

A GENERATION OF good

2013 CORPORATE CONSCIOUSNESS REPORT



✿ Caring today for seven generations of tomorrows.™

seventh
generation™



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Contact us.

We'd love to hear from you. Contact us on Facebook or via email at responsibility@seventhgeneration.com.

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our vision

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



1 vision



a message

from John Replogle, CEO

Dear Friends and Stakeholders,

When I was born in the mid-1960s, our world was both much smaller and much larger than it is today. Back then, life for most unfolded in self-contained communities whose borders were seldom crossed and whose rhythms were rarely disrupted by events beyond. Indeed, the world outside was often distant and remote, a frequently mysterious but always expansive place with plenty of room for Earth's three and a half billion lives, most of which never touched our own.

Today, this paradigm has been turned on its head. Our communities now are outsized and hyper-driven. They sprawl past each other's boundaries on a rapidly shrinking planet struggling to contain what soon will be an extraordinary nine billion human beings, all of whom are fast becoming interconnected to the point of interdependence.

What comes next is something completely new in the human experience — a world in which almost everything we do affects everything else in once unimaginable ways. Clearly, business as usual cannot successfully lead us through this unknown territory and into a brighter future beyond — we are in urgent need of a new and better business model.

This belief lies at the heart of all we do at Seventh Generation. And every decision we make is guided by the principle that rises from it: that the true path to lasting care of both our planet and its people can only be found in a much different operating model for business that embraces renewable choices and innovates new sustainable ways.

This Corporate Consciousness Report looks at the progress we've made building this model. It's a chance for us to open our doors and invite you inside to decide for yourself whether or not we're living up to our values and vision to build a better model. It's also an opportunity for everyone here to reflect on the dreams that drive our work to nurture nature, enhance health, transform commerce, and build community.

In 2013, we advanced on many fronts on our 2020 Roadmap goals to pursue our lofty aspirations. Leading the charge was a new program that tied 20% of

every employee bonus to progress on key sustainability objectives centered on a push to lessen our raw materials' impacts. Together, we reduced the amount of virgin plastic in our products and packaging by an impressive 25% and increased the level of Forest Stewardship Council® (FSC®) certified fiber in our products to 62%. We also maintained 100% participation in our employee engagement program, which asks each employee to volunteer one percent of their time to worthy causes. Indeed, linking bonuses to sustainability was so successful that we're continuing this effort in 2014.



“Perhaps our most important accomplishment was the creation of Companies for Safer Chemicals, a new organization we formed with a coalition of like-minded businesses in order to seek meaningful reform of state and federal toxics regulations.”

— John Replogle, CEO

Last year also marked a historic first for Seventh Generation Ventures, our new investment arm, which made its inaugural acquisition with the purchase of bobble. This company's reusable plastic water bottle enhances health and reduces waste with a replaceable carbon filter. With bobble, we intend to revolutionize the way the world drinks water and further the ban on single-serve plastic water bottles that choke our oceans and landfills.

Perhaps our most important accomplishment was the creation of Companies for Safer Chemicals, a new organization we formed with a coalition of like-minded businesses in order to seek meaningful reform of state and federal toxics regulations. Progressive changes in these laws are urgently needed, and Companies for Safer Chemicals is bringing together a wide variety of voices to promote them. The aim is to create the world's first Toxin-Free Generation, and it's around this idea that we've focused our products, our consumer conversations, and our influence.

While proud of our successes and the clarity of our path, we continue to face many challenges. In the spirit of transparency, we note that we did not audit our manufacturing partners in 2013 and will focus on reinvigorating our engagement with our suppliers over the

next two years. While our greenhouse gas emissions intensity dropped 11 percent in the past year, we have not reduced our absolute emissions. No excuses, these things simply did not get done and must be done. We pledge to work on them

harder in the year ahead and to achieve a more positive impact.

To ensure that all of our goals and initiatives flow together to form a cohesive, meaningful sustainability program, we recently established a Sustainability Stewardship Committee, led by me with key senior executives and managers from across the company. This committee will help to ensure that we honor our aspirations as we set the direction for each year's strategic plan.

Leading these efforts for Seventh Generation has been an incredible gift. It's a true privilege to be involved with so many extraordinarily passionate people who are so dedicated to having a positive impact on the world. Indeed, thanks to them, I have never had more satisfaction in our work, greater belief in our cause, nor more hope for the future than I have today.

Thanks must be extended to you as well, for the support of our friends, partners, customers, and stakeholders is at the core of this momentum. In 2013, we celebrated 25 years as a catalyst for change. Now, with your help, we're turning our attention to meeting the challenges of a new world and launching the next 25 years of transformation. It's a remarkable moment whose milestones wait in this report. We've got a lot to share, but the most important fact of all hides between the lines: There's no way we could do the things we do without you. In ways both great and small, you make the progress we make possible. And for that you have our profound thanks.

For All the Generations Yet to Come,

John Replogle, CEO



our values

our core values don't just live as art on our walls, they live in our hearts.

Quite simply, they're our guide to creating a successful business model that will generate more good in the world. And who wouldn't want more good?



care wholeheartedly

We have big hearts and they are full of our love for the planet, our consumers, our people, our partners, our products and our brand.



collaborate deliberately

It takes a village, right? Together we can achieve things we could never have done by ourselves. Not to mention it's a lot less lonely.



nurture nature

Nature got it right. We know it. That's why we aspire to design products from plants not petroleum, from fields not factories.



innovate disruptively

If you always do what you've done, you'll always get what you always got. We think innovation and creativity can change the world.



be a trusted brand

Can a company be a friend? We'd like to think so. We love our consumers, and we hope they love and trust us.

our aspirations

“We’ve been able to define the change we want to see in the world through the development of a set of aspirations that give life to our mission and values.”

— Tim Fowler, SVP, R&D, Supply Chain and Sustainability



NURTURE NATURE

We care today for the next seven generations of tomorrows.



ENHANCE HEALTH

We enhance health through education, activism, and innovation.



BUILD COMMUNITIES

We champion honesty, responsibility, and radical transparency in commerce.



TRANSFORM COMMERCE

We advance social justice and equality to unleash human potential.

Caring today for seven generations of tomorrow's.

seventh
generation™

1988

Seventh
Generation
is born!

Cl₂

Set an industry
standard around
chlorine processing
of fibers.

1990

First home care
company to bring
100% recycled paper
products to market



Launch
botanical
disinfectant.

2010

pursuing our mission for over
25 years.

USDA

First full line of home care products,
Baby Personal Care products and health &
beauty care to be USDA certified biobased.

2012



Helped lobby
for the removal
of phosphates
from autodish
products.

2001



Set an industry standard
to eliminate VOCs in all
home care products.

2002



First home care company
to voluntarily disclose
ingredients on labels.

2008



First in our industry to
purchase sustainable
palm oil offsets for some
of our products

2009



Launched
Companies for
Safer Chemicals to
reform TSCA

2013



VT Toxin Free
Families Act is
passed!

#FIGHTTOXINS

2014



First FSC certified diaper
made in North America

SEVENTH GENERATION AT 25

Established in 1988, in Burlington, Vermont, Seventh Generation is one of the nation's leading

brands of household and personal care products. The company remains an independent, privately-held corporation distributing products to natural food stores, supermarkets, mass merchants, and online retailers across the United States and Canada.

Seventh Generation lives its commitment to "caring today for seven generations of tomorrows," with products formulated to provide mindful solutions for the air, surfaces, fabrics, pets and people within the home — and for the community and environment outside of it. A pioneer in corporate responsibility, Seventh Generation continually evaluates ways to reduce its environmental impact, increase product performance and safety, and create a more sustainable supply chain. We believe we can use the power of business to start a movement that will change an entire industry.

CHAPTER 1 | vision



To Inspire
a consumer
revolution that
nurtures the
health of the next
seven generations.

ASPIRATIONS

"We've been able to define the change we want to see in the world through the development of a set of aspirations that give life to

our mission and values. Developed with input from the community, our aspirations articulate a bold vision of the future that calls upon Seventh Generation's heritage and unique capabilities.

From our aspirations, we created a road map of 2020 goals to bring focus to our organization.

With our 2020 goals set, we are working to ensure that our aspirations inform all of the work we do — from our brand campaigns to data management to product development. Our employee engagement program and benefits packages are now organized around our aspirations. Linking key aspiration-driven goals to our financial bonuses through our Annual Incentive Plan has been instrumental in engaging everyone in the company with the goals and their purpose." — Tim Fowler, SVP, R&D, Supply Chain and Sustainability



"Our aspirations
articulate a bold
vision of the future
that calls upon Seventh
Generation's heritage and
unique capabilities. From our
aspirations, we created a road
map of 2020 goals to bring
focus to our organization."

— Tim Fowler, SVP, R&D, Supply
Chain and Sustainability





Our bold new look drew the eye of Graphic Design USA which awarded us with its 2013 American Inhouse Design Award!

ANNUAL INCENTIVE PLAN GOALS

Recognizing that our sustainability targets are as important as our financial ones, we have linked four of our sustainability goals to our Annual Incentive Plan (AIP) bonus structure since 2011. These sustainability goals accounted for ten percent of employee bonuses that first year and in 2012, and 20 percent in 2013. The employee engagement and volunteerism goals are now tied to the AIP at the individual level. Three corporate sustainability goals comprise an additional 15 percent of the AIP bonus in 2014. We recognize that this approach is not a substitute for providing tools and incentives for thoughtful, comprehensive progress; teams and individuals also have responsibility for additional sustainability goals..

Additional 2020 goals are discussed in the section on each aspiration.

CHAPTER 1 | vision

AWARDS

Fast Company named us one of three Rock Stars of the New Economy!

Graphic Design USA honored our new packaging with its 2013 American Inhouse Design Award.

We ranked as a B Corp "Best for the Environment" company. Our score of 65 on environmental issues tied us for first place among businesses with more than 50 employees.



CLASSIC OVERACHIEVER

2020 GOAL

ANNUAL INCENTIVE PLAN (AIP) GOAL



NURTURE NATURE:
Zero Waste to
Landfill

2013

25% reduction in virgin petroleum-derived plastic for rigid containers/caps



NURTURE NATURE:
Source Sustainably

2013

50% of virgin pulp FSC-certified

2014

75% of virgin pulp FSC-certified

ACHIEVED!
62%



ENHANCE HEALTH:
All substances
in our products
meet our ingredient
standards for
human health

2014

Reduce substances that do not meet our ingredient standards for human health by 75%
99.9946% of the substances in our products presently meet our ingredient standards for human health, and all meet applicable regulations.



BUILD COMMUNITIES:
Volunteer
1% in Service to
the Community

2013

Volunteer 2,400 hours

2014

Volunteer 20 hours per employee

ACHIEVED!
3,364 HOURS!
40% OVER GOAL!



BUILD COMMUNITIES:
Nurture Thriving
Communities

2014

Eliminate high-risk, off-shore manufacturers



BUILD COMMUNITIES:
Create a Vibrant
Workplace

2013

100% participation in required number of LEAD employee engagement modules

2014

100% participation in LEAD (employees who do not participate in four LEAD modules receive no financial bonus)

ACHIEVED!



our commitment to nurture nature:

- Choose plants not petroleum in the creation of our products
- Source materials sustainably by using recycled materials and agricultural materials that are grown and harvested responsibly
- Produce zero waste through our biodegradable or recyclable products and packaging
- Decrease our carbon footprint
- Work with our industry to change laundry practices, recognizing that the most significant greenhouse gas emissions for our products come from consumer laundry washing in hot water

2013 Highlights

Aligned work plans and data management with our 2020 goals

Achieved FSC certification for 62% of our pulp — exceeding our goal of 50%

Certified all eligible products as USDA Certified Biobased Products

Reduced our greenhouse gas emissions per metric ton of product by 11 percent

Achieved high, post-consumer recycled (PCR) percentages in our bottles (average 85+%)

CHAPTER 2



nurture nature

Nurture Nature

PLANTS NOT PETROLEUM



USDA Biobased Certification

One of Seventh Generation's biggest points of difference relative to our competition is our unwavering commitment to plants, not petroleum. The [USDA BioPreferred® Program](#) is an accreditation for products with demonstrated biobased content — meaning the ingredients come from renewable sources — not from fossil fuel feedstock. The USDA biobased certification label shows consumers the percentage of biobased content in each product as well as the remaining petroleum-based content. We use this independent verification program

to validate our focus on plant-based ingredients.

Seventh Generation has certified all eligible products, most with biobased contents of 90% or higher.

DIAPERS

- Seventh Generation is the first diaper brand in North America to receive FSC certification for the pulp in our standard Free & Clear Diapers
- We eliminated pulp bleaching for our standard Free & Clear diapers saving energy, water, chemicals, and even using fewer trees

Seventh Generation strives to ensure that our diapers embody our concern for healthy babies, healthy forests and healthy waterways. Working with the European wood pulp supplier for our diapers, UPM RaumaCell, we



were able to achieve FSC certification for 62 percent of the pulp we use as a company. We are the first diaper company in North America to achieve FSC certification for the pulp in our standard Free & Clear diapers. This certification system verifies that the forests where we obtain our pulp are managed according to stringent protocols that protect the forest ecosystem and water quality.

While improving our pulp, we also achieved across-the-board reductions in environmental impacts by removing pulp bleaching from the equation for our Free & Clear Diapers. We now use 10 percent less energy and waste and promote better wastewater quality compared to a diaper with a bleached core. This process even allows us to use fewer trees.

“These diaper features move the

NURTURE NATURE

WE ASPIRE TO CARE TODAY FOR THE NEXT SEVEN GENERATIONS OF TOMORROWS.

2020 GOALS

PLANTS NOT PETROLEUM: ALL PRODUCTS AND PACKAGING ARE BIOBASED OR RECYCLED

SOURCE SUSTAINABLY: ALL AGRICULTURAL MATERIALS ARE SOURCED FROM FARMS THAT RESTORE AND IMPROVE SOIL FERTILITY, WATER QUALITY, AND BIODIVERSITY.

PRODUCE ZERO WASTE : ALL PRODUCTS AND PACKAGING ARE BIODEGRADABLE OR RECYCLABLE

PROGRESS IN 2013

PRODUCT: 75%
PACKAGING: 82%

1% LESS
THAN 2012

WOOD PULP: 62% FSC-CERTIFIED

PALM OIL: 100% THROUGH OFFSETS VIA GREEN PALM CERTIFICATES

PRODUCT: 66%
PACKAGING: 97%

1% LESS
THAN 2012

NOTES

PRODUCT: DEVELOP STRATEGY FOR INCREASING BIOBASED CONTENT IN DIAPERS AND BABY WIPES.
PACKAGING: WORK ON REMAINING BOTTLES WITH LOWER PCR CONTENT
BOBBLE: ESTABLISH BASELINE DATA AND BEGIN TRACKING

WOOD PULP: GOAL TO ACHIEVE 75% FSC CERTIFICATION BY 2014
SOURCING OF SOY, CORN AND COCONUT: WE WILL DEVELOP A ROADMAP BY 2017 FOR ADDRESSING THESE

PRODUCT: ADDRESS DIAPERS AND WIPES
PACKAGING: CHANGE MULTI-LAYER FILMS AND POUCHES
BOBBLE: ESTABLISH BASELINE DATA AND BEGIN TRACKING

Data excludes bobble as we are still establishing baselines for this product.

THINKING BIG

THE CHALLENGES OF A ZERO-WASTE DIAPER



While we have made consistent, stepwise improvements in our diapers over the years, we know that our 2020 zero waste goal requires a revolutionary change. We need to think big — not just our company, but our whole industry.

— Louis Chapdelaine, Director,
Fibers Product Development



needle on this product's sustainability in exciting ways, but I'm not satisfied. Here's the problem; regardless of how green your diaper is, most of them end up in a landfill. We're building mountains of waste year after year. It's a huge problem and we don't have control over it.

What we can control is the make-up of the diaper. We are beginning to bring biobased plastic into our training pants and overnight diapers. We are also launching exciting new materials for the outer layer of some of our diapers in 2014.

While we have made consistent, stepwise improvements in our diapers over the years, we know that our 2020 zero waste goal requires a revolutionary change. We need to think big — not just our company, but our whole industry."

— Louis Chapdelaine, Director,
Fibers Product Development

PAPER PRODUCTS

All of our paper products are made from 100% recycled materials with post-consumer recycled (PCR) content ranging from 50% to at least 80%. The remainder comes from post-industrial recycled (PIR) materials such as unsold books and magazines. All of our cardboard and corrugated packaging is 100% PCR.

PACKAGING

A redesign of our packaging in 2012 – 2013 offered opportunities for us to bring our aspirations to life by increasing the recycled content of our packaging.

High Recycled Content Packaging

- Continued improvement to an average of 85+% PCR

After reviewing life cycle assessment studies, we have determined that recycled plastic almost always has a lower environmental footprint than virgin plastic for the same application. Our preferred materials hierarchy favors post-consumer recycled (PCR) content. Where we cannot use 100% PCR, we seek to use virgin, bio-based plastic that is recyclable.

Key challenges

- 32 oz spray bottle took a step back from 100% to 50% PCR. This bottle's round shape offered some complexities we didn't anticipate but are addressing.



WE DEBUTED UNBLEACHED BATH TISSUE!

100% recycled

Minimum 80% post-consumer recycled; remainder post-industrial recycled

Removing bleaching chemicals and using recycled content uses

- 70% less energy
- 80% less water
- 100% fewer trees

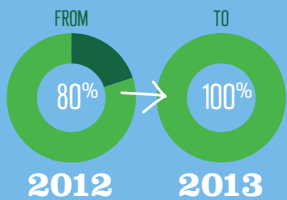
than a comparable bath tissue made from bleached, virgin wood pulp.

HIGHLY RECYCLED

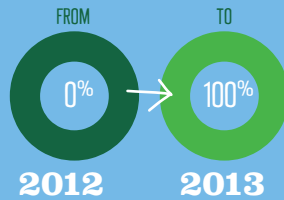
PACKAGING GAINS



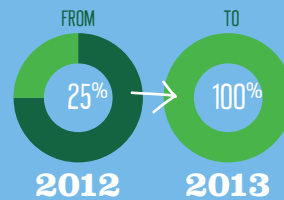
70 oz AUTO DISH GEL



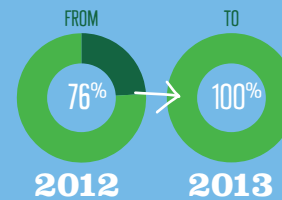
26 oz DISINFECTANT



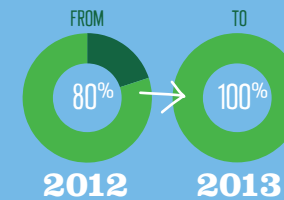
32 oz TOILET BOWL



50 oz HAND DISH



50 oz LAUNDRY



LAUNDRY CAP



Leading the industry

We are leaders in our industry for the high PCR content in our plastic bottles. Seventh Generation also pioneered a 50% PCR cap for our laundry bottles while most of the industry uses virgin plastic caps.



All percentages exclude colorant

- Introducing PCR content into our flexible pouches.
- Introducing PCR into our polyethylene wraps (used for paper product packaging)

Bottle Colorant

We are working to replace the virgin resin in our colorant with PCR resin. Our white bottles carry a color load of 4%. Of that 4%, 80% is titanium dioxide and 20% is virgin petroleum carrier resin. As an overall percentage of the bottle this is very little virgin petroleum, but it is the last remaining portion in the majority of our bottles and we are on track to replace it in 2014.

ENVIRONMENTAL SAVINGS

We calculate the environmental savings that result from our use of renewable or recycled materials and from alternatives

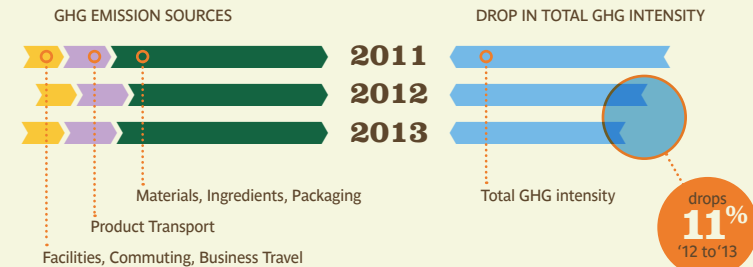
to ingredients such as chlorine bleach. We compare our products — made with renewable or recycled ingredients — to these same products as if they were made with conventional, petroleum-derived ingredients, to determine our savings data.

GREENHOUSE GAS EMISSIONS

- GHG emissions per product weight decreased 11 percent

As a company with the next seven generations in our view, we care deeply about climate change, one of the greatest challenges facing our time. Our greenhouse gas emissions per metric ton of product decreased 11 percent from 2012 – 2013 although our absolute emissions increased 4.5 percent. We will review our GHG emission reduction approach to ensure that we are driving the needed change.

GREENHOUSE GAS EMISSIONS (METRIC TONS)*



	2011	2012	2013	2012-13 % CHANGE
Materials, Ingredients, Packaging	51,219	47,431	49,858	↑ 4.5%
Product Transport	10,885	11,113	11,342	↑ 2.0%
Facilities, Commuting, Business Travel**	831	849	887	↑ 4.0%
Total Emissions	62,935	59,394	62,087	↑ 4.6%
Total Emissions intensity (per metric ton of product and packaging)	1.56	1.40	1.24	↓ 11.0%

* More information on GHG tracking methodology is contained in the GRI Content Index. This chart excludes bobble.

** Emissions from facilities, employee commuting and business travel were indexed to sales growth to provide an estimate for 2013.

Our decrease in GHG emissions intensity is due to the combined effect of these initiatives:

- The use of plant-based ingredients which generally have lower carbon footprints than petroleum-based choices (See USDA Biobased Certification)
- A decentralized network of distribution centers that reduce shipping product transport distances
- Packaging that maximizes recycled materials

1999 TO 2013: 15 YEARS OF SAVINGS

USING RECYCLED MATERIALS SAVED:



1.1 million trees



2.9 million cubic feet of landfill space

USING PLANT-BASED AND PREFERRED INGREDIENTS SAVED:



258,000 barrels of oil



1.04 million pounds of volatile organic compounds (VOCs)

Caring today for seven generations of tomorrow™

seventh generation™



Our mission to enhance health infuses our:

- **Standards:** We strive to enhance health first and foremost through our use of preferred ingredients and the design of our products.
- **Education:** 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 venues.
- **Activism:** We channeled most of our passion in 2013 into our Toxin-Free Generation campaign. Our consumers and partners helped us obtain over 120,000 signatures in 2014 on our petition to ask Congress to change the outdated toxics law ([See Transform Commerce](#)).
- **Innovation:** As a deep look at our liquid laundry detergent ([See Liquid Laundry Detergent Case Study](#)) reveals, the evolution of our products has required a willingness to consider fundamental shifts in approach. Seventh Generation has found improved alternatives to replace ingredients in long-standing use in our industry. Our work often involves collaboration with our manufacturing partners or their suppliers. ([See Influence Beyond our Size: Tier 2 Suppliers](#))



CHAPTER 3



enhance health

Enhance Health

INGREDIENT SELECTION

Seventh Generation seeks to source ingredients and to create products that meet our aspirations. While we do not manufacture our own products, we develop our own formulations and impose stringent ingredient and quality standards on our partners. Our health and safety review includes evaluating ingredients as possible carcinogens, endocrine disruptors, mutagens and sensitizers to ensure that the ingredients meet our standards and to support any claims (such as no animal products).

We benchmark our internal standards, ingredient replacement priorities, and selection of new materials against many external standards including the European Union's regulations, Whole Foods Market Eco-Scale, Environmental Working Group, Good Guide, and the Target Sustainable Product Standard. The U.S. EPA Design for the Environment program has certified some of our products. We also pursue USDA Biobased certification to verify renewable origin for eligible

products. Finally, our preference for recycled content, recyclability and biodegradability promotes design that considers life cycle impacts all the way from ingredient selection to product disposition.

Bobble is excluded from this section of the report while we assemble baseline data and work to fully understand the composition of the plastic in these water bottles.

Nurture Nature: we strive to source biodegradable ingredients from plants, not petroleum. [See "USDA Biobased Certification."](#) Our sustainable sourcing goal is to source all agricultural materials from farms that restore and improve soil fertility, water quality, and biodiversity.

Enhance Health: we strive to use ingredients that meet our standards for human health (e.g., not carcinogenic, mutagenic, neurotoxic, developmentally toxic, strongly sensitizing, or endocrine disrupting).

Transform Commerce: we share our ingredient innovations to help to raise the bar for the whole industry. Seventh Generation was the first home care company to disclose all ingredients, including fragrances, on-pack in 2007; the industry followed our lead with voluntary on-line disclosure in 2010.

Build Communities: we strive to source our products and ingredients from responsible suppliers.

As we design our products, we embrace the **Precautionary Principle**, a decision-making framework that stresses the need for caution when uncertainty about possible harm exists.

Fragrances: When we fragrance our products, we use essential plant oils and botanical extracts. Some plant oils contain components that can be sensitizers (they can cause an allergic reaction in some people). We disclose those plant oils or botanical extracts (per the European Union allergen disclosure requirements) so that our

sensitive consumers can avoid them.

Preservatives: As with all of our ingredients, our preservatives undergo a rigorous safety evaluation to make sure that our products can be used safely. We want our preservatives to be effective, to meet our standards for human health, and to biodegrade rapidly.

In 2008, we replaced the synthetic (petroleum-derived) preservative known as THT in our cleaners with another synthetic preservative known as MIT/BIT (methylisothiazolinone and benzisothiazolinone). We transitioned away from THT as it is a formaldehyde donor; formaldehyde is an allergen and known human carcinogen when inhaled. MIT/BIT is not a formaldehyde donor, is biodegradable and it has been proven to be non-irritating at the use level in our products. We are working to reformulate our products to replace MIT/BIT with a biobased alternative that is aligned with our aspirations. We anticipate achieving this in 2016.

ENHANCE HEALTH

WE ASPIRE TO ENHANCE HEALTH THROUGH EDUCATION, ACTIVISM, AND INNOVATION.

2020 GOALS

CREATE HEALTHY PRODUCTS FOR HEALTHY HOMES: ALL SUBSTANCES IN OUR PRODUCTS MEET OUR INGREDIENT STANDARDS FOR HUMAN HEALTH

EDUCATE AND ENGAGE ONE MILLION CONSUMERS TO TAKE ACTION TO REMOVE TOXINS FROM THEIR LIVES

IDENTIFY SUBSTANCES OF CONCERN IN BOBBLE PRODUCTS AND DEVELOP AN ACTION PLAN

PROGRESS IN 2013

99.9946% OF THE SUBSTANCES IN OUR PRODUCTS MEET OUR INGREDIENT STANDARDS FOR HUMAN HEALTH, AND ALL MEET APPLICABLE REGULATIONS

WORK UNDERWAY

WORK UNDERWAY

NOTES

2014 GOAL: REDUCE SUBSTANCES THAT DO NOT MEET OUR INGREDIENT STANDARDS FOR HUMAN HEALTH BY 75%.

THE LACK OF STRONG REGULATION MEANS THAT TOXINS CAN HIDE IN COMMON PRODUCTS; THERE IS A TREMENDOUS NEED FOR EDUCATION.

A LACK OF TRANSPARENCY IN THE PLASTICS SUPPLY CHAIN HAMPERS DEFINITIVE UNDERSTANDING OF PLASTICS INGREDIENTS



LIQUID LAUNDRY DETERGENT CASE STUDY

Peeling back the layers of one of our most popular products, our 100 oz. Liquid Laundry Detergent, allows us to reveal the ingredient successes and the challenges that remain as we evolve our products and packaging to embody our aspirations.



100 OZ FREE & CLEAR LIQUID LAUNDRY DETERGENT INGREDIENTS

INGREDIENTS
(ORDERED BY WEIGHT)

PRODUCT

Water

Laureth-6

Sodium Lauryl Sulfate (SLS)

Sodium Citrate, Citric Acid

Glycerin

Boric Acid

Oleic Acid

Sodium Chloride, Sodium Hydroxide, Calcium Chloride

Enzymes: Protease, Amylase and Mannanase

MIT/BIT (methylisothiazolinone and benzisothiazolinone)

PACKAGING

Plastic bottle

Plastic cap

BASICS

From local manufacturing facilities' water supply. Product is concentrated as is now common in the marketplace.

PLANT.

Palm kernel oil modified with sugar cane derivative.

PLANT.

Palm kernel oil (coconut oil also possible), Southeast Asia.

In 2010, we switched from sodium lauryl ether sulfate (SLES) to SLS to reduce the risk of contamination from 1,4-dioxane. We use a process called sulfonation, not the common ethoxylation, to decrease the risk of cross-contamination.

PLANT.

Global supply chain.

PLANT.

Palm (largely), some soy and coconut possible

MINERAL.

Boric acid is not regulated in the US and is common in liquid laundry detergents.

PLANT.

Palm (largely), some soy and coconut possible

MINERAL.

PLANT.

SYNTHETIC. (Derived from petroleum) See "MIT/BIT Discussion."

80% PCR PLASTIC;
17% VIRGIN PLASTIC;
3% colorant; fully recyclable (US)

50% PCR PLASTIC (Polypropylene) and
50% VIRGIN PLASTIC

We introduced 50% recycled content into our caps in 2013.

NOTES AND RELEVANT GOAL

We offer a 4X concentrated version of our detergent. Reducing water further will allow us to save even more packaging materials and fuel used for transport.

Goal: decrease carbon footprint

Palm Oil: Increased demand for palm oil has resulted in forest clearing with serious effects on ecosystems. We have purchased GreenPalm sustainable offset credits for our palm kernel oil use since 2009 and are members of the Roundtable on Sustainable Palm Oil (RSPO), a global alliance moving the industry toward sustainable practices. By 2020, we plan to be using a segregated, certified supply of palm oil.

Sugar cane: We aim to have our sugar certified as sustainable by 2020.

Goal: source sustainably*

See Palm Oil above.

Goal: source sustainably*

Goal: source sustainably*

See Palm Oil above.

There are recent suggestions that airborne boric acid may cause health problems for miners. Boric acid is not regulated in the US and is common in liquid laundry detergents. Our boric acid levels of about one percent are well below the European Union standard of five percent.

See Palm Oil above.

Goal: source sustainably*

We continue to search for a safe, effective, biobased preservative system

Goal: renewable materials

There are technical challenges in making strong, large bottles (100 and 150 oz.) using more than 80% recycled plastic. We plan to replace the 17% virgin plastic with a new, sugar cane-derived plastic. The bottle will still be fully recyclable. Remainder is colorant.

Goal: recycled or renewable materials; zero waste

We have not been able to produce a strong, well-formed cap with greater than 50% PCR content. Reducing the remaining virgin plastic remains a challenge.

Goal: recycled and recyclable materials

* Source sustainably: all agricultural materials are sourced from farms that restore and improve soil fertility, water quality, and biodiversity

INGREDIENTS FROM FARMSE
NOT FACTORIES

MOMS ON A MISSION

Moms and Seventh Generation employees Ashley Orgain (left) and Brandi Thomas join the Stroller Brigade in Washington D.C. to argue for stronger toxics controls



MOMS ON A MISSION FOR TOXICS REFORM

"As a mom, I find myself worrying about just about everything. Lately, I've been fixated on dangers that are difficult to name. More than 80,000 potential dangers, to be exact. That's the number of chemicals that have been on the market and available for use in the US since the Toxic Substances Control Act (TSCA) of 1976 was enacted. The problem is that the act has failed us and very few of those 80,000 chemicals have ever been tested for safety.

That's why I traveled to Washington, D.C. with a fellow co-worker and mother to join Safer Chemicals, Healthy Families' Stroller Brigade in November 2013. We met with our Senators and Representatives to express the need for stronger chemical regulation. Surrounded by mothers from across the country, we asked for reform:

- We demanded that chemicals be proven safe, not presumed innocent until an entire generation falls ill from their use.

- We asked why American manufacturers are formulating different, safer products for the E.U. while they continue to provide us with products laden with chemicals of concern.

We let them know that we're not going to back down and that we're spreading the word to everyone we know. While my worries as a mother will never cease, I find that my sense of empowerment grows with every step that I take to keep my children, and the generations that follow, safe from unnecessary harm." — Brandi Thomas, Public Relations Manager and mother of two-year-old Sam



AUTHENTICITY TESTING

“We seek to confirm that our standards are met through extensive testing. When a product meets our rigorous standards, we know we can feel good about it.

In addition to the safety and quality testing (such as for irritation) that occurs during product development, we add another layer of assurance by testing our shelf-ready products to ensure that cross-contamination has not occurred. We engage independent laboratories to screen our products annually for numerous chemicals, including some such as parabens and phthalates that are not in our formulas but are of concern to consumers. These labs use standard methodologies to test for the presence of: 1,4-dioxane, alcohol, formaldehyde, hypochlorite, phosphates, latex, parabens, phthalates, triclosan, gluten, volatile organic compounds and organic halides (chlorine in fibers).”

— Kay Gebhardt,
Senior Project Analyst

CONTINUOUS IMPROVEMENT

Our stage gate process and 2020 goals provide a clear framework for meeting and evolving our ingredient standards.

At each stage in the product development process, there are sustainability gates through which a new product must pass. Our cross-functional New Product Development Teams (which also handle product improvements) meet weekly and ensure that Corporate Consciousness and other goals are met. Ideas for improvements come from various routes: the Sourcing Team or individual Business Units may identify a deficiency or an opportunity; our Consumer Relations Team also funnels consumer feedback into the process.

CONTINUOUS IMPROVEMENT



Our stage gate process and 2020 goals provide a clear framework for meeting and evolving our ingredient standards.



To advance social justice and equality, we strive to create a vibrant workplace and build thriving communities.

2013 Highlights

Adopted Supplier Code of Conduct

Revised supplier audit protocols and terminated ties with one company

Moved up to third place (from 11th) in Vermont Best Places to Work Survey, among small/medium companies

Employees volunteered 3,364 hours, 40% above target

CHAPTER 4

4 build communities

Build Communities

SUPPLIERS

- Developed Supplier Code of Conduct
- Revised audit protocols
- Inspected one supplier and terminated ties with this company
- Will audit key Manufacturing Partners in 2014 but conducted no full audits in 2013

Ensuring that the companies that manufacture our products share our commitment to sustainably managing worker well-being, environmental impacts, and governance is critical to our mission. Our priority in 2013 was revising our comprehensive audit approach into a more streamlined protocol covering labor, health and safety, environment, ethics, management systems and compliance. We are determining how best to incorporate an evaluation of supplier sustainability strategies into this approach so that we can drive change

that is in line with our aspirations.

Seventh Generation developed a Supplier Code of Conduct in 2013 based on the SA 8000® social accountability standard. This code outlines our expectations for suppliers to manage their businesses and employees in a responsible, ethical manner. We are implementing this standard throughout our supply chain in 2014 and plan to publish it on our website in mid-2014.

Bobble presented new challenges for us as the company's suppliers included three companies with seven locations in China. We conducted a preliminary inspection of one of these companies and found some concerning environmental, safety and labor situations. We ended our relationship with the company for a variety of reasons and brought those operations to the United States.

We conducted no full audits of any of our suppliers in 2013, a significant

weak point in our efforts to nurture close relationships with our suppliers. While we did not conduct formal audits, we visited our suppliers dozens of times in 2013 as part of our quality

assurance protocols and were present for the majority of first runs of new or revised products. We plan to audit key manufacturing partners in 2014.

SUPPLIER LOCATIONS		
SEVENTH GENERATION	# OF SUPPLIERS	# OF SITES
U.S.	15	20
Canada	4	5
Mexico	1	1
Germany	1	1
BOBBLE		
U.S.	1	1
China	3	7

EMPLOYEES

- Moved up to third place in Vermont Best Places to Work Survey for small/medium companies
- Employees volunteered 3,364 hours, 40% above target

- 100% participation in LEAD employee engagement program
- Integrated bobble brand into our new Raleigh, NC office
- Worked to lift manager skills

BUILD COMMUNITIES

WE ASPIRE TO ADVANCE SOCIAL JUSTICE AND EQUALITY TO UNLEASH HUMAN POTENTIAL.

2020 GOALS

NURTURE THRIVING COMMUNITIES: SUPPLIERS EXCEED SOCIAL STANDARDS FOR HEALTH, SAFETY, ENVIRONMENT, AND EQUITY

ELIMINATE HIGH-RISK, OFF-SHORE MANUFACTURERS

CREATE A VIBRANT WORKPLACE: CREATE THE "BEST PLACE TO WORK" IN NORTH AMERICA

VOLUNTEER 1% OF OUR TIME: AIP GOALS FOR 2013 AND 2014

PROGRESS IN 2013

DEVELOPED SUPPLIER CODE OF CONDUCT

CEASED WORK WITH ONE HIGH-RISK MANUFACTURER

MOVED UP TO #3 FROM #11 IN VERMONT'S "BEST PLACES TO WORK SURVEY"

EXCEEDED GOAL IN 2013

NOTES

WILL LAUNCH CODE OF CONDUCT WITH SUPPLIERS

PLAN TO AUDIT KEY MANUFACTURING PARTNERS IN 2014




CONTINUE TO LEARN FROM SURVEY RESPONSES AND WORK WITH MANAGERS TO IMPROVE CULTURE.

2014 GOAL FOR EACH EMPLOYEE TO CONTINUE TO VOLUNTEER 1% (20 HOURS) OF THEIR TIME

EMPLOYEES	2011	2012	2013
Permanent Employees plus interns	113 + 6	114 + 10	133 + 14 interns* +6 temporary staff
By region			Vermont HQ 107 Raleigh, NC 5 Canada 1 Other US 20
All temporary employees and interns were located in Vermont.			
Turnover, Voluntary/Involuntary	9/20	11/5	7/5
Dogs in the VT office	16	21	26
PAYROLL \$MM**	12.4	15.6	17.7
Best Places to Work in Vermont Survey Ranking (Small/medium company)	2	11	3

*Eleven of these interns were summer only.

**The highest paid member of the company cannot make more than 15 times the lowest paid individual. Employee numbers include bobble.

DIVERSITY	2011	2012	2013
			
Male/Female %	47M, 53F	45M, 55F	43M, 57F
Male/Female Vice-Presidents and CEO	6M, 1F	6M, 1F	5M, 1F
Male/Female Managers	11M, 11F	11M, 15F	19M, 20F
Male/Female Board Members	6M, 2F	6M, 2F	6M, 2F
Diversity, #Non-White Employees	5	6	9

AVERAGE SALARIES COMPARED BY GENDER — 2013		
	FEMALE	MALE
Individual Contributor	—	+7%
Manager	—	+16%
Director/VP*	—	+2%

* CEO is excluded from data.



“We are very proud
to be building the kind of work
environment that supports our
mission, vision and values.”

— **Chris Lyon,**
Community Services Manager

Employee Culture

“We are very proud to be building the kind of work environment that supports our mission, vision and values. After a few tough years, our culture has bounced back in a significant way. People are attending more of our LEAD (Learn, Engage, Act, Demonstrate) employee engagement events than required, volunteering more hours than expected and participating fully in the 22 community-building events our employee Vibe Team hosted. Employees are really leaning in to build a true community.

In 2013, we asked staff to attend three LEAD employee engagement modules but we couldn't keep them away — the average attended was five. The most

popular of these — with 40 percent of us participating — was the visit to Burlington's Materials Recycling Facility.

In 2014, the LEAD modules will be organized under each of our aspirations and 100 percent attendance at four events will be one of our employee bonus goals. Anyone who falls short will not receive any bonus whatsoever. We're basically saying that if you're not reaching for our aspirations and living our values, then you're in the wrong business. That is a very profound statement for any organization to make.” — Chris Lyon, Community Services Manager

VOLUNTEERING 1% OF OUR TIME	
2013 Target	20 hours/week: 2,400 hours
2013 Achieved	3,364 hours, 40% above target

Volunteering. 2013 was a banner year for volunteering — we went 40 percent over our goal. We ask people to volunteer 20 hours, but some were able to contribute more by flexing their work schedules and volunteering on their own time. Teams banded together to create their own opportunities ranging from coaching inmates to supporting community gardens and cleaning up city property.

Employee Capabilities. Another success was our focus on developing our manager's capabilities. Our Human Resources team took a hard look at the Vermont Best Places to Work Survey (BPWS) results over the past few years. We found some opportunities to improve in helping our employees understand the company's priorities and their connection to the mission, in fostering clear decision-making, in meeting management and career advancement.

We determined that we needed to focus on building our manager's leadership capabilities to ensure that they are driving a positive culture. We ran a management forum four times during the year to develop managers' skills

and to bring issues — such as the results of the BPWS results — to their attention. The scores from our latest Best Places to Work Survey (showing our jump to 3rd place from 11th among small/medium companies) show great progress. Managers are leading more effectively and employees are responding positively.

While managers received 30 – 35 hours of formal training time and non-managers received 20 – 25 hours, we also promoted less structured training by providing more mentoring as well as opportunities for employees to work on projects that will stretch their skills. Our training expenses of \$152,000 in 2013 were about 13 percent higher than in 2012.

Nurturing employee well-being is critical in our performance-driven culture. We provided fitness benefits such as free gym membership and access to a trainer and nutritionist. While not mandatory, employees could set weekly milestones and track their goals publicly. At the end of the year, employees rated this fitness program number one in making Seventh Generation a great place to work.



“The Miles for the Heart is a great way to challenge yourself — not just for the 90-day program with On Track through My Track, not just to say that your team earned the most money for charity, but to set yourself up for success in life. A healthier you is a happier you — believe it or not.”

— Jean Hayes,
Packaging Engineer

BE HEALTHY



Our Sustainability Grants are focused specifically on eliminating chemicals of concern from the marketplace that threaten the health of pregnant women, young children and workers.

Also [see the discussion of employee benefits](#) in the GRI G4 Content Index.

Miles for the Heart Wellness Challenge. “I’m going to be honest with you all. I thought my physical condition was all right — and it is to an extent. However, with the introduction of the Miles for the Heart program, the free evaluation by a physical therapist and my two free meetings with a personal trainer, I now know that I could use a little work. I now know what to do, how to do it, when to do it, how often to do it and why.

The Miles for the Heart is a great way to challenge yourself — not just for the 90-day program with On Track through My Track, not just to say that your team earned the most money for charity, but

to set yourself up for success in life. A healthier you is a happier you — believe it or not.” — Jean Hayes, Packaging Engineer

DONATIONS THROUGH THE SEVENTH GENERATION FOUNDATION

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 creation of the Seventh Generation Foundation. The Foundation’s mission is to care today for seven generations of tomorrows by stewarding social and environmental progress in the communities in which

we live, work and do business through education, environmental conservation, research and advocacy.

The Foundation operates two grant programs:

The Sustainability Grants program supports U.S.-based organizations working to bring about positive change and sustainable solutions by helping us achieve the aspirations we have as a business, with our priority being enhancing health of homes and schools.

We are focused specifically on eliminating chemicals of concern from the marketplace that threaten the health of pregnant women, young children and workers. In 2013, the program made total grants of \$150,000 to these organizations:

- Women’s Voices for the Earth
- Breast Cancer Fund
- Sierra Club
- Earth Echo

- Informed Green Solutions
- Sustainability Academy at Lawrence Barnes
- Safer Chemicals, Healthy Families
- Vermont Public Interest Research Group (VPIRG)

The Vermont Community Building Grants support Vermont organizations helping children thrive through progress in education and human and environmental health. This invitation-only program is administered by our Employee Giving Committee, a group of employees who have demonstrated commitment to Seventh Generation’s values. In 2013, the program made a grant of \$30,000 to seven organizations including Vermont Works for Women, the Vermont Institute of Natural Science (VINS) and the Sustainability Academy at Lawrence Barnes.

In addition to our giving programs, we provided more than \$5000 through our employee Matching Program and additional donations of product.

SEVENTH GENERATION DONATIONS (CASH AND PRODUCT) GIVING FROM 2012 ON IS THROUGH THE SEVENTH GENERATION FOUNDATION

2011	2012	2013
\$313,600 (↑ 207%)	\$275,000 (↓ 12%)	\$225,000 (↓ 18%)



transform commerce.

We believe in the power of business to transform society. Our aim is to exert influence beyond our size in championing honesty, responsibility and radical transparency in commerce. Much of our advocacy work on toxins promotes legislation that will require companies to reform their approach to chemicals of concern, resulting in safer consumer products and healthier families and homes.

2013 Highlights

We collaborated with both our retail partners and our Tier 2 Suppliers (the suppliers to the manufacturers of our products)

The bobble acquisition challenged us to extend our culture, mission and aspirational alignment to this brand

Lobbied successfully for Vermont's Toxic Chemical Reform Law

Our young Toxin Freedom Fighters delivered over 120,000 petitions to Congress urging action on toxins (in early 2014)

Seventh Generation was a founding signatory of the Climate Declaration urging federal climate change legislation

CHAPTER 5

transform commerce

Transform Commerce

BOBBLE



In 2013, Seventh Generation created an investment arm, Seventh Generation Ventures.

The first acquisition was bobble, purveyors of reusable bottles that filter ordinary tap water. During use, water passes through a carbon filter, which removes chlorine. With 38 million single-serve water bottles (equal to 800 million pounds of plastic in 2011) disposed of in landfills each year, durable water bottles are a responsible choice aligned with Seventh Generation's aspirations. The bobble mission is to "reduce

plastic waste by starting a revolution around stigmatizing single-serve water bottles and the waste they create."

The bobble acquisition created some new challenges for us. We had never dealt with food-grade products nor worked with Asian manufacturing partners. Since the acquisition in the summer of 2013, our initial focus has been on evaluating the manufacturers (and cutting ties with one of them), working to understand bobble's raw material components, and integrating bobble into our unique culture. We have learned a great deal about how to acquire brands in a way that complements our business goals and how to extend our aspirations to a new

MEET OUR LITTLE SISTER, BOBBLE.
REDUCING PLASTIC WASTE BY ELIMINATING
SINGLE-SERVE WATER BOTTLES

company that is not part of the Seventh Generation brand. We are applying the insights we have gained as we work to further integrate bobble into our company. As we were still establishing baseline metrics at press time, none of the environmental data in this report include bobble's data.

INFLUENCE BEYOND OUR SIZE: TIER 2 SUPPLIERS

If we owned our own plants, we wouldn't have nearly the breadth of influence we have had throughout our industry over the years. Seventh Generation's most powerful opportunities to drive broad change are not with our Tier 1 suppliers (manufacturing partners), but with our Tier 2 suppliers (the companies that provide ingredients and materials to our manufacturing partners). These are the companies that really help us to leapfrog by taking innovations that we have co-created and bringing them to their other customers. Our Tier 2 suppliers

are the ones inventing new chemistries, devising new packaging solutions and promoting these improvements throughout the supply chain; they are the real sustainability enablers.

Some examples:

- **High PCR content in bottles;** by solving the challenges presented by large bottles or difficult shapes for packaging our products, our Packaging Partners have proved they can deliver high PCR bottles and can market this capability to their other customers. See High Recycled Content Packaging.
- **Innovative fiber bottle:** Ecologic worked with us to pioneer an innovative, molded pulp laundry bottle with an interior plastic pouch that reduced plastic use by 66 percent compared to the plastic bottle it replaced.
- **Sustainable surfactant:** We worked with our partner Rhodia

TRANSFORM COMMERCE

WE ASPIRE TO CHAMPION
HONESTY, RESPONSIBILITY,
AND RADICAL
TRANSPARENCY
IN COMMERCE

2020 GOALS

BE RADICALLY TRANSPARENT: ALL INGREDIENTS, TRACE MATERIALS, AND SUPPLY CHAIN ARE DISCLOSED.

EXERT INFLUENCE BEYOND OUR SIZE: OUR INDUSTRY CREATES SAFER PRODUCTS, REDUCES GREENHOUSE GAS EMISSIONS, AND TAKES RESPONSIBILITY FOR ITS PRODUCT PACKAGING

EXERT INFLUENCE BEYOND OUR SIZE: RALLY SUPPORT FOR CHEMICAL REFORM AT STATE, FEDERAL, AND INTERNATIONAL LEVELS

PROGRESS IN 2013

ALL INGREDIENTS DISCLOSED ON PACK. ALSO SEE ENHANCE HEALTH.

LEADERSHIP ROLE WITHIN AMERICAN CLEANING INSTITUTE®; INGREDIENT DISCLOSURE ON WEBSITES IS NOW COMMON IN INDUSTRY

OUR EFFORTS CULMINATED IN OUR 2014 DELIVERY TO CONGRESS OF 120,000 SIGNATURES SUPPORTING STRONG TOXICS LEGISLATION AND OUR HOME STATE OF VERMONT'S PASSAGE OF A TOXICS LAW IN 2014.

NOTES

OTHER DISCLOSURES ARE NEEDED, SUCH AS FOR TRACE MATERIALS AND BYPRODUCTS

DEMONSTRATING THAT WE ARE A PROFITABLE BUSINESS WHILE CREATING RESPONSIBLE PRODUCTS REMAINS OUR BEST MEANS OF INFLUENCE.

WE CONTINUE TO WORK TOWARD PASSAGE OF STRONG FEDERAL TOXICS LEGISLATION

CLEAR THINKING

(now part of Solvay) to incorporate 100% biobased Laureth-6, a special surfactant (a key ingredient in soil removal) into our laundry detergents. Derived from sugar cane and palm kernel oil, this surfactant replaced a partly synthetic one. We made this innovation available to other detergent manufacturers to help to raise the bar for the whole industry.

- **FSC certified pulp:**

When we let the suppliers of the wood pulp for our diapers know that we were seeking pulp from forests that were FSC-certified, they not only obtained certification for the wood destined for our diaper products, but converted an entire system of wood lots many times larger than our need.

INFLUENCE BEYOND OUR SIZE: RETAIL PARTNERS

Seventh Generation has contributed our expertise in developing sustainable products and supply chains to some of our retail partners such as Target and Walmart as they seek to refine their supplier engagement and product

standard strategies. We have also been active participants in key workgroups of The Sustainability Consortium® (TSC®), an organization developing a system that promotes and measures product sustainability.

Target sought feedback from us, some of our peers and key NGOs during the development of their Sustainable Product Standard. With this input, the company developed a standard

that scores products on principles that are in line with Seventh Generation's own priorities: ingredient safety and transparency and end-of-life stewardship. The

company's message to its suppliers is that if they score well on the standards, Target may provide preferential treatment through ads and displays. The standard is also an excellent vehicle for educating buyers. For example, we were asked to develop a multi-laminate dish refill pouch and now have a tool to demonstrate how that change would lower the product's sustainability profile.

"At Walmart's request, we participated in a meeting to discuss chemicals of

THE
**SUSTAINABILITY
CONSORTIUM**



"We have found
that the preferred
choices from a health
perspective can be just
as effective as the others.
It's important to have
a voice in the room to
emphasize that safer
chemistries are possible
and equally effective."

— **Martin Wolf,**
Director of Product
Sustainability and
Authenticity

A REALLY BIG DAY



**On June 10, 2014,
Seventh Generation hosted
Governor Peter Shumlin
for the signing of Vermont's
Toxics law.**

A BIG DIFFERENCE



Toxin Freedom Fighter Abigail delivers our petitions to Congress.

concern with large companies from our industry and several chemical suppliers,” describes Martin Wolf, Director of Product Sustainability and Authenticity. “We aren’t direct vendors to Walmart so we had no vested commercial interest — other than our desire to see toxics removed from all consumer products. We are a small company with under \$200 million in sales. We pointed out that if we’ve been able to formulate premium,

cost-effective products without chemicals of concern, the large companies in the room could do so, too. When we buy surfactants, for example, we have several choices. We have found that the preferred choices from a health perspective can be just as effective as the others. It’s important to have a voice in the room to emphasize that safer chemistries are possible and equally effective.”

ADVOCACY

- Lobbied successfully for Vermont’s Toxics Law — passed in 2014
- Our young Toxin Freedom Fighters delivered over 120,000 petitions to Congress urging action on toxins in early 2014
- Seventh Generation was a founding signatory of the Ceres Business for Innovative Climate & Energy Policy (BICEP) Climate Declaration urging federal climate change legislation

At Seventh Generation, we don't just make products; we seek to engage others in conversations and collaborations about changing our world in positive ways. We seek to link arms with non-profit organizations, retailers, our supply chain partners and consumers so, together, we can influence the world beyond our size. While this is a 2013 report, two exciting events in 2014 (a new toxics law in Vermont and our successful campaign to deliver 120,000 petitions to Congress urging toxics reform) demonstrate the impact of our ongoing work and are thus included.

Toxics Advocacy

We're not at all comfortable — horrified is a better word — with the knowledge that there are 80,000 chemicals on the market but EPA has only banned, limited or restricted five of them (see Moms on a Mission) since the ineffective Toxic Substances Control Act (TSCA) was enacted in 1976. For years, Seventh Generation has been tirelessly advocating comprehensive reform of TSCA and seeking the adoption of progressive state policies and laws.

While TSCA remains stubbornly unchanged at press time, we are tremendously proud of our home state of Vermont for passing a new toxics

law in 2014 (see below). Our hopes for progress in Congress were buoyed by our successful 2014 campaign to get 120,000 concerned individuals to join us in urging Congress to pass meaningful TSCA reforms.

"We stormed the halls of Congress, toting the petitions in wheelbarrows," describes Ashley Orgain, Manager of Mission Outreach and Advocacy. "Our child superheroes — whom we call Toxin Freedom Fighters — came with us in full fighting gear, along with their parents. We got the attention of key congressional leaders and demonstrated loud and clear that Americans want the government to put the health and safety of our families first. We encourage everyone to [sign the petition](#) so we can keep the pressure on lawmakers until they act."

VERMONT TOXICS LAW SUCCEEDS!

"We congratulate our home state of Vermont for drawing a line in the sand on toxic chemical regulation," applauds CEO John Replogle. "This has been a long battle for us and we're thrilled to see the power of citizen voices in creating change that will make Vermont a safer and healthier place to live."

Targeting products marketed to children aged 12 and under, the Toxic Free Families Act gives the state the

authority to ban certain chemicals outright or to require warning labels. With this law, Vermont joins California, Maine and Washington in regulating toxic chemicals at the state level, a movement that is adding to the pressure for federal action. Seventh Generation testified during state deliberations noting that, "regulation of toxic chemicals promotes innovation. Seventh Generation stands as proof that cost-effective products that not only meet consumer demands, but are increasingly demanded by consumers, can be formulated and manufactured without chemicals of concern."

American Cleaning Institute

As Chairman of the American Cleaning Institute® (ACI) Sustainability Committee, Martin Wolf, Director of Product Sustainability and Authenticity, has influenced this — at times reluctant — industry group to launch a Sustainability Charter and to develop a program for voluntary ingredient disclosure that has had widespread participation.

"I'm particularly proud of ACI's recent Consumer Product Safety Initiative to determine what chemicals are used in cleaning products and what their risk is," notes Martin. "The project combines information that is available on hazards with exposure

data to develop a risk assessment. While I would like to see it cover all of the ingredients used in the industry, the database now contains about 70 percent of the ingredients — as several proprietary ingredients and fragrances are missing. It's available now on the ACI website and I hope it will promote ongoing improvement in cleaning products' sustainability profiles."

Product Stewardship

Our business model and our aspiration to nurture nature require us to use recycled materials in lieu of virgin, synthetic plastic wherever possible. Martin Wolf, Director of Product Sustainability and Authenticity, spoke in support of a Vermont Senate Bill in early 2014 against the repeal of the State bottle bill. We believe businesses should take responsibility for their products by ensuring a market for a sustainable supply of materials. Speaking before a Senate committee, Martin argued that, "recovery of beverage containers in 'deposit' states runs between 48% (PET covered by a deposit) and 84% (aluminum) compared to 20% (PET) and 39% (aluminum) in 'non-deposit' states. Deposits work." We succeeded in preventing the threatened rollback of the bottle bill but did not succeed in getting it expanded.

Climate Change

Climate change is an issue of deep concern to us and as hard as we've tried to reduce our carbon footprint, it's clear change will not come from our actions alone. That's why we joined the visionary companies of Business for Innovative Climate & Energy Policy (BICEP) in early 2009. BICEP brings key allies in the business community together with members of Congress to pass meaningful energy and climate change legislation.

In April 2013, we were founding signers of BICEP's Climate Declaration along with companies such as Patagonia, Starbucks, Levi Strauss, Ben & Jerry's, Nike, and Stonyfield Farms. The Declaration urges Congress to address climate change by promoting clean energy, boosting efficiency and limiting carbon emissions. One year later, 750 businesses had signed the Declaration and the call to action is spreading.

RESPONSIBLE BUSINESS PRACTICES

B Corp

As a mission-driven business, Seventh Generation believes it is our responsibility to set a course for a more

mindful way of doing business. We are proud to be a founding member of B Corp and a certified B Corporation, meeting rigorous standards of social and environmental performance, accountability and transparency. We are recertified every two years and in 2012 achieved a score of 116 out of 200, 38 percent higher than the average B Corp business. The process helped us to identify areas where we can improve by investing in the communities where we manufacture our products. We encourage others to join us in using the power of business to solve social and environmental problems.

Ethics

We strive to adhere to the highest ethical standards in all aspects of our operations and to comply with all applicable laws. We expect every individual affiliated with Seventh Generation to meet the same standard. Living Authentically, our employee handbook, which employees must agree to follow, describes our expectations regarding the business and ethical conduct of all members of the Seventh Generation community.

Our new Supplier Code of Conduct provides our ethical standards for suppliers.



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
- 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 invites management from across 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

The board is aligned with the Company's aspirations and 2020 Goals behind the following four areas:

- **Nurture Nature:** Choose plants not petroleum; source sustainably, decrease our carbon footprint; produce zero waste.
- **Transform Commerce:** Be radically transparent; exert influence beyond our sizes.
- **Enhance Health:** Create healthy products for healthy homes.
- **Build Community:** Create a vibrant workplace; nurture thriving communities.

Reporting

Seventh Generation values transparency and treasures our strong, award-winning commitment to sustainability reporting. Continuing our tradition of demonstrating leadership in this area, we are early adopters of the new Global Reporting Initiative (GRI) G4 standard. This report covering 2013 contains Standard Disclosures from the GRI G4 Sustainability Reporting Guidelines for the Core Level.

STAKEHOLDER INPUT

A stakeholder review team of NGO, business and internal experts convened by Ceres in June 2014 provided invaluable feedback and greatly strengthened the quality of this report. We appreciate the insights the team provided and have incorporated many of them in this report and added others to our priorities for coming years. Strengths noted included the use of the new GRI G4 standards, examples of collaboration within the industry, linking financial incentives and sustainability goals, and commitment to advocacy. The team provided this helpful feedback:

- Commended Seventh Generation for reporting against the G4 standard but asked that the description of the materiality process be clarified. *Explanation added, full suite of issues*

considered provided, and ranking terminology streamlined.

- Requested an explanation of the company's low ranking for water and the lack of emphasis on human and labor rights in the supply chain. *Water explanation added. Seventh Generation will address supply chain social issues more fully in the near-term.*
- Suggested additional explanation on the company's GHG emissions goal, recycled content of paper products, and definition of sustainable sourcing. *Added.*
- Recommended a third-party certification approach to ingredient safety and more detail on the company's internal ingredient standards. *Detail added.*
- Applauded Seventh Generation's approach to tying sustainability goals to financial incentives and asked the company to share related insights. *This section was not expanded due to report length but the company may provide more detail in the future.*
- Urged more transparency on the company's approach to ensuring social standards in its supply chain and asked that the Supplier Code of Conduct be published on the website. *Code will be published later in 2014 and next year's report will have more detail on our supply chain.*

MATERIALITY

Seventh Generation sought stakeholder input in a multi-step process of determining what issues are most important to the business and thus to our reporting, as required by the GRI G4 standard.

We began by compiling a large list of issues using two external responsible business frameworks: the B Corp biennial survey and the Ceres Roadmap for Sustainability. We then incorporated diverse viewpoints by examining:

- Surveys from two retailers with sophisticated sustainability programs
- Consumer feedback tracked by our Consumer Relations Team
- Insight from NGOs, responsible businesses and others who participated in a stakeholder review hosted by Ceres for our 2012 report
- Employee feedback during structured meetings in both 2012 and 2013 that supported the development of our aspirations
- Input from our internal Corporate Consciousness Team
- A review by our Executive Leadership Team
- A Ceres review team evaluation of our draft report further informed this process.

Process. We eliminated issues mentioned by only one of these groups or combined similar issues together to develop a more manageable list. Then we quantified the importance to our stakeholders and to Seventh Generation, weighting each of the external stakeholders equally and all of these equal to Seventh Generation. As Seventh Generation believes that all environmental and social issues that our company touches in some way are important, it was difficult to discipline ourselves not to rank everything high. But as a small company, we must prioritize. Throughout this report, we have discussed additional issues where possible and plan to cover more issues to the GRI standard in future reports.

ISSUE RANKING

Highest Ranking Issues	Importance to Seventh Generation	Importance to Stakeholders	Combined Score
Sustainable Materials and Ingredients (important to all stakeholders)	High	High	High
Ingredient Safety and Toxicity (important to all stakeholders)	High	High	High
Energy*	High	Medium	High/Medium
Waste	High	Medium	High/Medium
Employee Wellbeing (not important to consumers)	High	Medium	High/Medium
Ingredient Transparency (important to consumers and retailers)	High	Medium	High/Medium
Water	Low	High	Medium
Ethics	High	Low	Medium
Governance	High	Low	Medium
GHG Emissions*	High	Low	Medium

*See discussion of [Energy/GHG Emissions](#) below.

Lower ranking issues included:

community support, stakeholder engagement, supply chain disclosure, animal testing, philanthropy, air emissions, marketing practices, distribution systems, and land/wildlife conservation.

While Seventh Generation's ranking of issues closely matched that of our stakeholders, a few differences emerged.

Energy/GHG Emissions.

Interestingly, our retailers and consumers did not prioritize GHG emissions, while ranking energy high. As we have been tracking our GHG Emissions, including those embedded in our materials, but do not have historical or current energy data, we have overridden that ranking and replaced energy with greenhouse gas emissions. Our Ceres reviewers also noted that combining climate change and greenhouse gas emissions together might have better reflected stakeholder concerns and given GHG emissions higher priority.

Water. All stakeholders ranked water high while Seventh Generation ranked water low. One of our largest uses of water occurs in paper manufacturing and we believe our paper producers' water practices are industry leading. We have yet to address the water used in our agricultural products, where our largest water uses lies. As we pursue our sustainable sourcing goals, water will be part of that evaluation.

Supply Chain Social Issues: Our Ceres 2014 review team challenged us to elevate our discussion of this in our reporting. We plan to expand both our work and our reporting on this issue next year.

Finally, as a responsible business, we consider transparency about **ethics and governance** to be material but this was not high on our stakeholders' lists. Mindful of resources, for this first year of G4 reporting, we have chosen a H/M cut-off to define the material issues for this year's report. While this report addresses many more issues, this limits the number of issues we cover with the rigor G4 requires. Our support of the new G4 standards will be an ongoing process; we plan to increase the number of issues we cover in subsequent years.

MATERIAL ISSUES AS TRANSLATED TO GRI SPECIFIC STANDARD DISCLOSURES (SSDS)		
MATERIAL ISSUE	GRI G4 SSD	NOTES
Sustainable Materials and Ingredients	G4-EN1 and EN2 Materials	Covers all product and packaging materials excluding bobble.
Ingredient Safety and Toxicity	G4-PR1 and PR2 Customer Health and Safety	Covers all products except bobble.
Greenhouse Gas Emissions (replacing Waste in the top materiality category)	G4-EN18 Greenhouse Gas Emissions Intensity G4-EN19 Reduction of Greenhouse Gas Emissions	While energy scored higher than Greenhouse Gas emissions, the Corporate Consciousness team overrode this to replace energy with GHG emission reporting. We have been tracking GHG emissions for years and do not have accessible data for energy. Also, tracking GHG emissions is more meaningful for us as it is a more direct marker of impact. We have yet to fully tackle the GHG emissions that occur during consumer use of our laundry products but have engaged consumers around this (e.g., through our “Get Out of Hot Water” campaign) and are beginning to work with our industry on this. Emissions during consumer use are outside the boundary of this 2013 report. <u>See Greenhouse Gas Emissions</u> for an explanation of what we track.
Waste/Recycled Materials	G4-EN2 Percentage of materials used that are recycled input materials	Seventh Generation's focus in the area of waste is on ensuring that our products and packaging are recyclable or biodegradable and that they provide directions about their responsible disposition through How2Recycle Labels. <u>Also see Advocacy</u> . Recycled materials for all products and packaging excluding bobble are included.
Employee Wellbeing	G4-LA2, 11, 13 Labor Practices and Decent Work	All company employees (including those for bobble) are covered. We have not reported on employee issues at our manufacturing partners or their suppliers.
Product and Service Labeling/Ingredient Transparency	G4-PR3 and PR4 Product and Service Labeling	We have covered all products except bobble.

GRI Reporting

GRI G4 CONTENT INDEX

Status	Description
✓	Compliant with this indicator; location given
⊙	Partially compliant with this indicator; location given
□	Not compliant: not applicable or data not available

GENERAL STANDARD DISCLOSURES	STATUS	REPORT REFERENCE /NOTES
STRATEGY AND ANALYSIS		
G4-1: Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	✓	CEO Letter
ORGANIZATIONAL PROFILE		
G4-3: Report the name of the organization.	✓	Seventh Generation
G4-4: Report the primary brands, products, and services.	✓	Seventh Generation at 25, CEO Letter
G4-5: Report the location of the organization's headquarters.	✓	Burlington, VT, USA
G4-6: Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	✓	Suppliers, Seventh Generation at 25
G4-7: Report the nature of ownership and legal form.	✓	Seventh Generation at 25
G4-8: Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	⊙	We sell the majority of our products in the United States and Canada but our products are also available worldwide. Our products are sold via the Natural Foods, Grocery, Internet, and Mass Merchandising Channels. <u>See also Seventh Generation at 25 and Donations</u> through the Seventh Generation Foundation. Information on types of customers has not been included.
G4-9: Report the scale of the organization, including: a. Total number of employees b. Total number of operations c. Net sales (for private sector organizations) or net revenues (for public sector organizations) d. Total capitalization broken down in terms of debt and equity (for private sector organizations) e. Quantity of products or services provided	⊙	<u>See Employees, Seventh Generation at 25, Influence Beyond Our Size.</u> As a privately held corporation, Seventh Generation chooses not to disclose net sales and total capitalization. We have no manufacturing facilities and maintain two offices in Burlington, VT and in Raleigh, NC. We provide 290 Seventh Generation products for sale and 181 bobble items.

GENERAL STANDARD DISCLOSURES	STATUS	REPORT REFERENCE /NOTES
G4-10: Report the composition of the workforce, including: <ul style="list-style-type: none"> a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries). 	✓	See Employees and Suppliers .
G4-11: Report the percentage of total employees covered by collective bargaining agreements.	✓	0%
G4-12: Describe the organization's supply chain.	✓	Suppliers
G4-13: Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: <ul style="list-style-type: none"> a. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions b. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) c. Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination 	⊙	Creation of Seventh Generation Ventures, purchase of bobble; See Suppliers , bobble , Annual Incentive Plan , Goals , Goals , and CEO Letter . We leased an office in Raleigh, N.C. We choose not to disclose changes in capital.
G4-14: Report whether and how the precautionary approach or principle is addressed by the organization.	✓	See Enhance Health
G4-15: List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	✓	B-Corp Charter, adopted in 2008, American Sustainable Business Council Charter, 2009
G4-16: List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic 	✓	American Cleaning Institute; See Transform Commerce . Other memberships that are strategic include: Vermont Businesses for Social Responsibility; Green Chemistry and Commerce; BizNGO; Roundtable on Sustainable Palm Oil; American Sustainable Business Council; Safer Chemicals, Healthy Families; Women's Voices for the Earth, Breast Cancer Fund
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17: <ul style="list-style-type: none"> a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. 	✓	Seventh Generation, Seventh Generation Ventures, Seventh Generation Foundation. See Seventh Generation at 25 , bobble , Donations through the Seventh Generation Foundation .
G4-18: <ul style="list-style-type: none"> a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content. 	⊙	This report covers 2013 and includes some mention of events in 2014, when noted. See Reporting and Materiality . As noted, Seventh Generation attempts to report on its most material impacts, progress against its goals, and its efforts to reach its aspirations. For comparability, we have also tried to maintain consistency with our previous reports. We are unable to cover bobble this year as we are just developing baseline data for these products. We seek to achieve a report that is inclusive, timely, balanced and accurate.

GENERAL STANDARD DISCLOSURES	STATUS	REPORT REFERENCE /NOTES
G4-19: List all the material Aspects identified in the process for defining report content.	✓	See Materiality
G4-20: For each material Aspect, report the Aspect Boundary within the organization, as follows: <ul style="list-style-type: none"> • Report whether the Aspect is material within the organization • If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: The list of entities or groups of entities included in G4-17 for which the Aspect is not material or • The list of entities or groups of entities included in G4-17 for which the Aspects is material • Report any specific limitation regarding the Aspect Boundary within the organization 	⊙	We have generally excluded bobble from all of our environmental metrics for 2013 but will bring them into our data tracking system in 2014. We focus on the manufacturing and raw material extraction and processing phases for our environmental data. While we consider the environmental impact of our products themselves (their content, ability to be disposed responsibly, their embedded GHG emissions), we do not report manufacturing data from our suppliers. We have also chosen not to report the impacts of our products during consumer use as this workload exceeds our resources.
G4-21: For each material Aspect, report the Aspect Boundary outside the organization, as follows: <p>Report whether the Aspect is material outside of the organization</p> <p>If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified</p> <p>Report any specific limitation regarding the Aspect Boundary outside the organization</p>	⊙	A number of parameters are material outside of our organization. GHG emissions are material during consumer use and manufacturing but those impacts are not covered here. We do not cover employee issues at our suppliers. Also our coverage of waste relates to how we create products that can be disposed of responsibly and we do not address waste generated at our office or in the manufacturing process.
G4-22: Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	✓	Company description is always restated in each year's report and previous year's data is provided to demonstrate progress.
G4-23: Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	✓	No significant changes except that bobble is discussed as it relates to our suppliers and to our culture.
STAKEHOLDER ENGAGEMENT		
G4-24: Provide a list of stakeholder groups engaged by the organization.	✓	Employees, consumers, suppliers, retailers, Ceres, partner organizations and others such as: the Environmental Working Group; B-Lab/B Corp; Greenpeace; Rainforest Alliance; Forest Stewardship Council; EDF; Sierra Club; Women's Voices for the Earth; Safer Chemicals, Healthy Families; Breast Cancer Fund; American Sustainable Business Council and others listed in G4-16 above.
G4-25: Report the basis for identification and selection of stakeholders with whom to engage.	✓	We engage with stakeholders that directly touch our business including our employees, consumers, suppliers, retailers, and like-minded partners and other organizations that share our passions. Through Ceres, a non-profit organization promoting sustainable business practices, and through other means, we engage with other responsible businesses in our collective effort to transform commerce. We value their insights and their perspectives inform our sustainability work.
G4-26: Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	✓	See Stakeholder Input and Reporting . We annually engage with a stakeholder group convened by Ceres as part of our reporting process. We continually engage our consumers through our lively online platform and through social media; also see Employees and Influence Beyond our Size: Retail Partners . As the report indicates, we are in the process of reinvigorating our engagement with our suppliers.
G4-27: Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	✓	See Reporting .
REPORT PROFILE		
G4-28: Reporting period (such as fiscal or calendar year) for information provided.	✓	Calendar year 2013. The report also covers early 2014 where noted.

GENERAL STANDARD DISCLOSURES	STATUS	REPORT REFERENCE /NOTES
G4-29: Date of most recent previous report (if any).	✓	We published “Future Tense”, our 2012 Corporate Consciousness Report, in 2013.
G4-30: Reporting cycle (such as annual, biennial).	✓	Annual
G4-31: Provide the contact point for questions regarding the report or its contents.	✓	Ashley Orgain, Mission Advocacy and Outreach Manager, 60 Lake Street, Burlington, VT 05401 tel: 802-540-3484; email: responsibility@seventhgeneration.com
G4-32: “In accordance” option: a. Report the ‘in accordance’ option the organization has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be ‘in accordance’ with the Guidelines.	☉	Core option; Pure Strategies has independently verified our environmental data.
G4-33: Assurance: a. Report the organization’s policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization’s sustainability report.	☐	Seventh Generation has never sought external assurance for its Corporate Consciousness Reports due to time and resource constraints.
GOVERNANCE		
G4-34: Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	✓	See Governance .
ETHICS AND INTEGRITY		
G4-56: Describe the organization’s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	✓	The company developed a Supplier Code of Conduct in 2013 that is based on the SA 8000® Social Accountability Standard and contains an ethics section. We are rolling this out to our suppliers and developing related procedures and establishing accountability. Our Executive Leadership Team and our CEO hold responsibility for adherence to our ethical standards. See Values, Employees, Ethics .
MATERIAL ASPECTS AND SPECIFIC STANDARD DISCLOSURES	STATUS	REPORT REFERENCE /NOTES
ECONOMIC		
G4-EC4: Financial assistance received from government	✓	None

MATERIAL ASPECTS AND SPECIFIC STANDARD DISCLOSURES	STATUS	REPORT REFERENCE /NOTES
G4-EC5: Ratio of standard entry level wage by gender compared to local minimum	✓	The purpose of our company’s compensation plan is to share our financial success with our employee owners. In addition to the benefits noted below, the company currently pays a minimum starting base rate of \$16.15/hour, which is much higher than the current Vermont minimum wage of \$8.60/hour and is substantially higher than the federal minimum wage rate of \$7.25/hour. Burlington, VT has a living wage ordinance. The livable wage for FY 2013 is \$13.94/hour with health insurance and \$17.71/hour without health insurance. All full-time employees are also eligible to participate in the company’s cash and equity incentive plans as well as the company’s benefits plans including health insurance. In 2013, one male employee in an entry-level position received full benefits and a pay rate of \$17.14/ hour while one entry-level female made \$17.57 per hour. The remainder of the workforce wages are well above the livable wage for Burlington and for Vermont.
ENVIRONMENTAL		
G4-EN1: Materials used by weight or volume • Report the total weight or volume of materials that are used to produce and package the organization’s primary products and services during the reporting period by renewable materials used and non-renewable materials used	✓	Nurture Nature (initial chart)
G4-EN2: Percentage of materials used that are recycled input materials	✓	33% of our product and packaging materials (excluding water) are recycled input materials. Also see Nurture Nature (initial chart).
G4-EN18: Greenhouse gas emissions intensity	✓	See Greenhouse Gas Emissions . Seventh Generation’s focus is on tracking impacts in a way that supports progress towards meaningful change. As Seventh Generation does not control the production of our goods, we use component-specific GHG Emission factors from industry sources and published reports to account for more than 85% (by weight) 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 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 follow the widely accepted GHG protocol developed by the World Resources Institute and the World Business Council for Sustainable Development.
G4-EN19: Reduction of greenhouse gas (GHG) emissions	✓	See Greenhouse Gas Emissions and G4-EN18 .
G4-EN29: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	✓	None.
SOCIAL: LABOR PRACTICES AND DECENT WORK		
G4-LA1: Total number and rates of new employee hires and employee turnover by age group, gender and region	☉	See Employees . Overall turnover rate was 9% or 12 people; voluntary was 5% or 7 people and involuntary was 4% or 5 people. Turnover by gender and age was: - 7 females (3 <40; 4 >40) - 5 males (2 <40; 3>40) We have not reported rates of new hires.

MATERIAL ASPECTS AND SPECIFIC STANDARD DISCLOSURES	STATUS	REPORT REFERENCE /NOTES
G4-LA2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	✓	<p>All employees receive the same benefits; part-time employee time-off benefits are pro-rated based on their scheduled days worked. In 2013, we employed six temporary staff.</p> <p>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 up to a five percent match on employee contributions into a 401(k) plan. Eligibility is 1st day of the month after their hire date. 99 percent of employees contribute voluntarily to this plan.</p>
G4-LA13: Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	✓	See Employees
SOCIAL: PRODUCT RESPONSIBILITY		
G4-PR2: Customer Health and Safety <ul style="list-style-type: none"> Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type outcomes 	✓	There were no incidents of non-compliance.
G4-PR3: Type of Product and Service Information Required by the Organization's Procedures for Product and Service Categories Subject to Such Information Requirements	✓	See Enhance Health . Seventh Generation discloses all of its ingredients, including fragrances on its products and website. We also provide information on safe use and, via How2Recycle labels, information on responsible disposal. We do not provide label information on the sourcing of the product ingredients but do provide some information on our website and in our annual Corporate Consciousness reports about sourcing. Our labels do not contain information about the environmental/social impacts of disposal. Excluding our bobble products, 100% of our products are covered by these approaches.
G4-PR4: Total Number of Incidents of Non-compliance with Regulations and Voluntary Codes Concerning Product and Service Information and Labelling, by Type of Outcomes	✓	We comply with all applicable regulations and voluntary codes concerning product labelling. See American Cleaning Institute , Enhance Health .



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generation™

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