

SEVENTHGENERATION.COM/SUSTAINABILITY

SEVENTH GENERATION'S

2020

VISION
FOR SUSTAINABILITY



Social Outreach



Facebook Friends



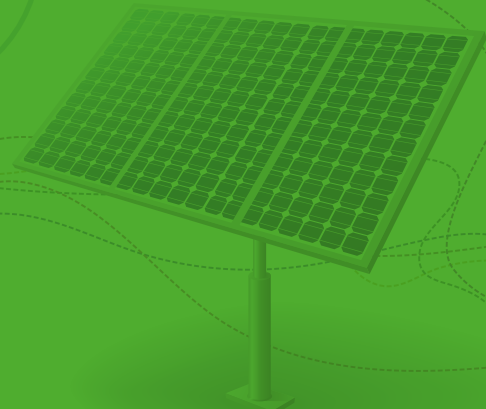
89% of followers are female



60% of followers are ages 25-44



2011 Awards



Net Sales

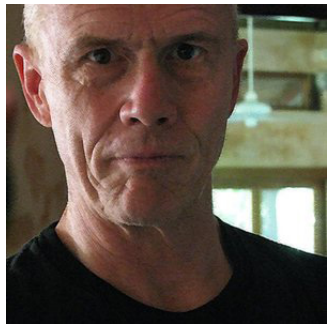


PLANTS
NOT PETROLEUM





Gen2. The Seventh Generation Corporate Consciousness Report for 2011



For our friend.

We dedicate this report to Gregor Barnum, Seventh Generation’s first Director of Corporate Consciousness and our guiding light. Read founder Jeffrey Hollender’s tribute to Gregor [here](#).

CONTENTS

This report was designed with an interactive, online format.
We encourage readers to view the web version at www.seventhgeneration.com/2011report

2

VISION

- 4 | CEO JOHN REPLOGLE’S PERSPECTIVE
- 6 | OUR GOALS FOR 2020
- 8 | OUR COMPANY
- 8 | 2020 VISION

13

PRODUCT

- 14 | NEW PRODUCTS
- 15 | PRODUCT IMPROVEMENTS
- 16 | LAUNDRY DETERGENT CASE STUDY
- 16 | BIOBASED PRODUCTS
- 18 | SUPPLY CHAIN IMPACTS
- 19 | SALES

20

PLANET

- 21 | 2011 ENVIRONMENTAL SAVINGS
- 24 | MATERIALS
- 27 | PACKAGING

28

PEOPLE

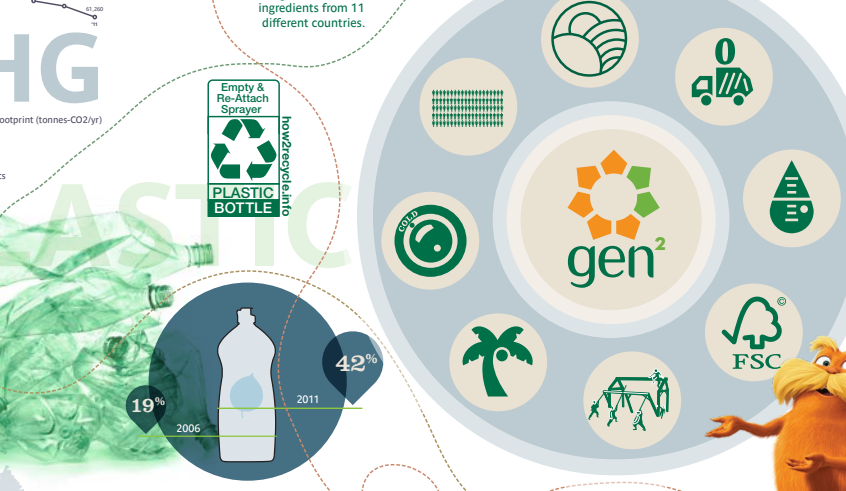
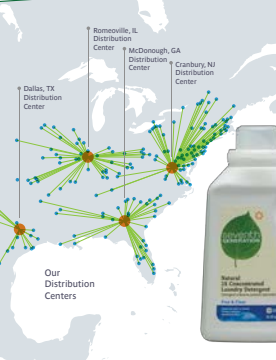
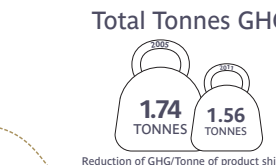
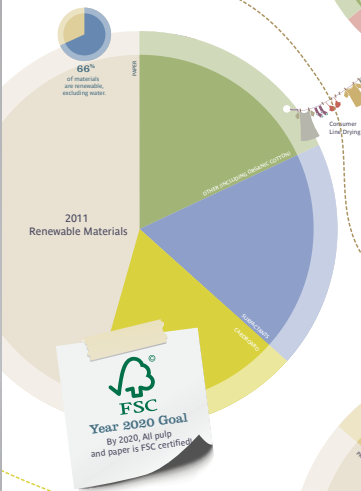
- 29 | A HEALTHY WORKPLACE
- 29 | OUR FIVE CORE VALUES
- 31 | EMPLOYEE ENGAGEMENT
- 32 | GIVING
- 35 | CONSUMER ENGAGEMENT
- 35 | ADVOCACY

38

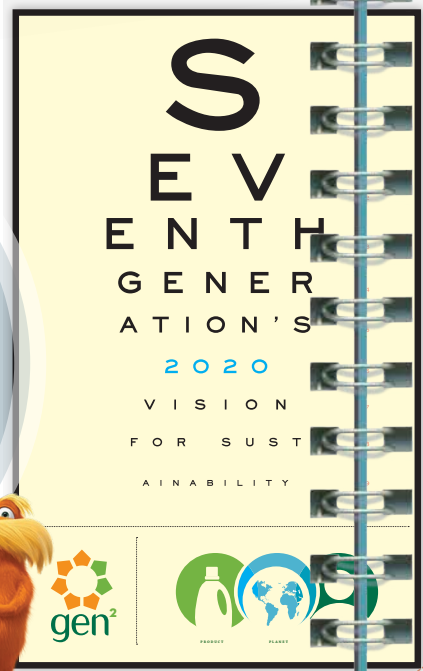
RESPONSIBILITY

- 38 | GOVERNANCE
- 39 | STAKEHOLDER ENGAGEMENT
- 40 | GRI CONTENT INDEX — 2011 REPORT

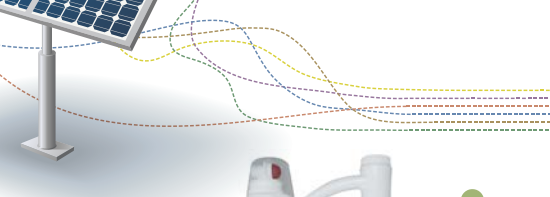
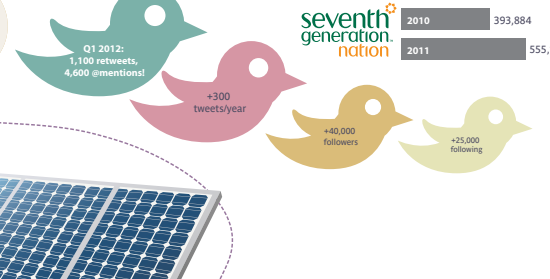
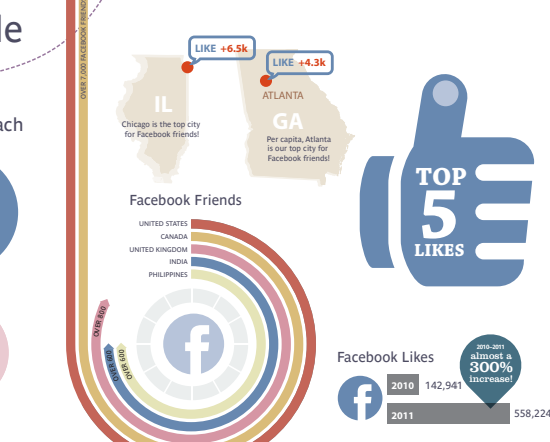
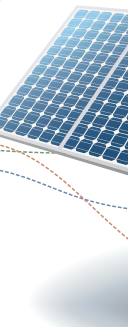
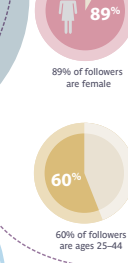
Planet



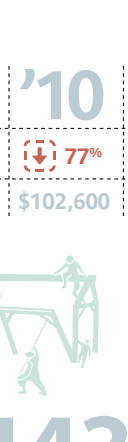
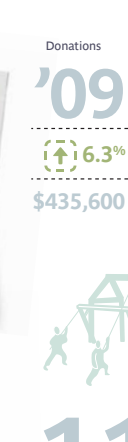
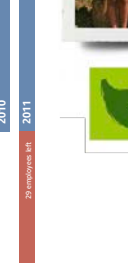
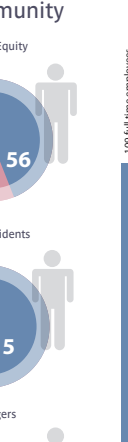
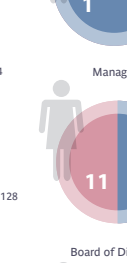
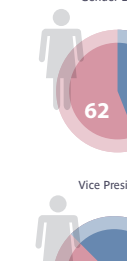
Vision



People



Our Community





CEO John Replogle’s Perspective

Dear Friends,

When I took the wheel at Seventh Generation, I thought I would be leading a green products company into its next era. Yet it quickly became clear that that was only part of the equation.

The other half of the job, and the role that’s arguably more important, is running a working business laboratory whose mission is to explore new and infinitely more sustainable modes of operation with the power to transform companies of every kind from engines of destruction to instruments of regeneration. I discovered that as important as our products and their purposes are, they’re often overshadowed by our work to show the world a better way.

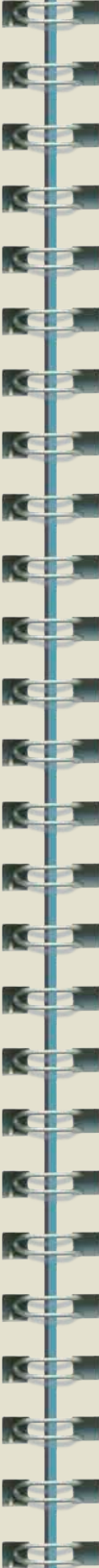
In 2011, we continued to build on this essential foundation and make forward progress as both a company and a model others can follow.

Much of this energy focused on defining a new set of 2020 Sustainability Goals we call Gen2. Gen2 sets clear targets for our people, our products, and our planet. It pushes us to think outside convention and move beyond processes that merely reduce harm to those that enhance human health and environmental wellbeing.

Bringing clarity to our objectives has helped align everyone around them. There’s a feeling that true collaboration has begun as we embark on an eight-year journey to annual targets and the final realization of our new goals.

But focusing on the future did not come at the expense of attention to the present. Indeed, meaningful achievements abounded in 2011.

Chief among them was an eight percent decrease in normalized greenhouse gas (GHG) emissions from 2010, a significant milestone in our effort to prevent climate catastrophe. We also worked to reduce our virgin plastic use by 10 percent by 2013. And in our own community, we adopted a local school where we helped install solar panels and foster environmental learning.



At home, we rolled out a groundbreaking new employee engagement program called LEAD (Learn, Engage, Act, and Demonstrate) which gives every member of our staff quarterly opportunities to get their hands dirty creating real solutions to the vexing issues facing our industry and the world.

Nurturing our unique corporate culture in these and other ways is crucial to our success. It was, after all, our organizational values that allowed us to weather last year’s painful work to reshape our business in a difficult economy. They are in large part responsible for our re-emergence as a company whose powers of engagement are rivaled only by the strength of the convictions and capabilities behind them.

This commitment to our internal community was equaled by new commitments to our external community, chief among them the creation of the Seventh Generation Foundation to fund efforts that care for the Earth and its people. Initiatives like these led to the accolades we received last year including our recognition as the #1 green brand in America and being named a Leader for Change by the United Nations.

In short, 2011 was a year when we renewed our promise to pioneer new and better ways to do business. With this work behind us and the road to Gen2 ahead, we’re poised to confront tougher challenges and move farther faster.

That’s a good place to be because our destination is an ambitious one. We still aspire to be the company our founders envisioned 24 years ago, one that leads the world to more holistically organic ways of operating. And we remain intent on being the strongest and clearest voice for consumer health and environmental ideals.

Being the change one wants to see in the world is never easy. But given the passion of our staff, the support of our consumers, and the help offered by our many friends, I have never been more certain that it’s the least of what’s possible.

John Replogle
President & Chief Executive Officer
October 2012

Hear John talk more about our mission to do the right thing as we lead a revolution of conscious consumerism in this [video](#).



OUR GOALS FOR 2020



100% EMPLOYEE ENGAGEMENT IN SUSTAINABILITY

As a company with a deeply held mission to care for the next generations, it is critical that we work to build a shared understanding of our culture of sustainability and reinforce the values that matter to our company.



GET THE WATER OUT: 50% LESS WATER IN PRODUCTS

Many of Seventh Generation's offerings contain water—including most of our cleaners, dishwashing detergents, personal care products, and laundry products. If we concentrate these formulas by removing much of the water.



1% IN SERVICE OF THE COMMUNITY

Contributing to vibrant, healthy communities where we work, live and make our products is a fundamental part of our commitment to caring today for seven generations of tomorrow. Many inspiring local organizations depend on the passion and commitment of volunteers to fulfill their missions.



GREENHOUSE GAS EMISSIONS (GHGS): 75% OF CONSUMER LAUNDRY LOADS IN COLD WATER

Through a Life Cycle Assessment (LCA) of our laundry detergent, we examined the greenhouse gas emissions associated with the processing of the raw materials, manufacturing, packaging, distribution and use by our consumers.



PALM OIL: CONSERVE FORESTS EQUIVALENT TO OUR USE

Seventh Generation believes in the importance of sourcing all of our biobased ingredients sustainably. As renewable palm oil is a significant feedstock in our cleaners, laundry detergents, and personal care products, ensuring that we source this material responsibly is a high priority. Increased global demand for palm oil has led to the rapid conversion of high conservation value forests into palm oil plantations - with a devastating effect on habitat and local communities in Southeast Asia.



ALL VIRGIN PAPER AND PULP FSC CERTIFIED

Seventh Generation is committed to sourcing all of our raw materials in a manner that is both environmentally and socially responsible. Certification by the Forest Stewardship Council (FSC) is a powerful way to improve forestry practices and to prevent habitat destruction, water pollution, and displacement of indigenous peoples.



NO PLASTIC TO WASTE BY 2020

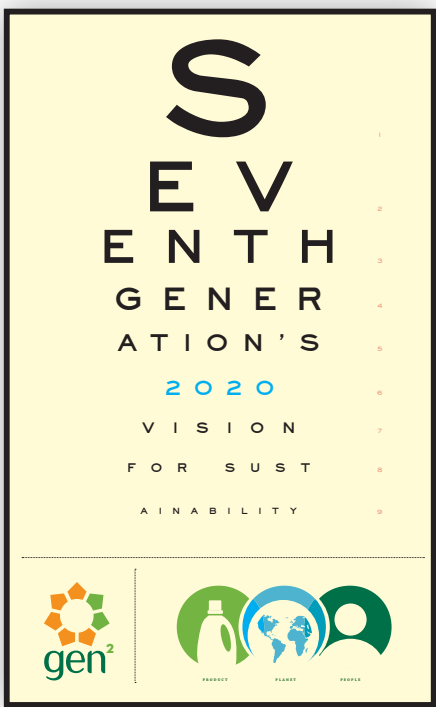
One of our boldest goals stems from our aspiration to produce zero plastic waste. To meet this goal, we have committed to having no plastic from our products or packaging end up in landfills by 2020. We are still developing a strategy for meeting this. We have also set an interim goal of reducing our use of virgin petrochemical plastic by 10% by the end of 2012 compared to 2011.



FORMULATED PRODUCTS 100% BIOBASED (OR MINERAL)

Seventh Generation has always chosen to use materials from plants—not petroleum—whenever possible. Relying on non-renewable fossil fuels is not a sustainable strategy in the long-term and we have been innovating effective renewable alternatives to the small amount of petroleum-based ingredients in our products for many years.

SEVENTHGENERATION.COM/SUSTAINABILITY



Our Company

Seventh Generation is a leading brand of green household and personal care products. Established in 1988, the Burlington, Vermont based company remains an independent, privately-held company distributing products to natural food stores, supermarkets, mass merchants, and online retailers across the United States and Canada.

We believe our products are healthy solutions for the air, surfaces, fabrics, pets and people within your home — and for the community and environment outside of it. As a pioneer in corporate responsibility, we want our products to make a difference — from their development to their production, purchase, use, and disposal. We are always evaluating how to reduce their environmental impact, increase performance and safety, and create a more sustainable supply chain. We believe it is our responsibility to set a course for a more mindful way of doing business, where companies act as partners with other stakeholders to create a brighter future for the whole planet.

2020 Vision

From the first days of our company, we have been motivated by a consideration of the needs of the next seven generations in our every deliberation. As we move into our 25th year as a company, we have handed the baton from the first generation of company employees and management, including our visionary co-founder Jeffrey Hollender, to a new generation that is bringing talent, energy, business

acumen, and determination as we reinforce our business’s reason for being.

To travel with purpose, we need a vision of where we are headed. To articulate this, we began by examining our impacts as a business and considering the principles that matter to us as a company: responsible sourcing; using materials from plants not petroleum; ensuring the health of our planet and the people on it; having an engaged, motivated workforce; and caring for our community.

Gen2 is the roadmap we developed to guide our journey for the next decade. Our 2020 Vision goals will push us to design, produce and bring to market sustainable and innovative products that delight and exceed our consumers’ expectations. And unlike our past targets, we crafted a set of goals that would engage a broad group of internal stakeholders across our business.

While we have not yet determined exactly how we will measure each of these goals, we will review these goals regularly to ensure that they are pushing us in the most meaningful and effective way and that we are able to track our progress appropriately. We will also continue to report on additional metrics that are reflective of our industry.

Recognizing that our sustainability targets are as important as our financial ones, we have tied some of our sustainability goals to our Annual Incentive Program for the first time. “In order for a business like ours to be true to its sustainability mission, we have to embed these commitments in our organizational

structure. Putting several hundred thousand dollars on the line to incent our employees around reducing virgin plastic and hitting other targets is a powerful way for us to do this,” says John Replogle, CEO.

Our performance toward the following goals is linked to employee bonus money:

- Virgin Plastic Reduction (interim, one-year goal)
- BioPreferred Certification
- Employee Engagement
- Community Service

No plastic to waste by 2020

One of our boldest goals stems from our aspiration to produce zero plastic waste. To meet this goal, we have committed to having no plastic from our products or packaging end up in landfills by 2020. We are still developing a strategy for meeting this. We have also set an interim goal of reducing our use of virgin petrochemical plastic by 10% by the end of 2012 compared to 2011.

Learn more about our work to address plastics in our products and packaging and our progress toward our virgin plastic reduction goal in [Plastics](#).

Formulated products 100% biobased (or mineral)

Seventh Generation has always chosen to use materials from plants — not petroleum — whenever possible. Relying on nonrenewable fossil fuels is not a sustainable strategy in the long-term and we have

been innovating effective renewable alternatives to the small amount of petroleum-based ingredients in our products for many years. Our goal is to have only minerals or renewable carbon ingredients in our formulated products (such as our laundry, dishwashing, cleaners and liquid personal care items) by 2020. An interim 2012 goal which is tied to our Annual Incentive Program is to obtain certification through the new USDA BioPreferred Program for all of our formulated products. Read the full story in [Biobased Products](#).

Greenhouse Gas Emissions (GHGs): 75% of consumer laundry loads in cold water

Through a Life Cycle Assessment (LCA) of our laundry detergent, we examined the greenhouse gas emissions associated with the processing of the raw materials, manufacturing, packaging, distribution and use by our consumers. When consumers use our laundry detergent in a conventional washer and dryer, their use accounts for over 90% of the greenhouse gases related to this product. Educating our consumers on the economic and environmental benefits of cold water washing and line drying are a necessary complement to our overall strategy to reduce our company’s environmental footprint. Learn more in [Greenhouse Gas Emissions](#).

All Virgin Paper and Pulp FSC Certified

Seventh Generation is committed to sourcing all of our raw materials in a manner that is both environmentally and socially responsible. We believe certifi-



cation by the Forest Stewardship Council (FSC) is a powerful way to improve forestry practices and to prevent habitat destruction, water pollution, and displacement of indigenous peoples. FSC promotes responsible management of the world’s forest resources through standard-setting, independent certification and labeling of forest products. FSC certification assures consumers that the wood fiber and pulp used in a product were obtained in a responsible manner that protects habitats, soils and worker rights. Our new Facial Cloths are made from FSC-certified wood pulp and the pulp in our diapers is from FSC-certified forests. We plan to obtain Chain of Custody certification for the latter by the end of 2012 to ensure that the pulp in our diapers is not mixed with non-certified pulp on the path from forest to shelf.

Get the Water Out: 50% Less Water in Products

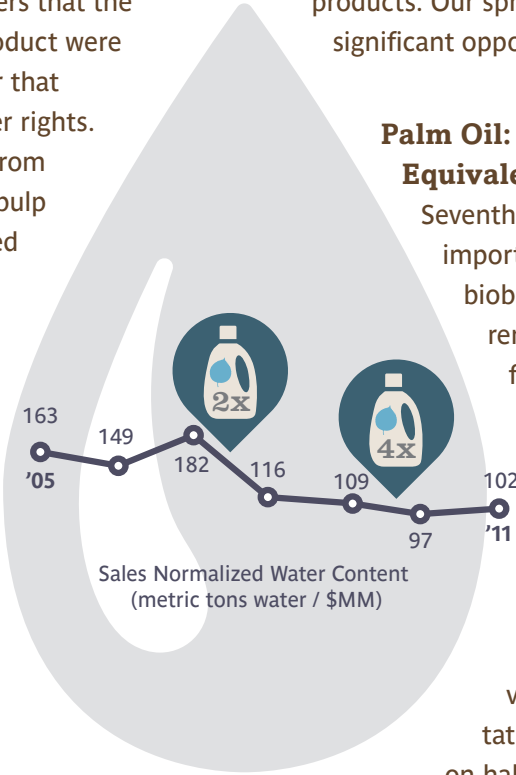
Many of Seventh Generation’s offerings contain water — including most of our cleaners, dishwashing detergents, personal care products, and laundry products. If we concentrate these formulas by removing much of the water, fewer resources are required to package and transport the same effective amount of product. Reducing water drives innovation in a way that has multi-

ple benefits — by reducing energy, greenhouse gas emissions and packaging material. Concentrating our laundry products has helped us achieve a 37% decrease in our use of water as a product ingredient from 2005–2011. We are now working to transfer and expand on the techniques that have been successful with laundry detergent to our other products. Our spray cleaners, in particular, offer significant opportunities for concentration.

Palm Oil: Conserve Forests Equivalent to Our Use

Seventh Generation believes in the importance of sourcing all of our biobased ingredients sustainably. As renewable palm oil is a significant feedstock in our cleaners, laundry detergents, and personal care products, ensuring that we source this material responsibly is a high priority. Increased global demand for palm oil has led to the rapid conversion of high conservation value forests into palm oil plantations — with a devastating effect on habitat and local communities in Southeast Asia. To address the social and ecological consequences of our own use of palm oil, we have supported both forest conservation programs and initiatives to ensure adequate sustainable palm oil supplies.

We chose to set a goal calling for forest conserva-



tion because our partners, the Philadelphia Zoo and the Sumatran Orangutan Conservation Programme (SOCP), have stressed the importance of on-the-ground conservation efforts as an essential first step in protecting critical habitats. While we have not yet determined how we will track progress against this goal, we have moved forward with important support for the Philadelphia Zoo and the SOCP. Learn more and watch a video about our work with the Philadelphia Zoo in [Donations](#).

To demonstrate our commitment to finding a global sustainable palm oil supply solution in 2008, we joined the Roundtable on Sustainable Palm Oil (RSPO), a multi-stakeholder alliance that is moving the palm oil industry toward sustainable practices. In 2009, we became the first household products company to purchase sustainable palm oil offset credits (through [Green Palm](#)) to offset all of the palm oil we use in our products. In 2012, we took another step forward and introduced the first line of Bar Soap bearing the RSPO Certified Sustainable Palm Oil seal and formulated with segregated certified sustainable palm oil. This seal verifies that valuable tropical forests were not cleared, and social and environmental safeguards were met during the oil’s harvest and production.

1% in Service of the Community

Contributing to vibrant, healthy communities where we work, live and make our products is a fundamental part of our commitment to caring today for seven generations of tomorrow. Many inspiring local organizations depend on the passion and commit-

ment of volunteers to fulfill their missions. We are honored to be a part of this important tradition and provide our associates with 20 paid hours per year (1% of their time) to help worthy local organizations. To reinforce the value we place on healthy communities, this commitment is tied to our Annual Incentive Program. To facilitate employee participation and to foster our own sense of community, we host two annual service days where we come together as a group and roll up our sleeves — most recently in support of Camp Ta-Kum-Ta (learn more [here](#)) and the Barnes Sustainability Academy. Our full partnership with the Academy — encompassing much more than our volunteer work to help build an outdoor classroom — is described in [Donations](#).

VOLUNTEERING			
	2010	2011	2012*
Hours Volunteered	1,220	1,143	1,259 (as of 8/2012)
Target # of Hours*	1,000	1,400	2,100

Employees received 16 hours of paid time off for volunteering in 2010 and 2011. This was increased to 20 hours of paid time off for volunteering in 2012.

100% Employee Engagement in Sustainability

As a company with a deeply held mission to care for the next generations, it is critical that we work to build a shared understanding of our culture of sustainability and reinforce the values that matter to our company. We developed an employee engagement program that provides our associates with



DID YOU KNOW...

If every household in the U.S. replaced just one bottle of 100 oz. 2X concentrate petroleum-based laundry liquid with our 100 oz. 2X concentrate plant-derived product, we could save **13 million gallons of oil**, the equivalent of removing 23,000 cars from the road for one year.

the opportunity not just to learn about important environmental and social issues but to create positive change in these areas as well. The program, dubbed LEAD, for its structured activities that allow employees to Learn, Engage, Act and Demonstrate

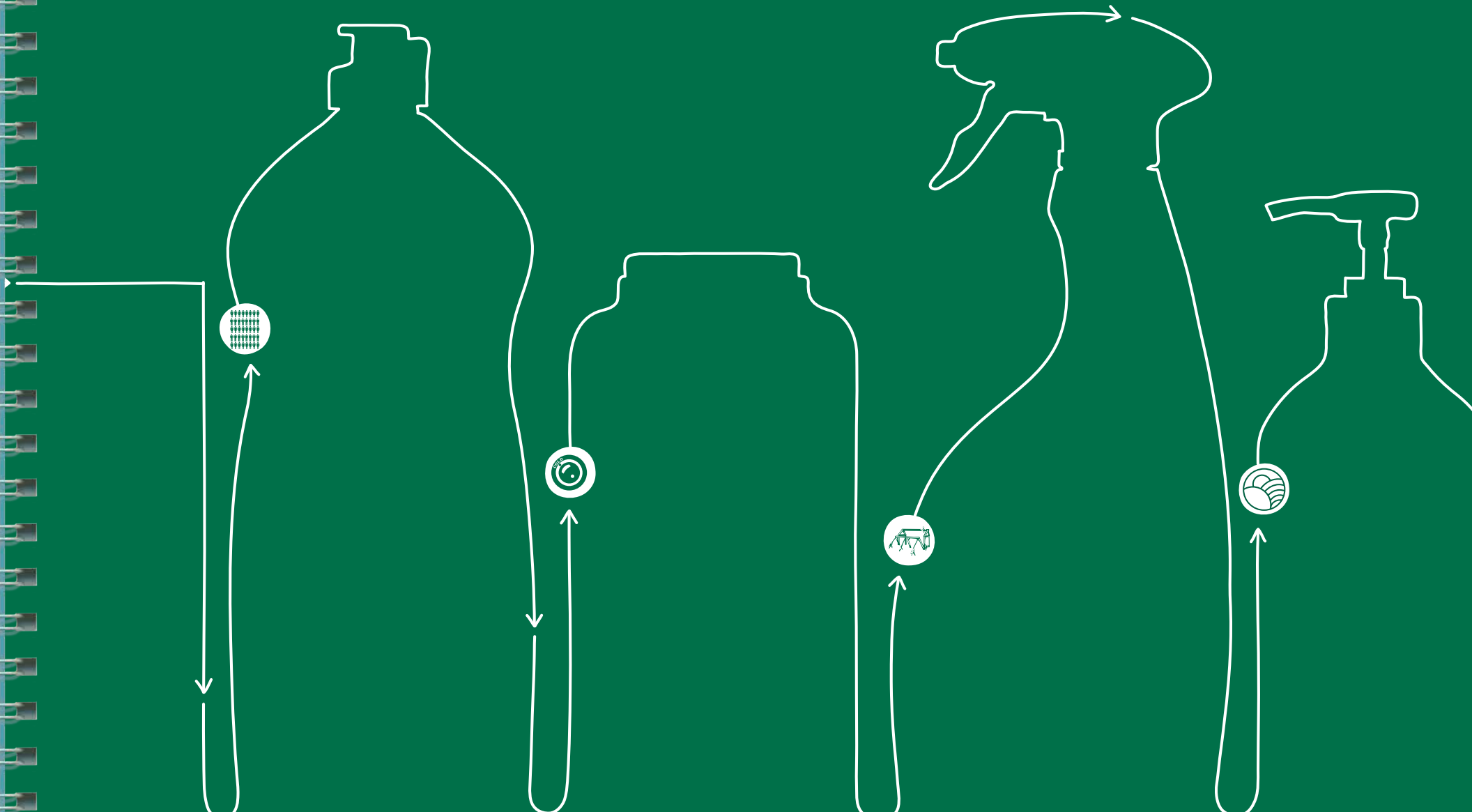
around different topics, is described in detail in the People section. Our goal is 100% participation — each employee should complete one of each type of activity each year. This is tied to our Annual Incentive Program.



Congratulations!

- Seventh Generation was ranked as the **number one 'green brand'** in the United States by the 2011 ImagePower Green Brands Survey by branding consultants Cohn & Wolfe, environmental strategists Esty Environmental Partners, design firm Landor Associates and researchers at Penn Schoen Berland. The team conducted over 9,000 interviews in eight countries and found that a majority of consumers believe Seventh Generation is the country's leading environmental company.
- Our cleaning products were awarded **The Daily Green's 2011 Heart of Green "People's Choice" Award**. The Daily Green provides the 'consumer's guide to green' for GoodHousekeeping.com.
- Martin Wolf, our Director of Product Sustainability and Authenticity, received an **Environmental Merit Award in 2011 from the U. S. Environmental Protection Agency (EPA)**. As the EPA press release noted: "Wolf brought lasting change to the cleansing products industry. He developed frameworks for environmental product design, while educating co-workers, customers and consumers about the environmental impacts of such products. In the last year, many of Wolf's endeavors yielded results. In June, the consumer goods industry voluntarily agreed to stop using phosphates in auto-dish washing products. Wolf testified in numerous states, stating that these products could be made effectively without phosphates; thus, influencing company decisions to provide voluntarily full ingredient disclosure. He led the development of a product scorecard in 2010, which weighs environmental, cost and performance of a product and worked to educate adults and youth, presenting at international conferences as well as at local schools."

PRODUCT





We seek to create household and personal care products that are effective, competitively priced and safe for people and the environment. As this requires a continuous process of innovation and improvement, we are indebted to the dedication and passion of our Research and Development Team. To ensure that we meet our high standards for environmental and human safety, we employ a set of product development standards that guide the formulation and design of our products. These standards prohibit carcinogens, volatile organic compounds, chlorine bleach and phosphates as ingredients, and include criteria that address overall product toxicity, eye and skin irritation, biodegradability and a host of other human health and environmental concerns.

We carefully track compliance with these standards through in-house and third-party reviews. This includes periodic authenticity testing of products and ingredients for a wide range of potentially harmful trace materials including: 1,4-dioxane, phthalates, metals, chlorinated contaminants and formaldehyde.

In 2010, we developed a product scorecard to help our R & D team evaluate environmental, health, performance and economic factors in developing new products and improving existing ones. The scorecard allows us to score our products, evaluate trade-offs and set quantitative improvement objectives, but it has proven to be cumbersome to use. We hope to integrate it into the upgraded system we are currently developing.

New Products

In 2011 and the first two quarters of 2012, we introduced several new product lines — transferring and extending our expertise in delivering healthy products to adjacent product categories. Almost all of these new products are packaged in bottles comprised of 100% post-consumer recycled (PCR) plastic. These items also showcase our commitment to renewable, plant-based ingredients and feature certification and labeling by the USDA's BioPreferred program. This focus on biobased ingredi-



ents allowed us to be one of the first in the marketplace with a biobased line of personal care products for consumers. The new product lines include:

- Specialty cleaners for hard-to-clean surfaces
- Fabric Softeners
- Stain Removers
- Personal Care including Body Wash, Lotion, Bar Soap, Hand Wash and Facial Cleansing Cloths
- Baby Personal Care including Shampoo, Sunscreen, and Lotion
- Baby Laundry Stain Removers and Cleaners

Product Improvements

Even after our products hit the shelves, we keep working to deepen our understanding of the factors that drive each item's environmental impacts and to identify opportunities for improving product environmental profile and performance. While many of our recent improvements have resulted in an increase in biobased content, others have reduced the energy used in manufacturing, minimized packaging or

substituted a more sustainably sourced ingredient.



For example, consumer demand for a thicker, softer Baby Wipe led us to redesign this popular product in 2012. To understand and reduce the environmental impacts of our design choices, we conducted a life cycle assessment (LCA) to evaluate the relative impacts of our previous rayon-based wipe and the new wood pulp-based substrate. The LCA examined resource use, energy use, and emissions to the environment during all phases of production, from the extraction of raw materials from the earth, to processing those materials, combining them to form the baby wipe, and use and disposal of the wipe.

The study found that when the same electricity grid was used for manufacturing the original product and the new product, the new products showed significantly less resource depletion, significantly lower Global Warming Potential, and significant reductions in other environmental impacts.

As is often the case with environmental assessments, the story is more complex. The substrate (cloth) for our original baby wipe was manufactured in France where 77% of the energy comes from nuclear power, which has very low life cycle carbon emissions. Our new substrate is manufactured in North America which has significant inputs of coal power to its electricity grid. As coal is a major source of greenhouse gas emissions and other pollutants, our new baby wipe's Global Warming Potential is similar to that of our original baby wipe.





COMPARISON OF 2X AND 4X LAUNDRY DETERGENTS

INPUT	2010 2X LAUNDRY DETERGENT	2011 4X LAUNDRY DETERGENT
Water	Baseline	64% less water per dose
Packaging	Plastic bottle	molded fiber shell with plastic pouch inside
Plastic in packaging	Baseline	66% less plastic
Formula Biobased content	77% in 2011 97% in 2012	77% in 2011 96% in 2012
Stain-removal	Two enzymes	Three enzymes for broader stain-fighting ability

Laundry Detergent Case Study

A comparison of our 2X and 4X Laundry Detergents illustrates how we approach product improvements on multiple fronts. In creating our new 4X Laundry Detergent, we delivered a superior product with multiple innovations in product, performance and packaging while also tackling our goals concerning water, plastic and biobased content. Not only is our 4X Laundry Detergent concentrated at quadruple strength, it is packaged in a ground-breaking molded pulp bottle with a low-density polyethylene (LDPE) recyclable plastic pouch inside. The molded pulp outer shell is recyclable or compostable and the entire package uses 66% less plastic than previous packaging for the same number of loads.

In 2012, we also worked with our partner Rhodia to incorporate Laureth-6, a unique surfactant (a key ingredient in soil removal) into all of our laundry detergents. This surfactant is 100% biobased combining an ethoxylate derived from sugar cane with lauryl alcohol from palm kernel oil. Before we achieved this breakthrough, this ethoxylate was always derived from petroleum. This new surfactant contains no petroleum, has 100% renewable carbon and features outstanding detergent properties. Rather than seek exclusive use of this surfactant, we are making it available to other detergent manufacturers to use as well — as part of our commitment to raising the bar for the whole industry.

In switching to a renewable surfactant in our detergents and in our commitment to USDA BioPreferred certification for all of our formulated

products, we were mindful of the associated risks of a biobased approach. Biobased materials can be unintentionally sourced from operations using unsustainable agricultural methods or from lands that have important conservation value. To address this, we are members of the Roundtable of Sustainable Palm (RSPO) and purchase offsets equaling the amount of our palm oil use. We are also working with our surfactant supplier to try to incorporate Bonsucro-certified sugarcane to ensure that we are using a sustainable supply.

Biobased Products

Seventh Generation has always aspired to design our products from plants — not petroleum. Many consumers don’t realize that substances derived from non-renewable fossil fuels are common in many household and personal care products including laundry and dish detergents, shampoos and lotions. Now a new Department of Agriculture (USDA) certification program gives us a rigorous, scientific way to talk with our consumers about our biobased products and provide consumers the assurance they are looking for.

Our goal is to have only renewable ingredients in our formulated products (such as our laundry, dishwashing, cleaners and liquid personal care items) by 2020. We are proud to be the first consumer products company to participate in the USDA’s new BioPreferred Program, launched in 2011. Our near-term goal of achieving BioPreferred certification for all of our formulated products is on track with 68 products completing the process — including 42 products

with verified biobased contents of 95% or higher.

“Seventh Generation paved the way on the issue of ingredient disclosure, raising the bar for our whole industry,” says Chris Miller, Director of Corporate Consciousness. “Now we hope to build momentum around the idea that companies should disclose the renewable content of their products. We’ve always believed that consumers have a fundamental right to know what inside the products they use. In the absence of a sanctioned definition of ‘natural,’ the BioPreferred program provides consumers with clear, concise information and supports supply chain transparency.”

“Seventh Generation has taken a big step forward to embrace this program and is the brand owner that has certified the most products as of October 2012,” explains Kate Lewis, BioPreferred Deputy Program Manager at the U.S. Department of Agriculture. “We would not have such a rise in interest without Seventh Generation’s engagement. It is important for us to work with a dedicated, authentic company such as Seventh Generation to generate even more excitement for this program.”

With this program, we hope to see the day when consumers will be able to compare the plant-based content of different brands of laundry detergent in the store aisle, just as they can compare the sugar

content of different cereals today. Take our best-selling 2X Concentrate Laundry Detergent: switching to an innovative new surfactant derived from sugarcane and palm oil boosted the biobased content of this product from 77% to 97%. Consumers reaching for containers of this detergent on store shelves will see the “USDA Certified Biobased Product” Label with “97%” biobased content and will be able to factor this information into their decision-making. This may spur consumers to ask other companies about their biobased ingredients. “This is an exciting new program where our consumers win, our product designers have a new framework that will spur innovation, and we all have a common language for talking about our product ingredients,” says John Replogle, CEO of Seventh Generation.

Fragrances from Fields Not Factories

Seventh Generation lists all the essential oils in our fragrance blends, a real differentiator in our industry. While the fragrances in many products on the market were actually “created” in factories from synthetic ingredients, all of the ingredients used in our scents come from fields, not factories — from plants not petroleum. From the lavender that comes to us from a co-op in Drôme Provençale, France to our clementines from southern Italy, all of our scents have a story. [Learn more.](#)





RAW MATERIAL SOURCING LOCATIONS FOR OUR LIQUID LAUNDRY DETERGENT

Supply Chain Impacts

Our manufacturing partners' environmental footprints are also our own. Nurturing a close relationship with the companies that produce our products is vital if we are to work together to tackle the impacts from our supply chain. From 2010–2011, we audited all 13 of our suppliers against an expanded set of sustainability parameters covering their sustainability strategies, water and energy consumption, materials and waste management,

air pollution, GHG emissions, community engagement and workplace practices. While these audits and our earlier supplier sustainability summit have spurred some of our suppliers to ramp up their sustainability efforts, we came to realize in 2011 that our periodic audits were not sufficient to drive the deep changes we desired. In 2012, we plan to launch a new supplier data portal that will allow us greater visibility into our suppliers' efforts.

Instead of just inquiring about their management practices, we will be able to request water, energy, GHG and waste data at more frequent intervals. This will allow us to track progress and to fully account for the Tier 1 manufacturing impact of our products for the first time. While the data tool will target Tier 1 suppliers initially, we will have the ability to expand the effort to Tier 2 and 3 suppliers in the future.

Sales, 2009–2011



Sourcing Across the Globe

Many of the significant opportunities for improving the environmental profile of our products lie upstream in our supply chain. The further back in the supply chain we go, the less visibility we have into the practices that are occurring. That is why we have placed such a strong emphasis on working with our manufacturing partners on their sustainability practices and on the expectations they set for their own suppliers. To illustrate the complexity of our supply chain and the necessity of close collaboration with our supplier partners, take a look at the 11 countries where we source the raw ingredients for our 4X Liquid Laundry Detergent (see map on opposite page). This does not include the ingredients in our packaging and the plants that are grown all over the world for the Geranium Blossom & Vanilla fragrance.

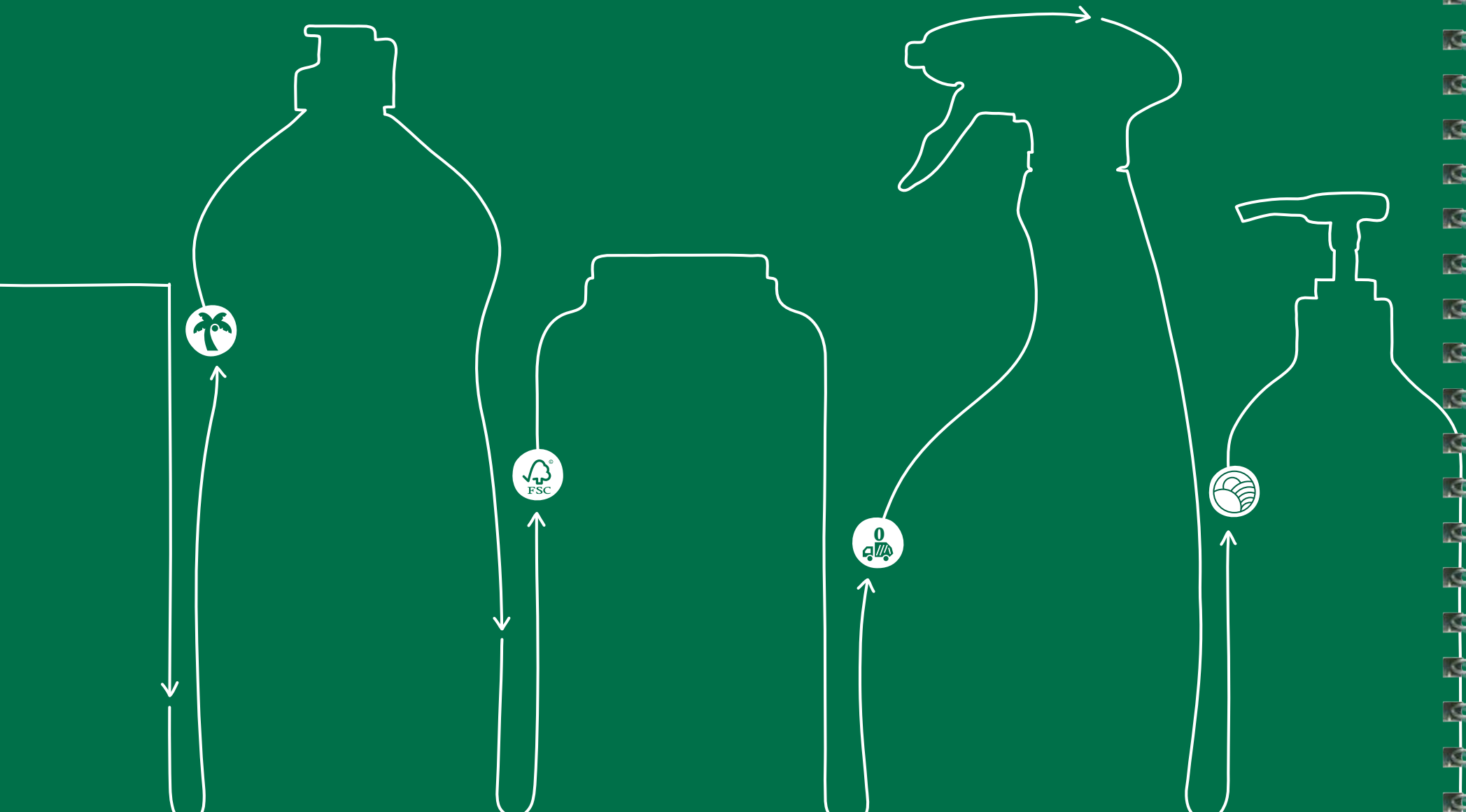
Sales

Sales through the Internet and at mass merchandisers grew particularly well during 2011 with our baby care and cleaning products leading the way. We expect slightly stronger growth in 2012 driven by these product categories. Our innovation in the areas of Baby Personal Care and Adult Personal Care and the extension of our Laundry line will not factor significantly in 2012; this expansion should fuel accretive growth in 2013 and beyond. While we value our relationships with all of our retail partners, we continue to focus on growing and building our business partnerships with Target and Amazon.



LOCATIONS WITH HIGHEST BABY CATEGORY SALES OF DIAPERS AND TRAINING PANTS

PLANET



Treading lightly on the earth is important to us. Since our first days as a company, we have pushed ourselves to minimize the environmental impact of our products, our operations and even of our personal lives. As our business has grown, we have maintained our priority of tracking, improving, and reporting our environmental performance. With this report, we are trying to marry a breadth of complex data with a more engaging, understandable presentation format.

2011 Environmental Savings

The sale of Seventh Generation products in 2011 helped save resources and prevented the release of harmful chemicals as compared to traditional products.

Greenhouse Gas Emissions

Climate change presents risks to our planet, our economy and our communities and we are tackling this important issue with wide-ranging initiatives in product and packaging design, the selection of renewable materials, logistics initiatives, and supplier engagement. We are also helping our employees and consumers to reduce their personal energy foot-

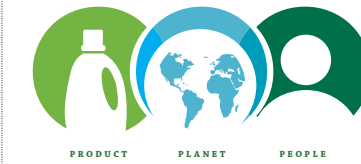
prints. Finally, as members of the Ceres Business for Innovative Climate and Energy Policy (BICEP), we have joined other progressive companies to advocate for strong climate change policies.

A highlight from 2011 was our 8% decrease in normalized greenhouse gas emissions and 2% decrease in absolute emissions, both critical metrics for our company. The 1,444 metric tons of GHG emissions we eliminated from 2010–2011 are equivalent to the removal of 283 cars from the road for a year.

Our work to increase the percentage of renewable materials in our products means that we are turning

GHG EMISSIONS IN METRIC TONS

CATEGORY	2007	2008	2009	2010	2011	1-YEAR CHANGE: ABSOLUTE EMISSIONS	SALES: NORMALIZED 1-YEAR CHANGE
Facility Energy Use	72	110	132	136	149	10%	3%
Employee Commuting	110	155	193	181	270	49%	40%
Business Travel	375	470	410	366	412	13%	6%
Product Transport	10,474	14,551	11,966	10,761	10,885	1%	–5%
Product and Packaging	47,129	54,116	50,925	51,259	49,543	–3%	–9%
Total	58,160	69,403	63,626	62,704	61,260	–2%	–8%



2011 Environmental Savings

The sale of Seventh Generation products in 2011 helped save resources and prevented the release of harmful chemicals as compared to traditional products.

Energy	Trees
1,219,000 gallons of petroleum	77,000 full growth trees saved
Water	Solid Waste
28,000,000 gallons of water	203,000 cubic feet of landfill
Chlorine	VOCs
35,000 lbs prevented	52,000 lbs prevented

More information on how we calculate some of the savings information you see here and on our website is available [here](#).

Total Tonnes GHG





Consumer Line Drying



increasingly to ingredients that come from plants which have a lower carbon footprint than their petroleum-based analogues. Concentrated products such as our 2X and 4X laundry detergents and packaging innovations are providing additional carbon reductions.

Methodology. As we do not control the production of our goods, we use component-specific GHG emissions factors from industry sources and published reports to account for more than 85% of the carbon intensity of our materials, ingredients and packaging. These sources provide a gross estimate of GHG emissions. Where data are missing, we estimate using information for similar materials. Periodic life cycle assessment studies of key products (such as our Baby Wipes study discussed previously) enhance our understanding of the energy intensity of some of our product lines. While estimating is not ideal, our year-to-year comparisons are fairly accurate. We use the widely accepted GHG protocol developed by the World Resources Institute and the World Business Council for Sustainable Development to guide our GHG tracking.

Transportation

In mid-2009, we established a network of five distribution centers strategically located close to our customers to minimize miles traveled and decrease order times, saving both miles and emissions. The results are clear — a 36% reduction in GHG emissions per metric ton of product shipped since 2008, the last full year before we completed our new logistics network. Concentrating our laundry

detergents and other products also helps us move more products per truck or rail load, reducing fuel use and thus emissions.

RELATIVE CONTRIBUTIONS TO GHG EMISSIONS

% CONTRIBUTION TO 2011 GREENHOUSE GAS EMISSIONS	
Packaging	14%
Product	67%
Facility	<1%
Employee Commuting and Business Travel	<1%
Product Transport	18%

Diving more deeply into our environmental data helps focus our resources wisely. 2011 is the first year that we have reported data for the GHG emissions from our products and packaging separately and we anticipate valuable insights as we track these data going forward.

Examining our GHG emissions closely, we see that the largest contributions are from our products, with product transport second, closely followed by packaging. This excludes consumer use which is discussed in the Laundry LCA GHG Study below.

While the combined impact of our product transportation, materials, ingredients and packaging are responsible for 99% of our GHG emissions, we are pursuing initiatives that touch all corners of our business. These include: programs that provide financial and other incentives for our employees to encourage car-pooling and alternative forms of transportation; loans for fuel-efficient vehicles and home-improvements; and initiatives to encourage our consumers to switch to cold-water washing.

Laundry LCA GHG Study

A life cycle assessment of our Natural 2X Liquid Laundry Detergent revealed that when consumers use this product in a conventional washer and dryer, the use phase accounts for 91% of the total energy use. Changing consumer behavior presents a significant opportunity for reducing energy use across all of the product’s life cycle phases:

CHANGE IN CONSUMER BEHAVIOR	REDUCTION IN LIFE CYCLE ENERGY USE
Line drying	50%
Washing clothes in cold water	30%
Switching from conventional to Energy Star washing machine	28%

While our detergents have long been formulated for use with cold water, we need to encourage our consumers to adopt greener laundry practices to make a more meaningful difference in this product’s environmental profile.

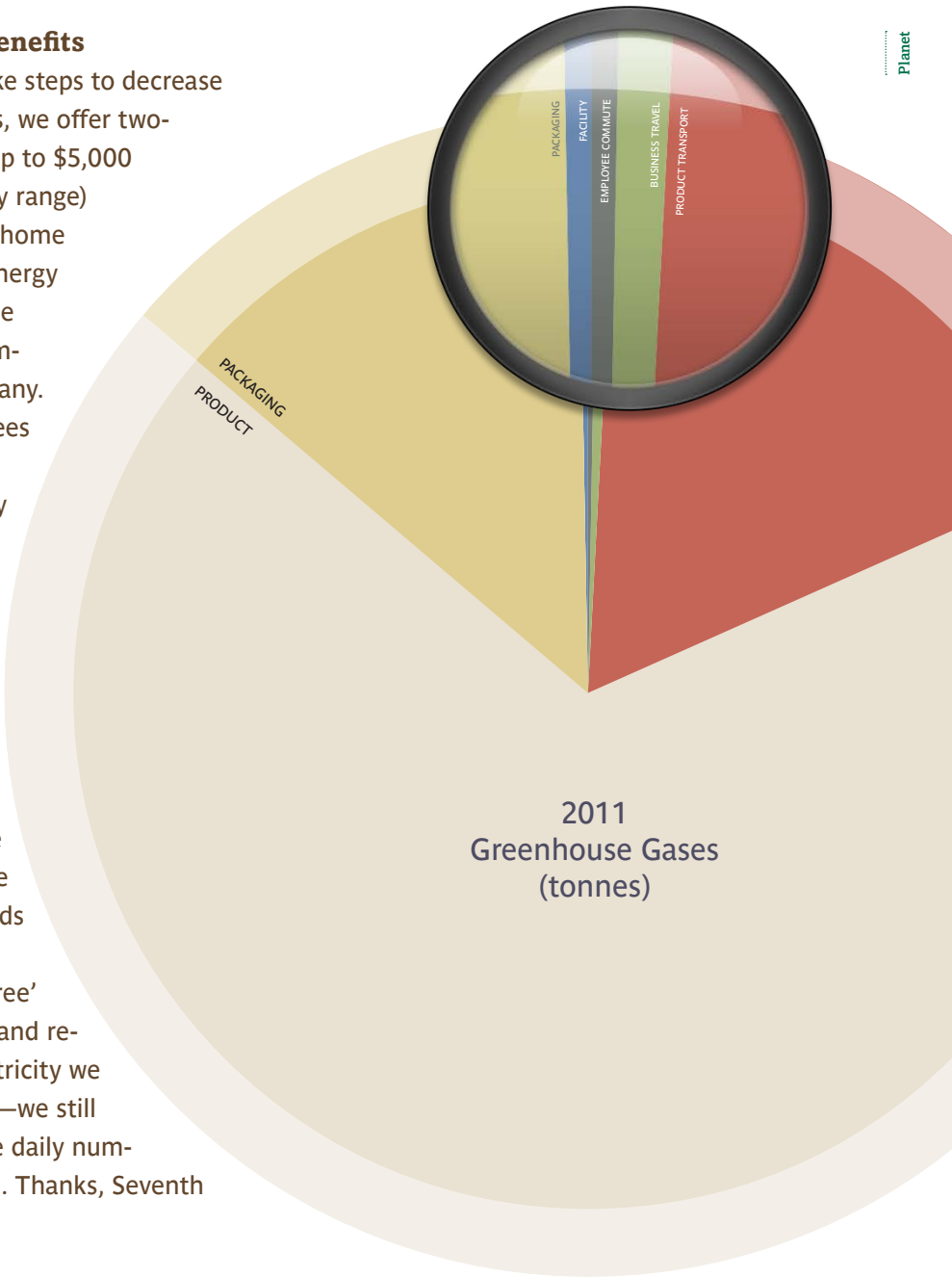
Chris Miller, Director of Corporate Consciousness explains that, “we are using our 2020 goal of 75% of our consumer’s laundry loads being washed in cold water as a proxy for reducing our carbon footprint. This goal pulls levers across the company in terms of design, efficacy, positioning, and consumer engagement. It is a vehicle for aligning our product designers, consumer outreach team and marketing department in engaging consumers on this issue.”

We have initiated consumer-facing cold water washing and line drying campaigns supported by our blogs and other outreach.

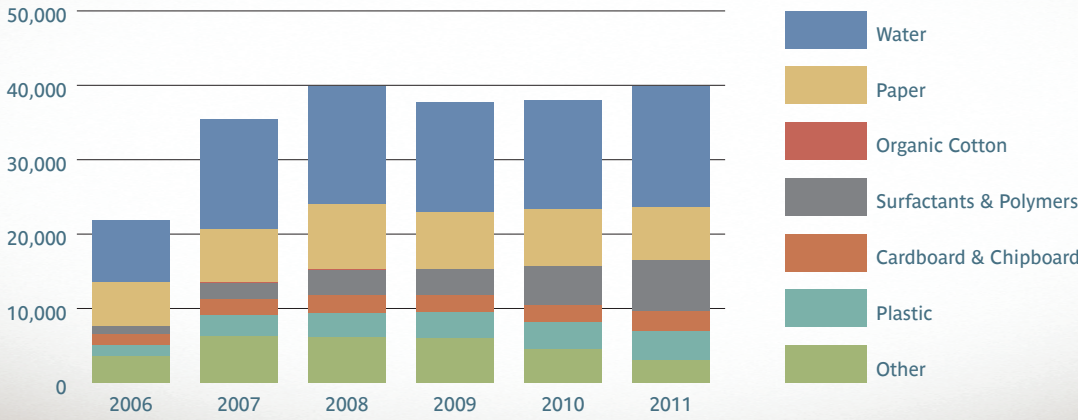
Employee Carbon Loan Benefits

To encourage each of us to take steps to decrease our personal carbon footprints, we offer two-tiers of interest-free loans of up to \$5,000 (depending on employee salary range) for energy-efficiency vehicles, home improvements or renewable energy installations. The loans become grants after five years if the employee remains with the company. In 2011, we helped 13 employees with the purchase of eight hybrid cars and five home energy projects.

Maureen Wolpert, Brand Marketing Director, combined our Carbon Loan Benefit with a special Vermont Public Research Interest Group (VPIRG) incentive program targeting her town. “When the math showed us we could have a system that covered our needs and paid out in six years, we signed up! We have enjoyed ‘free’ power for the first 12 months and received \$300 for the extra electricity we produced. Call us solar geeks —we still get excited when we check the daily numbers. It’s been a great decision. Thanks, Seventh Generation!”



Total Materials Use



Total Materials
23,577
metric tons (excluding water)

Materials

We monitor the materials in our products and packaging closely to track our progress in increasing renewable and recycled content, reducing virgin plastic inputs and to help us report on and understand trends in our cradle-to-gate greenhouse gas emissions. One key strategy that has spurred

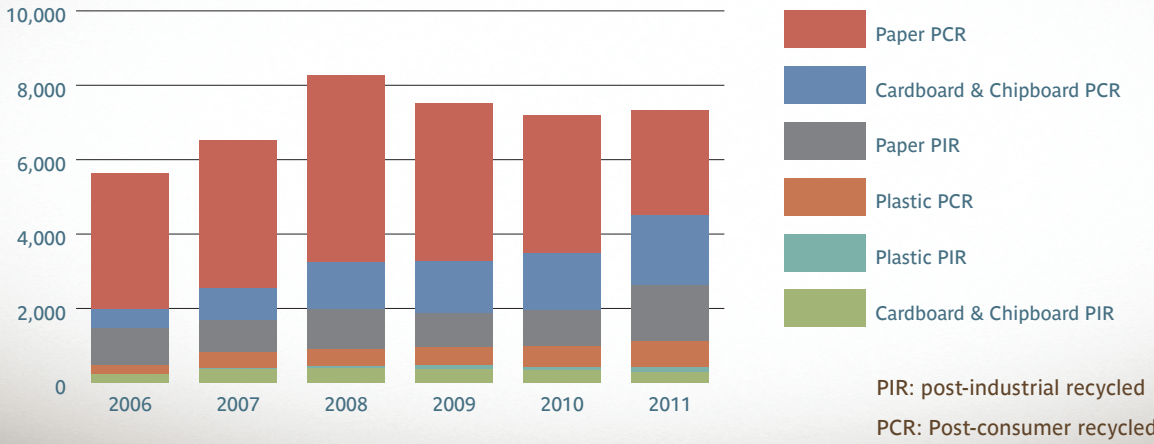
our progress in increasing the percentage of our materials that is renewable is our focus on USDA BioPreferred product certification. Our renewable materials increased 2%, from 64 to 66% of materials from 2010–2011. The percentage of recycled materials stayed flat at 31%, but still represents a 105 metric ton increase in our use of

VIRGIN PLASTIC USE

	2010	2011	2012 (THROUGH JUNE 2012)	2012 (PROJECTED*)
Virgin Plastic (metric tons)	2,967	2,991	1,209 (half year)	2,559
% Reduction as Compared to Previous Year	N/A	– 0.8%	N/A	– 14%

*2012 projection considered expected sales and product and packaging specification changes.

Total Recycled Materials



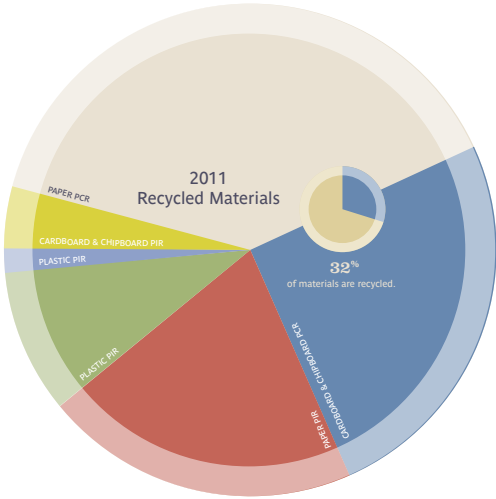
Note that recycled cardboard and recycled paper are counted as both renewable and recycled materials.

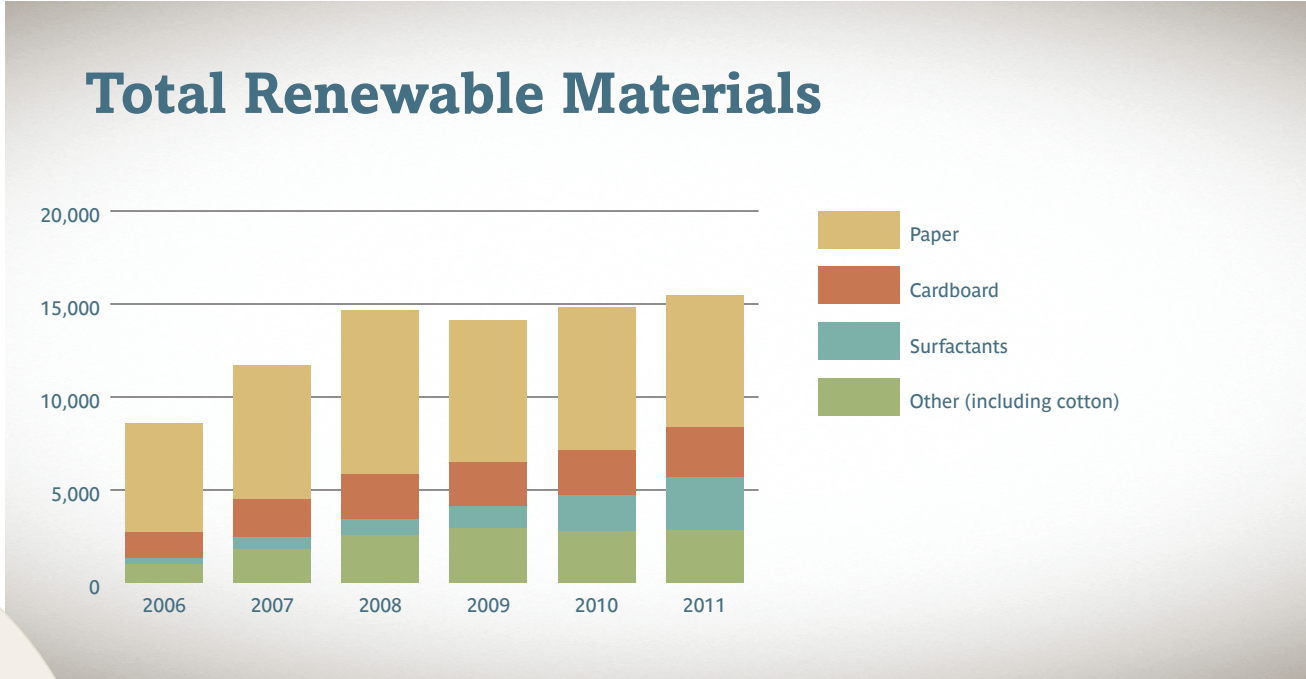
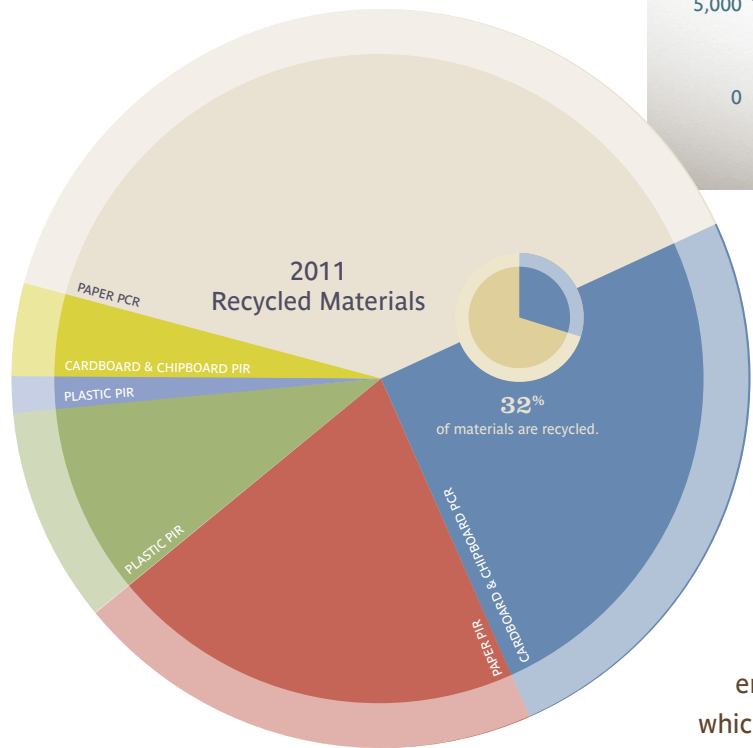
recycled materials. Details on our efforts to decrease petrochemical virgin plastic use can be found here.

Plastic

Petroleum-derived plastic is sturdy, moldable, versatile, and designed to last. The very characteristics that make it so useful also make it hard to dispose of responsibly when it is not recycled or reused. In the United States, less than a third of HDPE (high-density polyethylene or #2 plastic) is recycled. Even if our consumers recycle twice as much as the national average, our small company is still responsible for a lot of landfilled plastic.

Currently, we use plastic in our packaging as well as in some products such as diapers and garbage bags. Our Free & Clear Baby Wipes contain wood pulp but also contain some plastic fiber to provide high-level product performance. Early in 2011, we launched our boldest packaging innovation — a compostable, fiber bottle for our 4X Laundry Detergent. The detergent is concentrated at quadruple strength and has two-thirds less plastic packaging per load of laundry, a significant innovation.





Note that recycled cardboard and recycled paper are counted as both renewable and recycled materials.

While we experienced some initial issues with leakage from these bottles during shipping, we successfully improved the bottle to address this. Concentrating our products, lightweighting our packaging, and substituting other materials, among many possible innovations will help us reduce our plastic use. We also need to develop strategies to engage our consumers to ensure that they improve the rate at which they recycle our product packaging and to track that improvement.

Interim virgin plastic reduction goal
To increase our company focus on the amount and type of plastic we use, we have set a one-year interim goal addressing another aspect of our plastic use — reducing the amount of virgin petrochemical plastic we use in our products and packaging by 10% by the end of 2012. We feel so strongly about this goal that we have tied ten percent of our associates’ bonuses to our success.

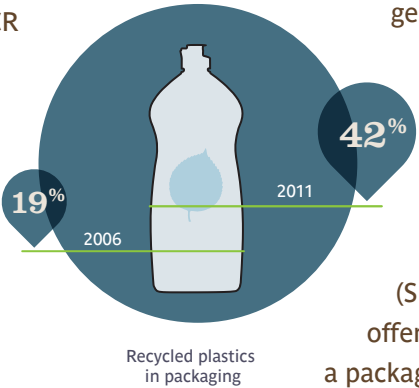
Halfway through 2012, we are on track to achieve an estimated 14% reduction in our virgin plastic use despite increasing sales during the year.

Packaging

PLASTIC PACKAGING

% RECYCLED CONTENT IN PLASTIC PACKAGING	
2006	19%
2011	42%

As an industry leader in using post-consumer recycled (PCR) plastic packaging, we have been steadily increasing the PCR content in our plastic bottles. In 2011, we introduced dozens of new products and sizes in 100% PCR bottles. Only a handful of these bottles are not 100% PCR but all of these are 76% PCR or above. While 25% PCR has been standard in our industry, our competitors are starting to take notice and we have seen an increase in 50% PCR bottles on the market. Our bottle caps and the spray pumps for our cleaners and hand soap are still largely virgin plastic and are a high innovation priority for us.



To substantiate our belief that using recycled plastic is environmentally preferable, we conducted a Life Cycle Assessment study of our 100 oz. Natural 2X Liquid Laundry Detergent that compared bottles produced by two different suppliers. The 80% post-consumer recycled (PCR) plastic bottles reduced packaging energy use by 29% over packaging with

25% PCR. Since that study in early 2011, we have upgraded our liquid laundry packaging so that all of these large laundry bottles are 80% PCR, even the 150-ounce bottle. This very large bottle is technically more difficult to produce with a high recycled content due to its size; we are particularly proud of this achievement.

How2Recycle Label

Seventh Generation is helping consumers understand recycling options so they can take responsibility for the waste they (and we as a company) generate. We want to help break down the confusion we all experience when we stand at the recycling barrel wondering if a plastic cap or shiny coated cardboard can be recycled. Sponsored by the Sustainable Packaging Coalition (SPC), the new How2Recycle Labels offer clear instructions on how to recycle a package after use. The label is already available on Seventh Generation’s limited edition 180 oz. 2X Concentrated Liquid Laundry Detergent bottle and new 22 oz. Laundry Stain Remover.

The SPC program will also develop a consistent, accurate labeling standard for companies that will follow the Federal Trade Commission (FTC) “Green Guides.” [Learn more.](#)



PEOPLE

We strive to create a healthy workplace that allows each member of our organization to contribute their talents to a shared mission, grow professionally and participate in a fun and supportive work environment. In 2011, with new CEO John Replogle at the helm, the company focused on strengthening our culture. We instituted a series of internal workshops and conversations to articulate five core values (right). Once we established these, we focused on infusing them into our work and everyday lives.

A Healthy Workplace

EMPLOYEES AND COMPENSATION	2009	2010	2011
Employees	106	109	113
Payroll \$M	13.3	12.7	12.4

TURNOVER	DEPARTED VOLUNTARILY	DEPARTED INVOLUNTARILY	NEW HIRES
2011	9	20	33

John LeBourveau, VP of Human Resources on reinventing our company culture:

"Seventh Generation has chosen to use the field of business as a way to make a difference. Our goal has always been to promote a true sustainable business model with profitability at the core. When John Replogle joined Seventh Generation as the CEO in early 2011, his first priority was to set us on a course toward solid profitability. The company established new roles and structures, recruited new skills, and moved to cross-functional teams headed by seasoned business unit leaders with full accountability for business profit and loss.

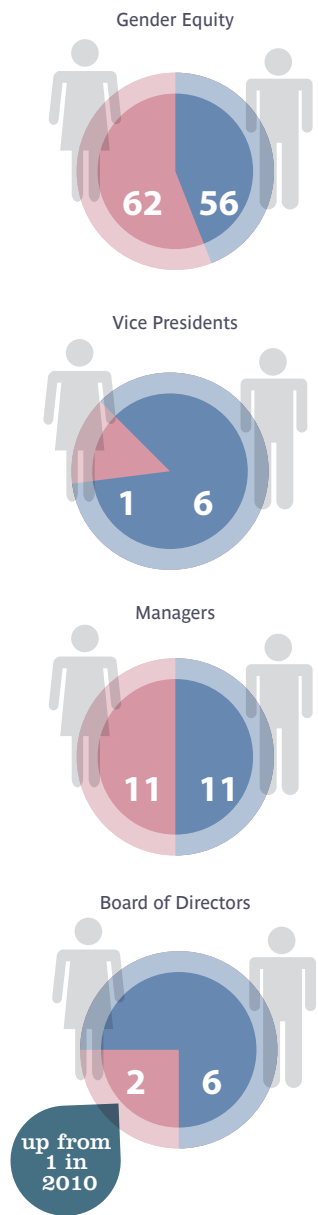


Our five core values

- Care Wholeheartedly
- Collaborate Deliberately
- Nurture Nature
- Innovate Disruptively
- Be a Trusted Brand



6 employees ride their bikes to work



The effect of this change has been dramatic. The depth and breadth of our capabilities have improved tremendously and you can see the impact in the company’s profitability, as well. Recent data and employee feedback illustrate a much higher confidence in the future of the company.

While it was difficult to say good-bye to long-term colleagues, the company is proud of how the separation process was managed. We were very transparent in explaining our rationale and decisions. We were also proactive in helping employees find work and allowed them to tailor many aspects of their separation package to best meet their needs.

We have always invested heavily in creating a work environment where people can leverage their unique talents and thrive. A critical piece in creating this is by taking the pulse of our community and responding to their concerns. Seventh Generation has utilized the “Best Places to Work in Vermont” (BPWV) survey to help capture our employees’ thoughts on all aspects of the business. In 2011, BPWV ranked us second, although we slipped to 11th place in 2012.

To provide more timely feedback to the leadership team, the company instituted a new “Measuring our Community Pulse” program in 2012. We poll a different group of employees twice each month using 16 critical questions drawn from the larger BPWV survey. The survey results have allowed us to respond transparently to explain rationale and to establish new protocols where needed.

Another focus has been deepening our sense of community. With so many new employees, our internal VIBE team has held a record number of events to help us get to know each other, to strengthen our community bonds, and to be sure we have some fun. These have included events like our ‘Green Roof’ socials, a Super Bowl party, several potlucks, lunchtime community Brown Bag events and a number of social events and parties.”

Diversity

DIVERSITY	2010	2011
Male/Female %	42/58	47/53
Diversity, # Non-White	5	5
Male/Female Vice-Presidents and CEO	7M 1F	6M 1F
Male/Female Board Members	6M 1F	6M 2F

As only one female holds an executive-level role, we continue to work to offer more leadership opportunities for women within our organization. We ended 2011 with an additional female member on our governing board; however that board is still primarily comprised of males. In all of our key searches, finding strong female talent is one of our top priorities.

Our Best Friends

We’re proud to be a dog-friendly workplace and are thrilled to welcome the 16 dogs who call Seventh Generation their second home. These wonderful

animals create a friendly work environment, reduce stress, boost morale and even increase worker productivity. Read more about our office animal policies in this [local news article](#).

Employee Engagement

As a company with a deeply held mission to care for the next generations, it is critical that we work to build a shared understanding of our culture of sustainability and reinforce our mission. Fulfilling that role, LEAD (Learn, Engage, Act and Demonstrate), our new employee engagement program, provides our associates the opportunity to learn about and take action on environmental and social issues relevant to our business. A common LEAD framework underpins modules on specific topics that are offered throughout the year.

The Plants Not Petroleum module reinforced our goals around renewable ingredients and our commitment to obtaining BioPreferred certification. This module’s four activities demonstrate the format of the program.

- **Learn.** Kate Lewis of the USDA gave a brown bag talk on the BioPreferred Program.
- **Engage.** 35 employees visited the Vermont-based manufacturer of our BioPreferred certified bar soap.
- **Act.** Associates examined their medicine cabinets, researched ingredient information for some of their products, and swapped two items for healthier choices.

- **Demonstrate.** Participants shared their experiences with coworkers or consumers through our internal intranet or consumer-facing postings.

Developed in-house, the LEAD program is engaging, easy to fit into a busy schedule and provides a meaningful way to boost understanding of the company’s mission as well as to foster adoption of more sustainable personal habits. So many people have stuck with the running routines started during our Sustainable Self module that there is quite a backlog for our showers at times!

Employees are expected to attend one of each type of activity (L, E, A, or D) from any of the modules before the end of the year. The goal of 100% participation is tied to our Annual Incentive Program. There has been great participation to date with 73 employees attending more than two events.

“In my experience, LEAD has provided a nice balance between fun, educational engagement and actions that require more personal commitment. I used the fitness challenge to take a lot of sugar out of my diet, which has helped me maintain my energy level — and drop a few pounds ta boot! John Warner’s presentation was inspirational. Here is the father of green chemistry, not some historical figure, moving at 100 miles per hour to solve problems right now. He is using business to set new standards for health and safety without compromising nature. We, along with John, are writing the history now. It’s sensational.” — John Moorhead, Assistant Brand Manager





Giving

The Local Community

From its inception, Seventh Generation has had a strong commitment to giving back to the community. To focus this sense of responsibility, we initiated a multi-faceted partnership with the Sustainability Academy at Lawrence Barnes Elementary School in Burlington, VT. The public school, just a few blocks from our office, is a national leader in using sustainability as a theme for its educational and service learning curricula.

“As a pioneer in sustainability, Seventh Generation is uniquely able to help students make the connection between the social and environmental issues we face as a society and the roles green business and green chemistry play in addressing these challenges,” says CEO John Replogle. “We’re thrilled to partner with the Sustainability Academy to nurture and inspire the next generation of sustainability leaders right here in our own backyard.”

A key feature of the partnership is our provision of partial financial support for rooftop solar panels and a solar tracker. The system is designed to reduce the school’s carbon footprint while serving as an educational tool for students. Manager of Corporate Consciousness Ashley Orgain takes us to visit the school [in this video](#) and learns that even young students at the Academy have an inspiring understanding of sustainability.

Our partnership with the Barnes Sustainability Academy extends beyond the solar tracker to include additional activities that allow us to share our expertise and enthusiasm to benefit the school:

- Classes visit our office for fun and learning with Seventh Generation experts. Learn about the 4th and 5th graders’ experience [here](#).
- Employees participated in a literacy building program.
- The company provided non-toxic cleaning products for classrooms and teachers.
- We held one of our company service days at the Barnes Sustainability Academy to help the school and to fulfill our employee volunteer commitments.

Barnes Sustainability Academy parent Megan Munson-Warnken shares her experience working with Seventh Generation employees during our company service day in May, 2012.

“Last spring I arrived at my sons’ school, the Sustainability Academy, in the Old North End of Burlington, ready to dig and plant with the handful of other parents who show up regularly to our seasonal workdays. I rounded the corner and nearly fell over. There, in our schoolyard, were about 70 Seventh Generation employees, shovels in one hand, steaming cups of coffee in the other. The impact was incredible. I was moved to tears while taking it all in. Instead of twelve or so devoted parents, there were dozens of committed adults planting gardens, weeding, composting, removing

dirt, and preparing for the outdoor classroom that would be built over the summer.

The Sustainability Academy is a small public elementary school that serves many of our city’s lowest income students — many of whom have emigrated from war-weary countries. It is our mission to expose every student to the complex nature of sustainability on three major levels: social, environmental, and economic. Our teachers are working hard to build a curriculum that is place-based, hands-on, and based on big ideas that focus each grade — ideas such as what makes a community.

Community was what I experienced on that warm spring day working side-by-side with folks from Seventh Generation to beautify our school. Community is what Seventh Generation honors on every day of its deepening relationship with our school and our students. From a tracker that will allow our students to measure the input and output of our solar panels, to work days, to opening up their science labs so our children can spend time after school doing the work of real chemists, Seventh Generation is modeling the change they wish to see. Today they are an integral part of our community — nurturing the young learners who make up the next generation. As a



parent, as an educator, and as a community member, I cannot thank Seventh Generation enough.”

Donations

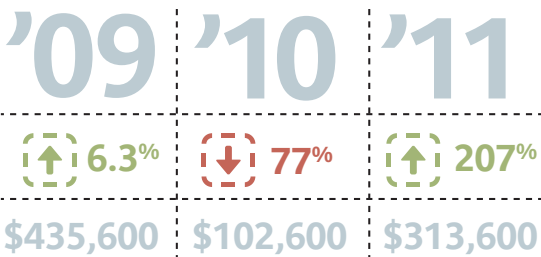
Since Seventh Generation’s inception, we’ve acted on the belief that businesses can be powerful instruments of meaningful change and we have given generously to organizations that make the world a better place. To support this mission, we formalized our giving program in 2012 with the formation of the Seventh Generation Foundation. The Foundation’s

mission is to steward social and environmental progress in the communities in which we live, work and do business through education, environmental conservation, research and advocacy.

The Foundation will channel donations through two programs: the invitation-only *Sustainability Grants* program for experts working to address social and environmental issues

of our time, and the Vermont *Community Building Grants* that will support organizations making a lasting positive difference in the lives of children in Vermont. The initial grants target education, environmental conservation, research and advocacy.

Doanations, 2009–2011





Sustainability Grant: The Philadelphia Zoo.

Deepening and extending our company's sustainable palm oil initiatives, we're proud to support the Philadelphia Zoo's work to raise awareness and drive demand for sustainable palm oil.

A leader in public education and conservation, the Philadelphia Zoo has embarked on a five-year Dr. Seuss-inspired "Unless" Campaign. "Unless someone like you cares a whole awful lot, nothing is going to get better. It's not." Through both on-the-ground conservation activities in Indonesia and online and in zoo education, our gift will support use of sustainable palm oil as a means of protecting the endangered orangutan.

Our \$30,000 gift will support:

- **Aerial Monitoring.** Habitat destruction is by far the biggest threat to the survival of orangutans. The Sumatran Orangutan Conservation Programme (SOCP) is using "Conservation Drones," camera-mounted, remote-control model airplanes to monitor illegal forest activities and conduct orangutan surveys.
- **Field Research.** Fires that are set as part of the illegal expansion of palm oil plantations have been burning critical orangutan habitat within a protected area that is home to some of the world's most important orangutan populations. SOCP is providing science-based expertise and leadership to the efforts to pressure the Indonesian government to uphold its laws and stop the land clearing.

- **Education.** The impressive orangutan education program is raising awareness of the connection between palm oil and orangutans and driving demand for sustainable palm oil by sharing consumer feedback with manufacturers. Visitors to the Zoo's orangutan exhibit have completed almost 40,000 "Leaves of Gratitude" thanking specific companies for committing to use sustainable palm oil. This station has proven to be successful in engaging visitors and corporations in palm oil conversations. Learn about Seventh Generation's commitment to sustainable palm oil and watch a video about our collaboration with the Philadelphia Zoo [here](#).

Additional gifts target:

- **The Breast Cancer Fund.** Our \$20,000 challenge grant enabled the organization to raise an additional \$25,000 to continue their work to prevent breast cancer by eliminating exposure to toxic chemicals.
- **Women's Voices for the Earth.** WVE seeks to eliminate toxic chemicals affecting women's health by changing consumer behaviors, corporate practices and government policies. Our grant will support publication of a report on the impact of allergens in household products on women's health.

Q1 2012:
1,100 retweets,
4,600 @mentions!

Consumer Engagement

We have always believed in the importance of transparency — from our commitment to reporting on the challenges and the successes of our sustainability work in our annual Corporate Consciousness Reports to our position as the first household products company to fully disclose all of our product ingredients. Our consumers are smart enough and care enough to want to understand our thinking concerning our products, mission, and goals.

For us, consumer engagement means more than just talking about our own work. As we strive to be a trusted source of information for our consumers about healthy living and healthy homes, we engage our consumers through social media, blogs and other means on topics that are important to them. In fact, much of our blog content is initiated by others. From chemical concerns to recipes to tips for green living, we provide a forum for our consumers to share information and get answers. The numbers show that this approach resonates with increasing numbers; our likes on Facebook grew four-fold to over 550,000 in 2011.

Learn more [here](#) about our work to partner with our consumers in reducing the greenhouse gas emissions associated with our laundry detergent to help us meet our cold water wash goal.

+300
tweets/year

+40,000
followers

+25,000
following

Advocacy

Toxics Reform

One of our highest priorities is working for a strong, effective law to regulate toxic chemicals in the United States. Since the woefully inadequate Toxic Substances Control Act was passed in 1976, tens of thousands of incompletely tested chemicals have entered the marketplace. Under this law, companies are not required to demonstrate that the chemicals in their products are safe before they are sold. Recent studies have detected nearly 300 industrial chemicals in infants indicating that we are failing to protect our most vulnerable populations.

We support the Safe Chemicals Act of 2011 which would require the EPA to take immediate action on the most dangerous chemicals and would hold industry responsible for the safety of the chemicals they use. Listen to the Environmental Working Group Action Fund Chief of Staff Heather White talk about why the Safe Chemicals Act matters [here](#).

Through our focus on toxics reform, we have deepened our relationship with the [Breast Cancer Fund](#), an effective organization focusing on cancer prevention. We are also working with the [Campaign for Safe Cosmetics](#) to help them incorporate information on feminine care products into their communication to consumers on the hazards associated with personal care products.

Facebook Likes



2010-2011
almost a
300%
increase!

Membership in Seventh Generation Nation



Climate Change

We believe that climate change will bring far-reaching risks and that the business community has a responsibility to participate in solving the challenges and seizing the opportunities associated with climate change. Seventh Generation joined the Ceres Business for Innovative Climate and Energy Policy (BICEP) to add our voice to those of other forward-looking companies committed to advancing meaningful climate change legislation. BICEP is working with key allies to seek policies that promote energy efficiency, renewable energy, and investment in a clean energy economy. We believe a low-carbon economy will create jobs, stimulate growth, protect our planet and preserve the well-being of our communities.

Tar Sands

Another important climate change-related issue demands our attention — whether or not fuels derived from Canada’s Tar Sands should be a part of the U.S. energy future. For us, the answer is no. Instead of building a multibillion dollar pipeline to move new sources of fossil fuels to the United States, we should focus on how we use less fuel, not more. Building a massive new pipeline across our country from north to south will commit us to another generation of addiction to oil. That’s the wrong direction for our country and our environment.

We are pleased to be working with our Friends at Forest Ethics. They, in conjunction with fellow Vermonter Bill McKibben and others, are fighting the expansion of Canada’s Tar Sands. We have publically pledged to work throughout our supply chain to identify the sources of fuel used to move our products to market, and make continuous and ongoing progress in reducing the fuel that comes from refineries that process feedstock from Canada’s tar sands.

American Cleaning Institute

“Seventh Generation has continued its strong leadership role in advancing sustainability within our industry and currently chairs the American Cleaning Institute’s (ACI) Sustainability Committee,” says Martin Wolf, Director of Product Sustainability and Authenticity. “As past chair of ACI’s Strategic Advisory Committee, we have been instrumental in advocating for the inclusion of sustainability in ACI’s mission. The shift over the years has been nothing short of revolutionary as the organization has embraced core sustainability principles and initiatives such as voluntary ingredient disclosure.

While Seventh Generation has always disclosed the ingredients we use on our labels and on our website, this is not the norm in our industry. We are proud to have led the way in promoting transparency by helping to craft ACI’s voluntary ingredient disclosure initiative. Beginning in 2010, many ACI members (including all the major players in the cleaning products market) agreed to voluntarily disclose the ingredients in their products on their websites — a big win for their consumers.”

ACI’s recent key initiatives include:

- **Ingredient inventory:** ACI has launched an inventory of ingredients in laundry, dish care and surface cleaning products. The list of over 900 ingredients is available at ACIScience.org. The organization is now working to add toxicological information for each of these ingredients.

- **Sustainability Metrics Program:** In 2009, ACI began gathering sustainability-related data on energy, greenhouse gas emissions, water use and waste generation from its member companies. With 20 companies participating — representing approximately 80% of the products sold by ACI members — the sustainability metrics provide a baseline from which we can track sustainability-related performance and improvement in the industry. The data from the first two years of the program are summarized in ACI’s first-ever Sustainability Report, available on the ACI website. Seventh Generation participated in this effort by providing data for the metrics we currently track. Our new supplier data portal will enable us to obtain a full set of program data in the future.



Responsibility

Governance

Seventh Generation is a privately held corporation, governed by a board of elected directors, all of whom share a strong commitment to the health and well-being of our planet and the people on it. The board supports our **B Corp principles** and aspiration to be a profitable, independent, and well-managed business that stays true to our founding mission. Our directors bring a broad range of experience in entrepreneurship, sustainability, finance, building businesses, consumer packaged goods, and leadership of innovative growth companies. Board members serve as representatives of our entire shareholder base and are elected annually based on a few core values:

- Deeply held belief in the company’s mission, vision and values;
- Demonstrated commitment to the development of the company and the people within it;
- Broad and complementary experience relevant to our business; and
- A willingness to accept fiduciary, sustainability, and strategic responsibilities.

Board Responsibilities

Our board ensures that Seventh Generation is managed professionally and operates in a manner that is consistent with our B Corp charter serving all stakeholders. The board’s responsibilities include:

- Hiring the CEO and top management;
- Providing adequate equity capital for growth
- Exercising control over the company’s assets and ensuring that they are used effectively in a manner consistent with the company’s values;
- Furthering the Mission and providing strategic advice that supports the long-term vision;
- Representing the larger shareholder base; and
- Meeting quarterly with the executive leadership team and the company and communicating regularly with shareholders

The board invites management from all levels of the organization to participate and meet with them and tries to stay visible and engaged with the Seventh Generation community. We have three standing committees:

- Compensation Committee
- Audit and Finance Committee
- Nominating and Governance Committee

Board Membership and Decisions

At the close of 2011, our board of directors included eight elected directors, two females and six males, including our CEO John Replogle. Of the eight directors, six are independent. Two new directors were added in 2011 bringing consumer packaged goods marketing experience within the home and personal care categories.

In 2011 the Board reviewed the company strategy, led a deep dive into our sustainability principles and mapped a course to a more robust financial footing. The Board adopted a new compensation plan that supported our triple bottom line focus in which employee performance was rewarded based on growth, profits and our sustainability goals.

Stakeholder Engagement

As a company that is serious about corporate responsibility, sustainability and stakeholder engagement, we strongly believe in the power of transparency. The process of comparing annual trend data, acknowledging our proudest moments — as well as our disappointments — and communicating where we are as a company is time-consuming but worthwhile. As comparability among companies is another benefit of transparent reporting, we have followed the Global Reporting Initiative (GRI) guidelines since 2004.

We began posting our reports on our website and introduced videos, links and consumer feedback opportunities in 2009 to try to engage a wider

audience. This year, we are introducing the rich data we have in infographic form. We hope this new format will increase readership and feedback among a variety of audiences. In an effort to make the reporting process relevant and timely, we hope to move to more frequent reporting in the future.

Ceres and Stakeholder Consultation

Our annual reporting process benefited greatly from an internal review as well as a review by Ceres on October 9, 2012. Ceres is dedicated to mobilizing investor and business leadership to build a thriving, sustainable global economy. We are indebted to them for supporting our sustainability reporting with their insights and for challenging us to greater levels of transparency and sustainability.

Reviewer Comments:

Overall: Reviewers praised the new format, the transparency around environmental sustainability metrics, and the link between sustainability goals and employee bonuses. They felt there was an imbalance in the report with too little emphasis on human health compared to the attention paid to environmental issues. Information regarding human health considerations was added to the Product section and a discussion of our public policy work on toxics was added to Advocacy.

Goals: New sustainability goals should be anchored more firmly in the company’s sustain-

ability program and there should be more clarity around how the goals will be measured. Goals section was rewritten.

GRI Compliance: Seventh Generation should add the few additional elements such as information on governance and advocacy that would enable the report to meet the GRI–C standard. Added.

New Web Platform: The new platform is promising but information should be presented in a more layered manner so that viewers would be given a high-level introduction and then directed to more details. A layered approach was added in several places.

Materials: Provide more explanation of why renewable materials are preferred and acknowledge the trade-offs. Added.

Supply Chain: Add details on how the company is promoting sustainability with its suppliers. Some details were added although a more robust account of this work may be addressed next year.

Business Case for Sustainability: Provide financial details that support the business case for sustainability. While this is an excellent suggestion, we are not able to add this at this time.

GRI Content Index —
2011 Report

- Profile Disclosures**
STANDARD DISCLOSURES
1.1 CEO Letter
ORGANIZATIONAL PROFILE
2.1 Organization name Seventh Generation
- 2.2 Brands, products, services See Vision: Our Company
- 2.3 Operational structure See Vision: Our Company; and Responsibility: Governance
- 2.4 Location of Headquarters 60 Lake Street, Burlington, VT 05401
- 2.5 Countries where company operates See Vision: Our Company
- 2.6 Ownership and legal form See Vision: Our Company, Responsibility: Governance
- 2.7 Markets served See Vision: Our Company
- 2.8 Scale of reporting organization:
Number of employees: 113
Net sales, total capitalization, quantity of products provided: We are a privately held corporation and choose not to reveal this financial and strategic data.
- 2.9 Significant changes None.
- 2.10 Awards received See Vision: Congratulations!

- REPORT PROFILE, SCOPE, BOUNDARY, AND GLOBAL REPORTING INITIATIVE INDEX**
3.1 Reporting Period
Calendar year 2011 with mention of relevant achievements in 2012.
- 3.2 Date of previous report
Renewal was published in 2011 on our website and covered the year 2010.
- 3.3 Reporting cycle
Annual. This report covers 2011.
- 3.4 Contact point for questions csr@seventhgeneration.com
- 3.5 Process for defining report content;
3.6 Report boundary;
3.7 Report boundary limitations
In determining report content, we were guided by our

own corporate priorities, achievements, goals, and shortcomings; by considerations of stakeholder interest; and by GRI guidelines. We hope the report will be read by our employees; our manufacturing and retail partners and other businesses; our customers and members of the Seventh Generation Nation (our on-line community); and anyone else interested in issues pertaining to consumer products and corporate responsibility. As a maker of healthy personal care and home products and a strong proponent of transparency, Seventh Generation tracks and reports on the materials in our products and packaging and any improvements we have made in our product ingredients. These are of material significance to our consumers and other stakeholders. All of our Vision 2020 goals were developed in consultation with our community and cover issues that we consider material to our business.

This is not just a report about our Burlington office operations. We have also been conscious of the sustainability practices back in our supply chain as well as the impact and use of our products. Where we have not addressed particular GRI guidelines, it has generally been because they were not relevant to our business, they dealt with proprietary information (such as some of the financial parameters), or they involved a larger data-gathering effort than we are capable of at this time.

- 3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities. We lease our Burlington office and we use third party logistics providers and contract manufacturing partners.
- 3.10 Explanation of restatements of earlier information
As this report is online, we have links to information from previous years to facilitate stakeholder understanding of our business.
- 3.11 Significant changes from previous reporting periods
See Product for a discussion of our newest product lines.
- 3.12 GRI table

- GOVERNANCE, COMMITMENTS, ENGAGEMENT**
4.1 , 4.3, 4.4 Governance structure, Independent members, employee input to board
- 4.2 Governance chair
Peter Graham is the Chairman of the Board.
- 4.14 and 4.15 Stakeholders See Responsibility: Stakeholder Engagement

- ECONOMIC PERFORMANCE INDICATORS**
EC1 Direct economic value
Data on direct economic value, revenue, operating costs, retained earnings, and payments to capital providers and governments are proprietary information.
- EC3 Coverage of the organization’s defined benefit plan obligations
Seventh Generation firmly believes in creating wealth and financial prosperity throughout all levels of the organization. All full-time employees receive a variety of benefits including company supported, paid medical premiums, an employee stock incentive plan, and participation in other value-building benefits, such as a 401(k). Seventh Generation contributes an automatic 4% of an employee’s wages into their 401(k) plans whether or not the employee also contributes to the plan. Eligibility is 1st day of the month after their hire date. 78% of employees contribute voluntarily to this plan.
- EC4 Significant financial assistance received from government
None was received.
- EC5 Ratio of standard entry level wage compared to local minimum wage: The purpose of our company’s compensation plan is to share our financial success and celebrate our employee owners for their contributions to the growth and success of the company.

In addition to the benefits noted in EC3, the company currently pays a minimum starting base rate of \$16.00/ hour which is 99% higher than the current Vermont minimum wage of \$8.15/hour and is 121% higher than the federal minimum wage rate of \$7.25/hour. All full-time employees are also eligible to participate in the company’s cash and equity incentive plans.

- ENVIRONMENTAL PERFORMANCE INDICATORS**
EN1 Materials used by weight or volume See Planet: Materials
- EN2 Percentage of materials used that are recycled input materials See Planet: Materials
- EN16 Total direct and indirect GHG emissions by weight See Planet: Greenhouse Gas Accounting
- EN 18(from the Additional Standards category) Initiatives to reduce GHG emissions and reductions achieved See Planet: Greenhouse Gas Accounting,
- EN26 Initiatives to mitigate environmental impacts See Vision, Product, Planet
- EN28 Fines and Noncompliance
None.

- LABOR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS**
LA1 Total workforce See People
- LA3 Benefits provided to full-time employees that are not provided to part-time temporary or part-time employees, by major operations: All employees receive the same benefits; part-time employee time-off benefits are pro-rated based on their scheduled days worked. In 2011, in addition to 113 full-time associates, we employed six temporary staff.
- LA4 Percentage of employees covered by collective bargaining agreements: None.

- SOCIETY PERFORMANCE INDICATORS**
SO5 Public policy positions and lobbying See People: Advocacy
- SO8 Fines and sanctions for noncompliance with laws and regulations
None.
- PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS AND MARKETING**
PR9 Fines concerning the provision and use of products and services
None.

Report Assurance
Many of our environmental indicator performance metrics take advantage of the company’s MIPs database, which provides us with accurate information on the materials used in our products. We have chosen not to independently assure our report, and have relied instead on our sustainability team and our controller to review and substantiate the report’s accuracy and authenticity. We have also benefited from our outside reviewers’ comments. Our sustainability consultants Pure Strategies provided an independent review of our assumptions and conducted our materials and environmental footprint-related calculations.

Global Reporting Initiative Compliance

		2006 In Accordance		C	C ⁺	B	B ⁺	A	A ⁺
Mandatory	Self Declared			Report Externally Assured	Total Materials		Report Externally Assured		Report Externally Assured
	Third Party Checked								
Optional	GRI Checked			Report Externally Assured			Report Externally Assured		Report Externally Assured



60 Lake Street
Burlington, Vermont 05401
seventhgeneration.com