



seventh  
generation™

# CORPORATE CONSCIOUSNESS 2014 UPDATE

## OUR VISION:

To build the most trusted brand in our industry by redefining leadership through our principles, practices and partnerships.

## DEAR FRIENDS,

As a mission-driven business, we believe it is our responsibility to set a course for a more mindful way of doing business. As hard as we work to transform our own company and products, we can't solve the environmental and social challenges the planet faces alone. We must work to extend our influence and inspire others by our example. Our collaboration with a diverse coalition to promote successful passage of toxics legislation in our home state of Vermont exemplifies the power of this approach.

Two years ago, we added a new means of extending our business model with the founding of our investment arm, Seventh Generation Ventures, and the subsequent purchase of bobble, a reusable water bottle company, and Gamila, maker of gourmet tea and coffee brewing products - without the waste. This venture allows us to begin parenting different product lines that meet the growing needs of consumers who desire to live a healthy and environmentally-friendly lifestyle.

In 2014, we received a \$30 million investment from Generation Investment Management to accelerate our core growth through innovation, investment and the acquisition of other mission-led brands. While we pursue the growth this investment will enable, we are working to ensure that Seventh Generation's brand of doing business remains purposeful, successful and worth propagating.

We speak most forcefully through our products and our commitment to corporate responsibility. To ensure that our business decisions align with our aspirations, we established a Sustainability Stewardship Committee that includes senior managers from across the company. And we continue to link 20 percent of our Annual Incentive Plan to key sustainability goals to engage our entire workforce in delivering a commitment to the triple bottom line. On behalf of all employees at Seventh Generation, we give thanks for the support of our business partners and our consumers who make our work possible and our mission attainable.

For all the generations yet to come,

John Replogle, CEO



Seventh Generation has reported sustainability progress using the comprehensive Global Reporting Initiative (GRI) standard since 2004 and was an early adopter of the new GRI G4 standard in 2014. We plan to publish a GRI report every other year with shorter updates such as this in the off years. Please comment to: [responsibility@seventhgeneration.com](mailto:responsibility@seventhgeneration.com)



# NURTURE NATURE

We aspire to care today for seven generations of tomorrows by choosing plants not petroleum, sourcing sustainably, decreasing our carbon footprint and producing zero waste.

## PROGRESS TOWARD OUR 2020 GOALS

**2020 GOAL:**  
**ALL PRODUCTS AND PACKAGING BIOBASED OR RECYCLED**

**PROGRESS:**  
**80%**

up 4% from 2013



We strive to replace all virgin plastic with recycled or biobased plastic and to seek plant-based alternatives for petroleum-based ingredients.

**2020 GOAL:**  
**ALL PRODUCTS AND PACKAGING BIODEGRADABLE OR RECYCLABLE**

**PROGRESS:**  
**69%**

Up 6% from 2013



We are progressing toward our zero waste goal for all of our products and packaging. Our R & D teams are focusing intensively on our diaper products as we pursue innovations that will allow us to meet this goal.

**2020 GOAL:**  
**SOURCE SUSTAINABLY:**

All agricultural materials certified sustainable by a credible third party

**PROGRESS:**  
**78%**

of wood pulp certified sustainable by the Forest Stewardship Council® (FSC®). Down 3% from 2013 due to changes in product mix

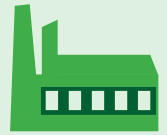


FSC® certification ensures that wood is harvested from responsibly managed forests. We believe that FSC® is the most robust forest stewardship certification standard. While we have made progress with palm and wood pulp, we are still developing certification approaches for our other agricultural materials such as soy, corn, sugar and coconut.

**2020 GOAL:**  
**ALL ENERGY FROM NON-FOSSIL SOURCES**

**PROGRESS:**

**▼12%**



Reduction in sales-normalized greenhouse gas (GHG) emissions from our products, packaging, distribution, operations, and business travel and commuting. Absolute emissions remained flat.

As the majority of our GHG impacts occur during raw material processing, our product design and material selection offer powerful reduction opportunities. Moving away from petroleum-based ingredients toward biobased materials and recycled content reduces our environmental impact.

**2020 GOAL: SOURCE SUSTAINABLY**

All agricultural materials certified sustainable by a credible third party

**PROGRESS:**  
Palm Kernel Oil (PKO)

**100%**

We continue to support sustainable palm oil production



We purchase GreenPalm certificates for all of the palm kernel oil-based ingredients (PKO) we use.

## TOUCH OF CLOTH DIAPERS FEATURE INNOVATIVE, NO-BLEACH COTTON CLEANING PROCESS

“Cotton is a wonderfully soft, strong, and amazing material. But the cleaning process requires bleaching. In 2013, we learned of a farmer who had pioneered a cleaning method for non-woven cotton using water jet compression instead of bleaching.

“Intrigued, we determined that this new method hit the mark on softness, performance and plant-based materials. Our new Touch of Cloth diapers replace a synthetic outer layer with a soft layer of 70% unbleached cotton grown in the USA and 30% plant-based rayon.



The diaper also features Forest Stewardship Council® (FSC®) certified pulp. The diaper launched in 2014 through Target’s ‘Made to Matter’ program which highlights offerings from leading sustainable brands.”

**80,000 pounds of petrochemicals avoided in one year by this switch to plant-based materials**



- Daron Byerly  
Brand Manager, Innovation

## MATERIALS OF THE FUTURE

While most of our laundry bottles are made from 100% recycled plastic (excluding colorant), we add 20% virgin plastic into our larger 100-oz. bottles for needed

strength. We worked to replace the virgin petroleum-based plastic in these bottles with an identical plastic made from sugar cane. This ensures that our bottles are strong and remain recyclable. We will be bringing these bottles to market in 2015.



## NO STONE UNTURNED

Instead of being disposed of in landfills, more than 17 tons of label liners were added to the recycling stream in one year after a switch to polyethylene terephthalate (PET) label liners presented a recycling opportunity. The liner is the sheet material that carries our labels until application to a container. Manufacturing Quality Manager Brad Helpap commented, “Label liners may sound minor, but you’d be surprised how quickly they pile up; it inspired me to facilitate a solution with our manufacturing partners.”

## OUR 2014 ENVIRONMENTAL SAVINGS

USING RECYCLED MATERIALS SAVED:

**154,000**  
trees

**400,000**  
million cu feet  
landfill space

USING PLANT-BASED AND NON-VOLATILE ORGANIC INGREDIENTS SAVED:

**49,000**  
barrels of oil

**206,000**  
pounds of volatile organic  
compounds (VOC)



# ENHANCE HEALTH

We aspire to enhance health through education, activism and innovation, by creating healthy products for healthy homes.

## HEALTHY PRODUCTS FOR HEALTHY HOMES 2020 GOAL:

All Seventh Generation products are not acutely toxic and are free of chronic toxicants; these and all other product benefits are clearly promoted to our consumers.

### BRINGING BOBBLE INTO THE FOLD

Our team created an authenticity program to ensure that our formulation choices in plastics achieve our high ingredient standards. We have completed extensive testing of our food-contact products, further validating their safety.



### BORIC ACID BEGONE!

We developed boric acid-free laundry detergents that will hit the shelves in 2015.

## ENHANCING HEALTH THROUGH OUR PRODUCTS

“Makers of many premium laundry detergents generally consider boric acid to be an essential ingredient. It is a very effective enzyme stabilizer that has long been used in the industry. However, due to mounting concerns about the chronic toxicity of this ingredient, we have been working to replace it in our dishwashing and laundry products, where it has been present at very low levels.

“In 2014, we partnered with our suppliers to identify a different type of enzyme that is stable without the use of boric acid. Liquid laundry and auto dish products featuring this stabilization system will be available in

2015. This innovation broke new ground and we’re sharing the news to stimulate others in the industry to find their own path to eliminating boric acid from their products.

“We’re now focused on removing the petroleum-based preservative MIT (methylisothiazolinone), present in some of our formulated products in order to progress in our goal to achieve a biobased preservation system. This is the latest step forward in our evolving preservation approach; MIT replaced a higher-risk formaldehyde donor substance several years ago. This work is part of our continuing journey to enhance health in the long run.”



- Clement Choy  
Senior Director, R&D





# TRANSFORM COMMERCE

We aspire to transform commerce by championing honesty, responsibility, and radical transparency.

## 2020 GOAL:

Engage industry to create safer consumer products, reduce greenhouse gas emissions, and take responsibility for product packaging

## TOXICS REFORM

- Presented Congress with over 120,000 signatures on our petition to urge Congress to upgrade the inadequate Toxic Substances Control Act
- **Success in VT!**  
Rallied partners and consumers to support Vermont's passage of the Toxic-Free Families Act
- **New York in 2015:**  
Partnering to push for a toxics law in New York State

## SUPPLY CHAIN

- Developed a supplier Code of Conduct
- Audited 11 of 30 Manufacturing Partner facilities and transferred operations from four off-shore manufacturers that lacked the capabilities we required, bringing that production to the USA
- 100% of suppliers will be introduced to the B Corp Impact Assessment in the next two years.



## 2020 GOAL:

All ingredients, materials, packaging, and our supply chain are disclosed

## TRANSPARENCY

We continue to disclose all ingredients, including fragrances, on our packages and on our website.

## INTRODUCING OUR SUPPLIERS TO THE B CORP QUICK IMPACT ASSESSMENT

“Ensuring that we partner with suppliers that share our values is particularly important for Seventh Generation as we don’t manufacture our own products. B Corp’s mission to promote a transparent business ethic that benefits the environment and society echoes our belief that business can be a powerful force for good. Now we are introducing our most important manufacturing partners and key materials and packaging suppliers to the B Corp certification standards.

“B Corp has developed a Quick Impact Assessment (QIA), a straightforward survey that can help suppliers see how they perform against key environmental, community and workforce best practices. One of our suppliers has already indicated interest in meeting B Corp’s rigorous standards and becoming a full-fledged B Corp. We’re excited about using this tool to align our suppliers with the B Corp commitment to a better way of doing business.”



- Jim Barch  
Director of Research and Development



# BUILD COMMUNITIES

We aspire to advance social justice and equality to unleash human potential by creating a vibrant workplace and building thriving communities.

**2020 GOAL:  
CREATE THE BEST  
PLACE TO WORK IN  
NORTH AMERICA.  
PROGRESS:**



### TOP THREE

“Best Places to Work  
in Vermont”



### WOMAN POWER

We added a third woman  
to our 9-person board  
(previously 2F, 6M).

**2020 GOAL:  
SEVENTH GENERATION AND ITS SUPPLIERS  
IMPROVE THE QUALITY OF THEIR BUSINESS  
COMMUNITIES, EXCEEDING SOCIAL STANDARDS  
FOR HEALTH, SAFETY, ENVIRONMENT, AND EQUITY.  
PROGRESS:**

## 140%

of goal to volunteer 1% of our time  
each year. We logged 4,070 hours,  
21% more than in 2013.

## \$235,000

Donated through the Seventh  
Generation Foundation to organi-  
zations that promote social and  
environmental progress. Up 4%  
from 2013.

## VOLUNTEERING WITH SPECTRUM

“On a cold night in March, 2014, I slept out on the Common in Burlington, Vermont with two of my colleagues, the Mayor, and dozens of civic leaders. The temperature was in the 20’s and we didn’t get much sleep. The goal was to deepen our understanding of homelessness as we experienced the cold, noise, stress and lack of washing facilities.

The sleep-out was sponsored by Spectrum, a nationally recognized organization that brings vital

services to the community, helping about 2,000 teenagers each year.

“At Seventh Generation, I have access to 125-plus people who want to and are encouraged to volunteer; it’s easy for me to rally the troops and channel this energy to help Spectrum. We donate product, host clothing drives, underwrite the sleep-out event, and fundraise for this critically important organization.”



- Juliet Moran  
Business Manager, Northeast