none of our individual products meet the 100 percent goal.

Across all the packaging we use, our cartons average 45 percent post-consumer recycled content, while our plastic containers average 39 percent. Achieving our goal of increasing the recyclability of our packaging by 20 percent will place our performance in the top tier of our industry, according to GreenBlue, a non-profit organization that aims to equip businesses with the science and resources to make products more sustainable.
Our Packaging Standard guides our packaging decisions. It outlines which materials and processes we should embrace, which we avoid, and which we’ll use until more sustainable alternatives become available (see Packaging Hierarchy). The Standard also lists five key principles of environmental responsibility:

**Reduce**
Reduce excess packaging by optimizing package designs to appropriately contain and protect the product with no added space or deceptive packaging.

**Remove**
Remove unnecessary components, extra layers, over-packaging or secondary components (balancing package size with merchandising unit need).

**Recycle**
Use materials that can be recycled by the end user\(^3\).

**Reuse**
Use components made from the highest possible post-consumer recycled content.

**Regenerate**
Use materials made of and by renewable resources that can decompose safely into the environment or be upcycled/recycled/reused or use the most environmentally progressive material currently available.

### OUR PACKAGING HIERARCHY

<table>
<thead>
<tr>
<th>Environmental Impact</th>
<th>Materials</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Low</strong></td>
<td>These include paperboard made with a minimum of 35% PCR material, renewable and compostable materials, PET and HDPE, aluminum, and steel and glass.</td>
<td>Our preferred packaging materials are highly recyclable, contain PCR material, and have limited environmental impacts.</td>
</tr>
<tr>
<td><strong>Medium</strong></td>
<td>The materials we’re willing to use sparingly until superior alternatives become available include LDPE, colored PET, and laminate tubes.</td>
<td>These generally have limited recycling opportunities, little to no PCR material, and/or a medium to high environmental impact.</td>
</tr>
<tr>
<td><strong>High</strong></td>
<td>PVC, PS, ABS, and acrylic.</td>
<td>We work hard to avoid materials that are made from 100% virgin material, are not recyclable, have little to no PCR content, or create significant environmental impacts. These include PVC, PS, ABS, and acrylic.</td>
</tr>
</tbody>
</table>

\(^3\) We use the Federal Trade Commission Green Guide to help us define what is considered recyclable.
Even with a well-defined Packaging Standard, we constantly face trade-offs. Resins made with PCR material are not as clear or bright as the virgin resins many of our competitors use, for example, and federal regulations forbid these resins from touching many over-the-counter products, such as our natural acne solutions, throat drops and products containing SPF. (They can only be used as an outer coating on packages). Sustainable materials can also be expensive and in limited supply. As we continually refine our Packaging Standard, we seek to make changes that result in the best possible packaging options. We make these changes as quickly as possible, while also juggling the packaging needs of the 25 to 30 new products we launch in a typical year.

**Sustainable Merchandising**

We make our in-store displays and merchandising materials using the same principles for environmental responsibility that guide our package designs. Our displays rarely use virgin materials, and we try to ensure they can be repurposed for future products and eventually recycled. A good example is the in-store display manufactured with recyclable Gimme 5 plastic we distributed in 2011 and 2012. We also use collapsible displays whenever possible to make shipping more efficient and minimize travel miles by working with local vendors for packaging.

**Success Stories**

Our package engineering team has made impressive progress over the past few years. We’ve introduced new sustainable materials, made it easier for consumers to recycle our packages, and eliminated heaps of waste.

**100 percent PCR Caps**

Our new lip gloss wands, launched in November 2012, are encased in recyclable PET plastic with outer caps made from 100 percent post-consumer recycled (PCR) polypropylene (PP). The caps are an exciting new first and were recently granted a patent for this technology. We plan to introduce this advancement to other products.

**Plastic-Free Gifts**

In 2012 we gave a seasonal gift to the environment: plastic-free packaging. For the first time, all our holiday gift items were delivered in easily recyclable (mostly paper) materials in place of plastic thermoform packaging.

**More PCR Content**

We’re using more post-consumer recycled material everywhere we can. For example, we’ve increased the PCR content in our flexible tubes and started using paperboard cartons for secondary packaging that contain up to 65 percent PCR material. The corrugate we use to ship our goods to stores is made from 100 percent PCR material.

**Smart Labels**

We’ve reduced energy consumption, transit miles, and costs by labeling our Tinted Lip Balms instead of printing on them with a heat transfer process. We also think the new labels look better!

**Modular Displays**

We designed a new in-store display for our Tinted Lip Balm that uses a modular fixture. This way, we can change the look or add new products to the fixture easily, without replacing (and disposing of) the display.

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4 This package may not be recyclable in all areas
Improving Our Operational Footprint

It might seem obvious, but we can’t make natural products without plentiful, renewable natural resources. Like most companies, to operate we also require some non-renewable resources. But we work extremely hard to conserve nature’s bounty. For more than five years, we’ve been tracking our waste, water, energy, and greenhouse gas (GHG) footprint and working hard to shrink it.

Here’s What We’re Doing Already

• We don’t send any waste to landfill. We recycle and compost religiously, and whatever we cannot remove from our waste stream is sent to a facility and converted to fuel or electricity.

• We employ a water reclamation system in our plant that reuses water from our manufacturing process for cleaning and sanitizing our building and equipment.

• We have invested in energy efficiency measures in all our facilities.

• We track our greenhouse gases and are committed to going 100 percent carbon neutral by 2020.

Our long-term aspirations are ambitious — we want to eliminate waste and carbon, and achieve water neutrality. In recent years we’ve been setting annual goals, in addition to our 2020 targets, to help us get there. In FY2012, we beat our goals for reducing non-product water, energy, and waste (see charts on page 34).

We put our money where our heart is. Since our sustainability mission and our business model are one and the same, we traditionally tied all employee bonuses to our waste, water, and energy performance. This changed in FY2013 with our integration into The Clorox Company payroll system, but footprint reduction still plays a role in bonus calculations for many of our employees as part of their personal objectives.
FY2012 GOALS AND OUTCOMES

<table>
<thead>
<tr>
<th>5% YEAR-OVER-YEAR</th>
<th>5% YEAR-OVER-YEAR</th>
<th>5% YEAR-OVER-YEAR</th>
<th>90% COMPLIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction in non-product water use*</td>
<td>Reduction in total energy (electricity and natural gas)*</td>
<td>Reduction in Waste-to-energy*</td>
<td>With Green Derby (monthly audit of byproduct bins to monitor proper waste storage)</td>
</tr>
</tbody>
</table>

* Normalized for growth

CHART 1

Chart 1 above shows the actual reductions we have made for water, energy and waste — surpassing our goals — while Chart 2 shows how we topped our Green Derby compliance goal.

Shrinking As We Grow

Since we are a growing company, shrinking our footprint doesn’t necessarily mean reducing the actual volume of energy, waste, and water we use. Rather, our overarching goal is to reduce our operational footprint after normalizing our measurement of resource use to take account of business growth. At our manufacturing plant, we do this calculation based on kilograms of product compounded, and at our distribution facility, based on master cases shipped. In previous years, we normalized by the number of units we produced, but we have adjusted this to more accurately reflect our operations. Resource use at our headquarters is not normalized, so all expected reductions there are in absolute terms.
**Future Performance Reporting**

Our environmental performance is rolled up into the data our parent company, The Clorox Company, reports annually. For the first time starting in FY13, we’ve adopted Clorox’s annual waste, water, and energy reduction targets (listed below) as our own. Click here for more information.

We are also becoming stricter in how we measure our performance, evaluating and setting goals for waste, water, and energy progress separately at each facility so that improvements in one area or location will not mask underperformance in another.

**Contract Manufacturing**

*Since FY2009, we have reduced our normalized water use by 28 percent and our normalized energy use by 39 percent. We have also sent zero waste to landfill since April 2010.*

We think it’s important to include our complete footprint in our goals, which includes contract manufacturing. That’s why we’ve set a goal to bring these impacts into our sourcing and operational footprint goals and metrics by 2020, with the ultimate aspiration that all our contract manufacturers will be driving improvements in sourcing and operational footprint. Since we specify and have control over formulation, packaging and raw materials for our contract manufacturers, these are already included in our goals and metrics. Influencing sourcing and operational footprint will require more effort.

### OUR CONTRACT MANUFACTURING GOAL

<table>
<thead>
<tr>
<th>Issue Area</th>
<th>Current 2020 Goal</th>
<th>Reason for New Goal</th>
<th>Long-Term Ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Manufacturing</td>
<td>Integrate contract manufacturing into sourcing and operational footprint goals and metrics.</td>
<td>Including contract manufacturing in a brand’s CSR goals is uncommon and complex. We think it’s important and worth the effort to have the same high operational standards across all products that carry the Burt’s Bees brand name.</td>
<td>All strategic contract manufacturers driving improvements in sourcing and operational footprint.</td>
</tr>
</tbody>
</table>
CLIMATE IMPACT

Our Views on Climate Change

Like our parent company, Clorox, the Burt’s Bees brand believes that rising greenhouse gas (GHG) emissions have a significant impact on climate change, human well-being, and the environment. In the United States, the Burt’s Bees brand, therefore, supports comprehensive national climate change legislation aimed at reducing aggregate emissions over time without causing undue hardships for the economy.

It goes without saying that we are also committed to doing our part. We report our GHG emissions, set reduction goals, and work hard to reduce emissions generated by our business offices, manufacturing facilities, and distribution operations.

<table>
<thead>
<tr>
<th>Issue Area</th>
<th>Previous 2020 Goal</th>
<th>Current 2020 Goal</th>
<th>Reason for New Goal Long-Term Ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy*</td>
<td>100% renewable energy/zero carbon.</td>
<td>Reduce energy usage by 10% over 2011.</td>
<td>We have a long way to go, so we want to focus on a goal we can realistically achieve by 2020. We also currently lease our facilities, which makes sustainability investments more complicated and difficult to pay out.</td>
</tr>
<tr>
<td>GHGs*</td>
<td>100% renewable energy/zero carbon.</td>
<td>100% carbon-neutral for domestic operations.</td>
<td>We realize it’s just a start but we currently offset all our Scope 1 and 2 emissions and will begin offsetting our Scope 3 emissions in 2014.</td>
</tr>
</tbody>
</table>

*Excludes contract manufacturing (i.e., producing our products at a third party) for now but we’ve committed to a 2020 goal to further integrate contract manufacturing into our operational footprint and responsible sourcing metrics.

Energy Use

Our energy use is by far our biggest climate impact, which is why we focus on it in this section.

Simply put, we want to use less energy and cleaner energy. Our FY2012 energy consumption goal was a 5 percent reduction from FY2011 levels, normalized for company growth. We beat the goal by a whopping 30.4 percent, largely by making some major upgrades to more efficient lighting and heating, ventilation, and air conditioning equipment. The energy we used in CY2011 will now serve as a baseline for the additional 10 percent reduction we want to achieve by 2020. This won’t be easy, now that most “low-hanging fruit” like lighting efficiency gains are off the table, but we plan to make it happen any way we can.
Experience has taught us that normalized goals are the most effective, because they consider our company’s continuing product growth and international expansion. So we’ve adopted normalized energy and GHG metrics for good and will set future goals that are challenging but realistic.

The chart below shows the reduction in our energy use since FY09, against our projected increase based on business growth.

---

**Counting Carbon**

You can't manage what you don't measure. Based on this premise, since 2006 we have tracked greenhouse gas emissions from our operations (Scope 1) and from our use of purchased electricity and heat (Scope 2). We reported our GHG emissions yearly as members of the U.S. Environmental Protection Agency’s Climate Leaders Project until the program ended in December 2011.

To mitigate our climate impact, we have been offsetting emissions for seven years. In 2007, we began fully offsetting all our operational Scope 1 emissions by purchasing Verified Emission Reductions (VERs). To mitigate our Scope 2 emissions, we also began purchasing Renewable Energy Credits (RECs) for every kilowatt of energy consumed.

In 2012, we offset 100 percent of our Scope 1 and 2 emissions, through NC GreenPower and Renewable Choice. Our payments to NC GreenPower support verified Climate Action Reserve (CAR) methane collection, tree planting, and combustion projects in our home state. Through Renewable Choice, we purchase Verified Carbon Standard (VCS) certified carbon offsets, which support the Greenville County Landfill Gas Utilization Project in South Carolina.
**CLIMATE GOALS**

In 2008, we set an ambitious goal to reduce the carbon intensity (the amount of Scope 1 and Scope 2 carbon we emit per dollar of sales) of our operations by 35 percent by the end of 2011, compared to a 2006 baseline. Despite our best efforts, we achieved a 26 percent, while increasing our absolute carbon footprint by 42 percent.

**Five-Year Performance**

After the dissolution of the EPA Climate Leaders Program in 2011, we did not set a GHG goal for 2012. Nevertheless, we kept focused on driving down our energy usage and contributing to the Clorox corporate GHG reduction goal. The charts below show the results of our efforts. Chart 1 shows an increase in our absolute emissions from 2,867 tonnes in 2007 to 3,889 tonnes in 2012 (a 36 percent increase). However, Chart 2 shows a 32 percent reduction in our carbon intensity when normalized by production between 2008 and 2012, compared with 2007. Although not depicted in these charts, our carbon intensity, when normalized by sales, reduced by 12 percent over the same period (we changed normalization factors in 2012 to better align with best practices for CPG firms).

In 2013, we aim to meet the Clorox goal of a 3 percent year-over-year reduction in Scope 1 and Scope 2 GHG emissions.

We also plan to start measuring emissions from our supply chain — our Scope 3 emissions — in addition to Scope 1 and Scope 2, and we aim to fully offset our carbon footprint by 2020.
Waste

We believe waste is largely a result of inefficiency, and our long-term ambition is to eliminate waste from our operations. We took a big step toward this goal in 2010, when we started sending zero waste to landfill. We repeated this feat in 2011 and 2012, and we are committed to maintaining our zero-landfill policy, regardless of how our company grows.

At the same time, we aim to send less waste material to our waste-to-energy processing vendor. By 2020, we want at least 90 percent of our byproducts to be reduced, reused, recycled, or composted. To guide our earth-friendly waste strategy, we use the following hierarchy:

**Burts Bees**

**Byproduct Hierarchy**

### OUR WASTE GOAL

<table>
<thead>
<tr>
<th>Issue Area</th>
<th>Previous 2020 Goal</th>
<th>Current 2020 Goal</th>
<th>Reason for New Goal</th>
<th>Long-Term Ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste*</td>
<td>Zero waste-to-landfill.</td>
<td>Limit waste-to-energy (WTE) to less than 10% of total byproduct.</td>
<td>We already met our zero waste-to-landfill goal, but we’re not happy with the amount of waste we send for incineration. Byproduct reduction and recycling are far preferable.</td>
<td>Zero waste</td>
</tr>
</tbody>
</table>

*Excludes contract manufacturing (i.e., producing our products at a third party) for now, but we’ve committed to a 2020 goal to further integrate contract manufacturing into our operational footprint and responsible sourcing metrics.*
Trash to Treasure

Apart from the 1 percent of our materials that is considered hazardous and incinerated (mostly returned or scrapped products that contain alcohol), all the waste we produced in 2012 was put to a higher use. After recycling and composting, we ship all remaining waste byproduct to an Ohio-based industrial waste processing facility. Here, our waste is transformed into biomass-based fuel or electricity. The ash that results from incineration is used to make cement, making us truly zero waste to landfill.

Sending our waste to this facility does have cost and environmental implications, but we think it’s the best environmental option. Here’s why:

- By diverting organic materials from landfill, we prevent the release of harmful methane gases, which are a much more potent contributor to global warming than carbon dioxide.
- The renewable energy sources that result from our waste help prevent the need for more nonrenewable fossil fuels.
- The energy created from our waste burns cleaner than fossil fuels, thus reducing harmful air emissions such as mercury and sulfur.

Reducing Waste-to-Energy

Our goal is to reduce our byproduct before it is sent for waste-to-energy purposes. The table below shows the breakdown of our operational waste last year, including off-spec, expired, or returned products, excess products from the production line, and general office waste.

<table>
<thead>
<tr>
<th>Fiscal Year 2012</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Recycled</td>
<td>1,092,489</td>
<td>LBS.</td>
<td>42%</td>
</tr>
<tr>
<td>Total Composted</td>
<td>585,715</td>
<td>LBS.</td>
<td>23%</td>
</tr>
<tr>
<td>Total Hazardous Incineriation</td>
<td>16,163</td>
<td>LBS.</td>
<td>1%</td>
</tr>
<tr>
<td>Total Office Waste</td>
<td>230,872</td>
<td>LBS.</td>
<td>9%</td>
</tr>
<tr>
<td>Total Product Waste</td>
<td>672,544</td>
<td>LBS.</td>
<td>25%</td>
</tr>
<tr>
<td>TOTAL BYPRODUCT</td>
<td>2,597,783</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Our 65 percent recycling rate (including composting) improved on the 57 percent we achieved in FY2011. And we met our FY2012 goal of reducing the amount of office waste sent for waste-to-energy processing by 5 percent, normalized for growth (see chart below).

However, to meet our 10 percent diversion goal, we must reduce our waste-to-energy byproducts by an additional 70 percent by 2020.

We face challenges in reducing the high volume of excess products we send to the waste-to-energy facility for destruction. Federal regulations, for example, limit the types of non-saleable products we can donate. We also need to cut down on inefficiencies in our business — the result of a long list of stock-keeping units, fast growth, and difficulties with sales projections in a rapidly changing marketplace. But we are in a good place and confident of making progress toward our ambitious 2020 goals.
No Wasted Opportunities

Each month, eagle-eyed employee volunteers conduct “Green Derby” audits at our facilities. Their task is to make sure our prominently placed waste byproduct sorting bins (paper recycling, glass/plastic/aluminum recycling, compost, and waste-to-energy) and the paper recycling bins at people’s desks hold only what they should. A bin fails the audit if it contains even a single errant item. After the audits, we total and report each facility’s score and conduct educational campaigns for our employees. Some individuals’ bonuses even depend on the score (as they do for all operational footprint goals). This vigilance paid off when we met our FY2012 goal of 90 percent compliance for every month of the year (meaning 90 percent of more than 400 bins checked monthly did not, on average, have even one errant item). Our total compliance score for the year was 92.3 percent.

We also take the waste-reduction message to employees through The Greater Good Gazette newsletter and social media channels. We even offer reimbursements to staff who compost at home.

Our sustainability team constantly seeks innovations to push towards zero operational waste. For example, we recently ran trials on a new recyclable label-backing, which could alone reduce our waste-to-energy disposal by 6.5 percent.
Preserve® Gimme 5

In 2012, we launched the innovative Gimme 5 take-back program with recycled goods company Preserve, as well as Whole Foods®, Stonyfield®, Brita® filters, and Tom’s of Maine®. Through this program, bins are placed in approximately 230 participating Whole Foods Markets, natural grocery chains and co-ops across the United States, giving consumers the option to recycle #5 polypropylene plastic separately from other plastics. When co-mingled with other plastics, this highly recyclable, low-toxicity plastic gets down-cycled, reducing the quality and lifespan of the resultant plastic. Gimme 5 bins keep #5 plastics in their own distinct recycling stream, allowing them to be put to better use in their next life.

Components on Burt’s Bees products that can be recycled through the Gimme 5 program include our lip balm, tinted lip balm, and lip shimmer tubes, as well as all Burt’s Bees plastic caps. Among other reasons, we joined Gimme 5 due to the fact that less than 1 percent of #5 plastic in the U.S. is recycled (according to the U.S. Environmental Protection Agency), and packaging like lip balm and lip shimmer tubes can be too small to be collected easily and recovered in the automated separators used by most materials recovery facilities.

As part of our new focus on “whole systems” thinking, we plan to help Preserve partner with more retailers and expand their Gimme 5 bin availability. We are also exploring how to return #5 plastics from Preserve to our lip balm tube supplier for a closed loop packaging solution.

Finally, we placed bins at our U.S. facilities to encourage Burt’s Bees and Clorox employees to return their #5 polypropylene plastics at work and to provide a stream for #5 scrap from our production process. For example, in November 2012, Preserve picked up almost 1,200 pounds of #5 plastic that would otherwise have been co-mingled. Instead, Preserve will maintain the quality and increase the lifespan of this scrap by repurposing it directly into other products made of #5 plastic.

In addition to sponsoring Gimme 5 bins in Whole Foods locations across the country, Burt’s Bees hosts Gimme 5 bins in our offices.
Water

Plants, animals, and people (not to mention many of our products) couldn’t exist without a sustainable supply of water. Our home state, North Carolina, has experienced multiple droughts in recent years, so we’re well aware of the importance of water conservation. To play our part, we seek to minimize nonproduct water use in our office, manufacturing, and distribution settings, and do what we can to reuse water in our operations. After making good progress, in FY2012 we set a 2020 goal of reducing all water use by 10 percent over 2011 levels. We will also work toward using reclaimed water in all nonproduction activities at our facilities.

<table>
<thead>
<tr>
<th>OUR WATER GOAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issue Area</strong></td>
</tr>
<tr>
<td>Water*</td>
</tr>
</tbody>
</table>

*Excludes contract manufacturing (i.e., producing our products at a third party) for now but we’ve committed to a 2020 goal to further integrate contract manufacturing into our operational footprint and responsible sourcing metrics.

Free Refills

Between 65 and 70 percent of the water we consume is for non-manufacturing activities. For FY2012, we set a goal to reduce this non-product water use by 5 percent, compared to FY2011 levels (normalized for growth). Instead, we achieved a 15 percent reduction.

Most of the savings can be credited to our reverse osmosis water reclamation system. Introduced in 2010, the system takes wastewater from our manufacturing plant, treats it, and then makes it available for reuse for cleaning and sanitizing equipment and the facility. So far we have reused over 700,000 gallons since 2010 — more than 13 percent of our non-product water usage at the plant over that time frame.

Despite this success, we have found it challenging to move closer to a fully sustainable water supply in which we use only reclaimed water. Permitting challenges prevent us from expanding the use of our water reclamation system, and in FY2012 we saw increases in water use at our headquarters and distribution facilities, where we don’t yet have a water reclamation and reuse system in place.
**Toward Water Neutrality**

As we work toward our long-term aspiration of water neutrality, there’s plenty of work to do. First, we are improving our water usage tracking, including sub-metering our distribution facility for the first time. We’re also exploring other water-saving projects, including:

- Employing rainwater catchment systems
- Measuring product water use for, which we are starting to track and set goals
- Measuring the water that consumers use with our products

Such approaches align with our parent company’s sustainability strategy and would allow us to set additional water-related goals in the future.
Embedding the Burt’s Bees Culture

Championing nature and sustainability is what the Burt’s Bees brand is all about. And it’s our people who turn this vision into daily reality. Our 360-plus employees don’t just produce our natural, earth-friendly products — they live out our values at work and at home. We foster this culture, which not only benefits our communities and environment but unites our employees around a central business mission.

“At Burt’s Bees we believe business can be a powerful force for good in the world. We’re not perfect, but we take seriously our commitment to do business in a way that respects the human and environmental resources we rely on to be successful. What I have found particularly meaningful is how deeply my colleagues care about sustainability across all levels and job functions. At the end of the day, a belief in a greater mission that permeates employee culture is what makes it possible for a brand like Burt’s Bees to exist.” Matt Kopac, Manager of Social and Environmental Responsibility

THE GREATER GOOD TEAMS

Formerly, we had a group of volunteer environmental champions called the “EcoBees.” Eventually we said everyone has a part to play in reducing our environmental impacts and dissolved the group. Without people championing projects and programs, and monitoring goals, we found that we lost some traction and recognized that every cause needs leadership. So in 2012, we launched The Greater Good Teams to replace EcoBees.

Live the Greater Good

We relaunched our Live The Greater Good (LTGG) team and program in July 2012 to focus on bringing our TGG business model to life in the community, with enriching opportunities for our employees to volunteer on paid time with non-profit partners. The program was previously structured to promote both training and service. For example, between July 2011 and June 2012, Burt’s Bees employees took part in 2,840 paid hours to learn and live TGG in four modules: community outreach, environment, wellness, and leadership. We were proud to achieve 98 percent employee engagement in LTGG during that time.
Employees surveyed after LTGG events were enthusiastic, giving our efforts an average 4.5 rating out of 5. They expressed an interest in spending more time out of the classroom and in the community. We continue to strive for 100 percent employee engagement in our new, more community-focused iteration of LTGG.

**Sustainability Advisors**
Our Sustainability Advisors are big thinkers drawn from every department and level within the company (although one-quarter also sit on the Burt’s Bees leadership team). Together, they drive sustainability throughout the company and influence strategy, innovation, and business operations. They are also crucial to our innovation process — of which sustainability is a fundamental part — acting as a sounding board for issues and ideas. Our leadership relies on their assessments and recommendations when making important strategy decisions.

In their first year, the Sustainability Advisors have already made an impact. Here’s just one example: We often use product samples to introduce consumers to our brand, which unavoidably carry a large environmental footprint because the products are packaged in smaller amounts and distributed inefficiently. Our Sustainability Advisors worked with the marketing team to conduct a life cycle assessment comparing sample and regular sales products, and to develop principles for selecting and distributing consumer samples. They’re also helping us work with suppliers to improve the sustainability of sampling options.

**Education and Onboarding**
The Education and Onboarding team helps to introduce the Burt’s Bees culture, values, and sustainability practices to new employees while also refreshing veterans’ knowledge and understanding. In 2012, the team introduced a quarterly “Drink the Honey Day” program and a “Bee Buddy” mentoring initiative to introduce new hires into the organization. A subcommittee within this team also focuses on wellness, hosting an annual health fair, and promoting our on-site exercise and nutrition programs.

**Fun Culture**
This team is the beeswax that binds our organization together. It organizes team-building activities throughout the year, helps to plan company huddles and culture day, and promotes our values in small but important ways, such as providing compost bins at holiday parties and fairly traded candy for Halloween.
Culture Day

Every year, we close the company and host Culture Day to immerse employees in the Burt’s Bees philosophy. In keeping with our outreach efforts (see page 55, Strategic Giving), our 2012 Culture Day focused on honeybee health and kicked off our Wild for Bees® campaign. Click here to watch related videos.

Employees learned about the worrying status of the health of pollinators (such as honeybees) from four non-profit organizations funded by The Greater Good Foundation that pursue sustainable agriculture and social justice programs in North Carolina. They also worked with The Conservation Fund to build bee boxes and to package 4,400 seed bomb kits to be sold at fund-raisers or used as pollinator forage. One particularly inspired employee went out and started a clothing drive for one of our non-profit partners immediately following Culture Day.

In 2013, we'll explore a “Rhythm of the Hive” theme, focusing on interconnectivity. With our expanding global team and increased integration with The Clorox Company, we aim to expand our invite list to a wider set of stakeholders, get into a common rhythm, and enjoy global brand storytelling, all while taking part in a service project that benefits the global community.

Top right to bottom left: 1) Employees listen to instructions from 2011 Culture Day non-profit partner, NEEM, before beginning planting. 2) Employees make bee boxes to donate to NC sustainable agriculture-focused non-profits during 2012 Culture Day. 3) Employees water and admire raised beds they installed and planted during our 2011 Culture Day. 4) Employees assemble “seed bombs”, pre-made pollinator-friendly mixes to distribute to non-profits across NC during 2012 Culture Day.
The Greater Good (TGG) Advantages

Our parent company, Clorox, offers employees a full benefits program called Total Rewards. This includes a host of financial and wellness benefits. Since Clorox acquired the Burt’s Bees brand in November 2007, more employees have signed up for the program every year, reaching over 70 percent in 2012.

We also offer TGG Advantages that help our employees live sustainably and act as authentic ambassadors for our brand at work and away from the office. Our innovative program adds value to the community and employees in three ways:

**Sustainable Economy**
- Preferred parking for carpoolers and fuel-efficient vehicles.
- Sustainable Living Credits, which offer employees reimbursement up to $150 per year of personal expenses such as sustainable gardening equipment, fuel-efficient vehicles, renewable energy credits, or environmental home improvements.

**Sustainable Community**
- Financial contributions to non-profit organizations where employees make a significant investment of time through the Dollars for Doers program.
- Paid time off for community service in the Live the Greater Good program (up to eight hours per year).
- In-kind product donations to non-profit organizations through the Product for Purpose program.
- Employee recognition, including cash awards and matching non-profit contributions from The Greater Good Foundation through our annual The Greater Good Awards.

**Healthy Mind and Body**
- Annual onsite health fairs.
- Organized drop-offs for community sponsored agriculture programs (CSAs).
- Onsite wellness classes, such as yoga, nutrition, and weight management.

GM Nick Vlahos presents the Burt Shavitz Environmental Stewardship award to Jenn Farrin, Packaging Engineer, for her work along with Tiffany Pieja on the Burt’s Bees Merchandising Standard!
Diversity

We have a rich mix of employees thanks to our efforts to seek out and embrace diversity. We use inclusive hiring practices, such as top-to-top partnerships (Clorox leaders partnering with leaders of these diversity organizations) and recruiting programs with associations, including the National Society of Black Engineers, Society of Women Engineers, Society of Hispanic Professionals, and the Service Academy Career Conference. Our employment policies and benefits programs (through Clorox) support diversity wherever possible. For example, we offer domestic partner medical benefits and access to five employee resource groups (ERGs), for African-Americans, Asians, Latinos, Gay/Lesbian/Bisexual/Transgender individuals, and women. In order to include all Burt’s Bees employees in our company communication meetings, we offer Spanish translation services.

The biggest challenge we have in improving the diversity of our work force is finding experienced candidates in a small local population. But our hiring practices outlined above are intended to try to improve this situation.
Training and Development

A lot of our training and development efforts are spent on reinforcing sustainable practices. In the past two years, we’ve held training sessions on topics as wide-ranging as the effects of U.S. consumption on the health and welfare of cities in Asia, and of course, the importance of honeybee populations worldwide.

We also provide training on business-critical issues such as ingredients and consumer use. Interested employees can access Clorox’s Learning Management System, which offers online and in-person training opportunities.

While we require all employees to undergo some training, much of it is optional. All employees — production and non-production — have personal development plans, which help to promote career advancement.

Even though we offer a lot of opportunities to employees, we do face a few challenges. One of the biggest is engaging all our employees, not just the committed core. Others include offering training that will help employees meet the needs of their communities, making the best use of our limited business resources, and aligning training and development at Clorox and the Burt’s Bees brand.
**Employee Safety**

The safety of our employees is a top priority for our product supply organization. Working in a production setting can have its dangers, so we promote a safe working environment and monitor our performance for opportunities to improve.

The table below shows a significant improvement in the number of accidents we’ve had in the past two years, a welcome trend we aim to continue. But our plan is to have a recordable incident rate (RIR) of 0. We’re doing everything in our power to get there.

The biggest challenge to moving toward a world-class safety program is changing the company culture to one where people are encouraged to improve safety and to take action when it is needed. In any growing business, there is a high degree of change, so it is important for safety to become one of the organization’s values. That way, it is embedded as an uncompromising part of the right way to work. Our journey has been to help all managers and employees understand this and find the best ways to work safely.

At Burt’s Bees we have always focused on safety, and now our record is getting even better. Our integration with Clorox has provided us with world-class programs, techniques, and leadership styles to enhance our safety efforts. For example, we have introduced processes to eliminate hazardous conditions for servicing production equipment, and a behavior-based safety process engages employees at all levels on workplace health and safety. Most importantly, we aspire to Clorox’s world-class RIR of 0.53. [Click here](#) for more information.

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**Burt’s Bees Safety Record**

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Recordable Incidents</td>
<td>12</td>
<td>4</td>
</tr>
<tr>
<td>Rolling Incident Rate (RIR)</td>
<td>3.02</td>
<td>1</td>
</tr>
</tbody>
</table>

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*Burt’s Bees employees working on the line in our manufacturing plant follow world class safety procedures.*

*Embedding the Burt’s Bees Culture*
Giving Back

Giving Back to Our Neighbors and Nature

Since Burt and Roxanne first sold beeswax candles at local craft fairs in Maine, the Burt’s Bees brand has always been rooted in community. As we have grown, so has our capacity to give back. In 2012, we partnered with more than 40 non-profit organizations, providing product donations and sponsorships and rolling up our sleeves to volunteer.

Our giving programs are channeled through The Burt’s Bees Greater Good Foundation, a 501(c)(3) non-profit, charitable organization established in 2007. Run by employees, the foundation is funded by 10 percentage of our burtsbees.com website sales. In FY2012, we donated $233,000 to our non-profit partners, making 23 grants averaging $10,000.

The Foundation has two focus areas, Strategic Giving and Good Neighbor Giving:

**Strategic Giving**

- For sustainable agriculture and community gardening projects, which have been shown to have a positive effect on human and honeybee health. This focus was chosen against the backdrop of the decline in human health due to a lack of access to healthy food and the alarming number of bee declines in the United States.

**Good Neighbor Giving**

- For non-profits that have a focus on people and planet, and have an entrepreneurial business model.

In 2012, we donated 85 percent of our foundation funding to local non-profits that were not in our strategic sweet spot and the other 15 percent to strategic programs based locally and nationally. We have begun to shift our giving strategy, with the goal that 80 percent will go to strategic programs by 2015.

We will keep our giving rate at 10 percent of website sales. As we grow burtsbees.com, we expect our foundation giving to rise by 50 percent in FY2013. Our philanthropic activities also include in-kind donations of product and non-foundation monetary gifts (see next page).

In the first half of 2012, high-level staffing changes in our sustainability team stalled momentum in our giving program, and donations fell over 2011, as we did not allocate all available dollars. In the second half of the year, we got the foundation back on course. We stepped up our giving, restructured the foundation board, communicated more clearly to give employees a better picture of the foundation’s efforts, and made our giving guidelines more visible. We also joined the North Carolina Network of Grant Makers to make sure we follow best practices in corporate funding.

HIVE WISDOM

Learning from honeybees includes paying attention when they warn us that they are endangered. The collapse of U.S. bee populations has implications for human food security as well as the future of our hallmark species. (It’s also the state insect of our home state of North Carolina.)

That’s why championing efforts to save bees is at the heart of our giving program. A world without bees is unimaginable. We won’t let it happen.
In-Kind Donations

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Greater Good Foundation</td>
<td>$264,000</td>
<td>$233,000</td>
</tr>
<tr>
<td>Non-Foundation Monetary Gifts</td>
<td>$60,000</td>
<td>$77,000</td>
</tr>
<tr>
<td>In-Kind Donations</td>
<td>$1,080,000</td>
<td>$978,000</td>
</tr>
</tbody>
</table>

Our in-kind donations fell in 2012 over 2011 due to improved product inventory management, which meant we had fewer products to donate. However, we’ve formalized and automated our in-kind donations process to better match donations with community needs.

### OUTREACH

<table>
<thead>
<tr>
<th>Issue Area</th>
<th>Current 2020 Goal</th>
<th>Reason for New Goal</th>
<th>Long-Term Ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Outreach</td>
<td></td>
<td>We recognize the critical importance of habitats for honeybees (and honeybees for humans), and we want to be a part of the solution.</td>
<td>Increase awareness of the importance of honeybee health issues and the link to food security and human health.</td>
</tr>
<tr>
<td>Philanthropic Giving</td>
<td></td>
<td>We are proud of our past philanthropic efforts but feel we can do more and be more strategic by focusing on the intersection of human and honeybee health through investments in sustainable agriculture and pollinator habitat.</td>
<td>Continue to contribute 10% of sales revenue from Burtsbees.com to The Greater Good Foundation.</td>
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Strategic Giving: Focusing on a Future for Bees (and All of Us)

As we shift more funds toward strategic programs, our priority will be an issue dear to our hearts: supporting the intersection of human and honeybee health through investments in sustainable agriculture and pollinator habitat.

We took this decision against the alarming backdrop of declining bee numbers across the United States. Along with other pollinators like bumblebees, butterflies, and bats, honeybees pollinate up to one-third of all food consumed in North America. Bees also connect our heritage with several critical issues for human and environmental health, including biodiversity, food security, nutrition, and sustainable land use.

In June 2012, we launched our Wild for Bees campaign during National Pollinator Week to deepen awareness of the issue, and engage our employees and consumers in bee-saving activities.

The simplest and most effective way to do this is to create community pollinator habitats by planting native plants. So that’s what we are encouraging people to do. We also commissioned short educational films on Colony Collapse Disorder by actress Isabella Rossellini, which can be seen at www.burtsbees.com/wildforbees.html. We plan continued activity through our Wild for Bees campaign every year during National Pollinator Week, which falls on the third week of June.

THE POLLINATOR PARTNERSHIP

Colony Collapse Disorder is still a mysterious threat to honeybees, a problem that has resulted in the unusual disappearance of bees in large numbers.

Since 2007, we have partnered with the Pollinator Partnership (P2) and the North American Pollinator Protection Campaign (NAPPC) to fund research to promote honeybee health and combat Colony Collapse Disorder. Together, we are spearheading campaigns to not only raise consumer awareness but to support research that addresses the pressing needs of pollinators.

The Burt’s Bees brand and P2 collaboratively direct funding into honeybee health improvement grants, which have been offered to projects that focus on understanding and promoting genetic stock improvements, best management practices for commercial beekeeping, and forage opportunities for colonies on public and private land.

Our work has expanded to an international stage. In 2012, P2 and the Burt’s Bees brand in Canada led a successful campaign to raise awareness of the endangered Rusty Patched Bumblebee and helped to support outreach programs.
Community Giving: Good Neighbor Grants

Many of our grants in FY2011–12 were to longstanding partners and projects in the communities where we live and work.

For example, in 2012, for the fifth year running, we partnered with the North Carolina Museum of Natural Science to sponsor a joyful and informative Planet Earth Celebration held on Earth Day in April. Thousands of people turned out for the festival in Raleigh, which included a tent sale of discounted Burt’s Bees products, and a platform for 100-plus environmental non-profits to meet and mingle. Proceeds from the tent sale benefited Triangle Residential Advisors for Substance Abusers (TROSA), a Durham non-profit.

Another partnership dear to our hearts is with the Durham branch of Habitat for Humanity, the international non-profit dedicated to providing decent, affordable homes to every person on the planet. Within blocks of the Burt’s Bees headquarters, our employees have helped build six Habitat for Humanity homes and a community playground at Hope Crossing, North Carolina’s first green, affordable housing community. We partnered with several local B Corporations (certified as meeting rigorous social and environmental performance standards) to build our most recent home.

Top to bottom: 1) Members of the Burt’s Bees Creative Services Team raise $17,000 for North Carolina Children’s Hospital, with their bee-themed contribution to the CowParade. 2) Employees help spread native prairie grass seeds at the Burt’s supported Triangle Land Conservancy. 3) Burt’s Bees sponsored the SEEDS of Durham community garden. 4) Burt’s Bees employees construct a front porch for a Burt’s Bees sponsored Habitat for Humanity home.
Partnerships for a Common Cause

From supporting honeybees to providing more transparent product labeling, collaboration is the key to progress on a regional and national scale. That’s why we partner with forward-looking organizations, including industry associations and consumer protection agencies such as these:

**ACADEMIC PARTNERS**
- Duke University – Fuqua School of Business
- North Carolina State University – College of Agriculture & Life Sciences
- North Carolina State University – Poole Business School
- University of North Carolina – Kenan Flagler Business School
- University of North Carolina – School of Journalism and Mass Communications

**INDUSTRY PARTNERS**
- The Campaign for Safe Cosmetics
- Institute of Packaging Professionals
- Natural Products Association
- North Carolina Sustainable Business Network
- Sustainable Packaging Coalition
- Sustainable Packaging Cosmetics Roundtable
- AIM-Progress

**SUSTAINABILITY PARTNERS**
- NC Green Power
- Renewable Choice Energy
- Preserve Gimme 5
- Heritage Environmental Services
- Vexor Technology
- Brooks Composting
- Pollinator Partnership

**FOUNDATION GRANTEES**
- Dress for Success Triangle NC
- Durhamcares
- Friends of NC State Museum of Natural Sciences
- Habitat for Humanity of Durham
- Kiva Microfunds
- Newborns In Need, Triangle North Carolina
- North Carolina Center for Non Profit Organizations
- North Carolina Conservation Network
- North Carolina Museum of Life & Sciences
- Rescue Missions Ministries
- Southeastern Efforts Developing Sustainable Spaces (SEEDS)
- Step Up Ministry
- Teach for America
- The Conservation Alliance
- The Conservation Fund
About This Report

This is the fourth (and final) time we will release a standalone sustainability report. All of our social and environmental data is now included in the global integrated report published annually by our parent company. The Clorox Company is a first-class sustainability reporter, winning the “most innovative CSR disclosure policy” award in Corporate Secretary magazine’s 2012 Corporate Governance Awards.

You won’t stop hearing directly from us, though. We’ll continue to tell our stories and highlight progress toward our goals (see our 2020 Goals Chapter) on our website and through our social communities on Facebook, Twitter, and Pinterest. We’re eager to engage with all of our stakeholders on a more regular basis through these channels.

In the meantime, this report covers our sustainability data, progress, and stories from the calendar years 2011 and 2012. Some data is drawn from the financial year, as noted.

Feel free to share your thoughts with us — that’s how we learn and grow. You can catch us at CSR@burtsbees.com or at one of our social communities linked above.