

# CORPORATE *consciousness*

2016 REPORT



“While our ownership has changed,  
our commitment to creating effective  
products designed with human and  
environmental health at the core  
remains steadfast.”

**John Replogle**  
*President & CEO*



# CEO LETTER

Dear Friends,



# SEVENTH GENERATION WAS CREATED 29 YEARS AGO TO HELP CHANGE THE WORLD FOR THE BETTER.

2016 marked a new chapter of our journey as we agreed to partner with Unilever. Unilever shares our vision as a purpose-led business and the new relationship will allow Seventh Generation to meet the rising global demand for high quality products with a greater purpose while also helping Unilever meet its ambitious sustainable living goals. We are working to align our strategies with Unilever's Sustainable Living Plan as we seek to demonstrate the success of our mission-driven approach to product creation and advocacy within our new family.

While our ownership has changed, our commitment to creating effective products designed with human and environmental health at the core remains steadfast. Our passion for advocacy and our dedication to issues such as ingredient transparency and climate change will be further amplified through Unilever's resources and global reach. To ensure that the integrity of our [mission](#) is preserved, a Social Mission Board has been created to guide our vision and aspirations. I'm pleased that our co-founder Jeffrey Hollender has agreed to join the Social Mission Board serving alongside leaders from Seventh Generation, Unilever and external experts.

2016 was also a year of inward focus for us as we asked ourselves hard questions about our own community. We are setting clear goals and making a pledge to further embrace inclusivity, equity and diversity in all we do. As we celebrate doubling the women in Seventh Generation management in 2016, we are working to advance the B Corp's inclusive economy metrics within our company. It's an important next step on our journey to building a fully inclusive community by 2020. It remains my honor and privilege to lead this remarkable team and company and, as always, I am grateful for the unwavering support of our retailers, suppliers and customers who fuel our business and enable us to make a positive impact every day.

**FOR THE NEXT  
SEVEN GENERATIONS,**

**John Replogle**  
*President & CEO*



# MISSION

TO INSPIRE A CONSUMER REVOLUTION  
THAT NURTURES THE HEALTH OF THE  
NEXT SEVEN GENERATIONS.

## ABOUT US

Seventh Generation is one of the nation's leading brands of plant-based home and personal care products. A pioneer in corporate responsibility, we [report annually](#) on our sustainability progress and we tie 20% of our employee bonuses to key sustainability goals. Our sustainability strategy is informed by regular input from stakeholders, including a formal stakeholder feedback session hosted by Ceres in mid-2016 with peers, NGOs and other leaders in the field.



*We're proud that as a B Corporation, Seventh Generation is certified to be better for workers, better for communities and better for the environment.*

See our [B Impact Report](#) and [this article](#).





# nurture **NATURE**

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

## 2020 GOALS

### **DECREASE OUR CARBON FOOTPRINT**

*All energy from non-fossil sources; all clothes washing in cold water*

### **CHOOSE PLANTS NOT PETROLEUM**

*All products and packaging biobased or recycled*

### **PRODUCE ZERO WASTE**

*All products and packaging recyclable or biodegradable*

### **SOURCE SUSTAINABLY**

*All agricultural ingredients certified sustainable*



## 2016 PROGRESS IN SUSTAINABLE SOURCING

### SOURCE PALM OIL SUSTAINABLY



100% (since 2009) GreenPalm certificates purchased for all of the palm kernel oil-based ingredients we use.

### SOURCE WOOD PULP SUSTAINABLY



68% FSC® certified (75% in 2015) The absorbent fluff pulp in our diapers is FSC® certified. FSC certification ensures that wood is harvested from responsibly managed forests. Reduction in 2016 is due to increased sales of baby wipes which do not yet contain certified wood pulp.

### IMPLEMENT WATER FOOTPRINT MANAGEMENT



Conducted water scarcity risk assessment of manufacturing locations; developed strategy; joined [Connect the Drops](#), an effort focused on promoting resilient water solutions.

#### INPUTS

# 83%

#### BIOBASED OR RECYCLED

81% in 2015

# 2020

## PRODUCTS & PACKAGING MATERIALS

### GOALS AND PROGRESS

#### OUTPUTS

# 74%

#### BIODEGRADABLE OR RECYCLABLE

81% in 2015





## FRAGRANCE ISOLATES UNLOCK NEW SCENTS

Consumers appreciate complex, long-lasting fragrances and have come to view scent strength as an indicator of laundry detergent performance. Seventh Generation has been using whole essential oils, which typically have a more limited palette than is available with synthetic fragrances. We wanted to create complex fragrances but our ingredient standards require that we use fragrance ingredients at a lower dosage than is typical in our industry.

“The key to this challenge was isolating the specific components of the essential oils—there might be 50+ isolates in just one essential oil! Working with wonderful fragrance partners, we developed a Fresh Lavender scent that meets our standards without compromising quality, to launch in 2017.”

— Shanna Cullinane, *Senior Research Chemist*

“Working with wonderful fragrance partners, we developed a Fresh Lavender scent that meets our standards without compromising quality, to launch in 2017.”

Shanna Cullinane  
*Senior Research Chemist*

2016 PARTNER  
OF THE  
YEAR

The EPA named Seventh Generation a Safer Choice Partner of the Year in 2016 for our strong record of developing Safer Choice-labeled products and our leadership in safe product design.



[epa.gov/saferchoice](http://epa.gov/saferchoice)



2020



PACKAGING IMPROVEMENTS HELP MOVE TOWARD 2020 ZERO WASTE GOAL

# ZERO WASTE

goal

## We're proud of our packaging.

Many of our plastic bottles are made from 100% recycled content and 97.5% of our packaging is recyclable. Where we can't reach 100% post-consumer recycled (PCR) content, we employ additional solutions to reduce virgin petroleum use. For example, we replaced the 20% virgin plastic in our 100 oz laundry bottle with a bioplastic resin that is derived from sugarcane. This bioplastic resin improves bottle strength and does not affect bottle recyclability. We are still working on fully recycled caps and spouts for some cleaners. In 2016, we made progress on the recyclability of the packaging for several products and are now sharing these innovations across our industry.

REPLACED  
20% VIRGIN PLASTIC  
with a  
BIOPLASTIC  
RESIN DERIVED FROM  
SUGARCANE



## COATING SOLUTION IMPROVES RECYCLABILITY

- The traditional poly-coated cartons we used for our fabric softener sheets cannot be recycled in all communities.
- Switching to EarthCoating technology, we replaced 40% of the virgin plastic in the poly coating with calcium carbonate.
- The new carton is widely recyclable, has improved moisture barrier properties and provides a better printing surface.

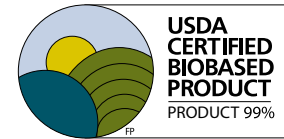


# from LANDFILL to RECYCLABLE

STORE DROP-OFF



- 1 We replaced the multiple types of plastic in the stand-up pouch for our dishwasher and laundry detergent packs with a multilayer polyethylene material.
- 2 The How2Recycle label tells consumers that they may recycle the pouch at supermarkets that accept plastic bags.
- 3 **WE WON A TRASHIES AWARD** for partnering with Accredo Packaging and Dow Chemical to overcome technical challenges and bring this innovation to market.



**PURSuing OUR BIOBASED GOAL**  
The USDA BioPreferred® Program certifies the percentage of bio-based, rather than petroleum-based, carbon that each of our formulated products contain. Most of our formulated products have biobased percentages of 90% or greater. By moving to a biobased surfactant, we brought our holdout laundry powder up from 73% to 99% biobased.

2016  
ENVIRONMENTAL  
SAVINGS

Using recycled materials and plant-based and non-volatile organic ingredients saved .....



5,000

pounds of chlorinated hydrocarbons



101,000

pounds of volatile organic compounds (VOCs)




290,000

trees, trees and more trees



33,000

barrels of oil



# REDUCING

THE HIGHLIGHTS OF OUR WORK IN 2016

## OUR CARBON FOOTPRINT

Caring for the next seven generations requires us to take difficult steps now to mitigate the effects of climate change.

### INTERNAL CARBON TAX

Tax of \$6.00 per ton of CO<sub>2</sub> imposed internally to fund investments in carbon reduction initiatives.

### BIODIESEL PROJECT


Avoided 916 metric tons of greenhouse gas emissions (GHG) in transportation through the use of B20 biodiesel (20% biodiesel) and other strategies. Sending a clear signal to more than 150 carriers across the country, our partner Geodis Logistics sought and received bids for competitively priced alternative fuel options, providing us with previously untapped opportunities.

### OFFSETS

14,787 metric tons of GHG emissions offset via Arbor Day Foundation projects involving reforestation and forest conservation in Peru and the Mississippi River Valley. The Verified Carbon Standard and the American Carbon Registry, respectively, certified these offsets.

### CLIMATE ADVOCACY

As a member of BICEP, we press for progressive climate policies, including supporting the Clean Power Plan, the CAFÉ standards (emissions and fuel efficiency standards for cars) and upholding the U.S. commitment to the Paris Climate Agreement.



## 2016 GREENHOUSE GAS EMISSIONS

We also invested in GHG mitigation projects with impact equal to 25% of our absolute emissions (not included in these calculations).

 **8%** Absolute emissions  
Total emissions:  
59,110 metric tons

 **4%** GHG emissions  
per unit mass  
of product

**75%** Of our emissions  
are associated with  
our product and  
packaging materials  
and ingredients





## enhance HEALTH

We enhance health through education, activism and innovation.

Seventh Generation formulates effective products with consideration for human health and environmental safety. We impose stringent ingredient and quality standards on our suppliers and strive to create products that are not acutely orally toxic and are free of chronic toxicants. Our process also includes extensive safety and authenticity testing for all of our materials and finished products.

For more information, please refer to our [Ingredient Glossary](#).

### 2020 GOALS

#### CREATE HEALTHY PRODUCTS FOR HEALTHY HOMES

*All products are not acutely orally toxic, per The Globally Harmonized System of Classification and Labeling of Chemicals, and are free of chronic toxicants*





## 2016 PROGRESS IN MIT REMOVAL

Addressing the synthetic preservative methylisothiazolinone (MIT) in some of our formulated products has been a priority of ours for many years. While the EPA has approved MIT for use, it is considered a potential sensitizer. We are seeking to make further progress but our exacting standards complicate the formulation change process. After many research trials we succeeded

in reducing MIT in our hand dish liquid and some of our laundry detergents. This resulted in a 15% reduction in our total MIT usage in 2016 and we have a goal of eliminating it in more products in 2017.”

Chantal Bergeron  
Research Manager

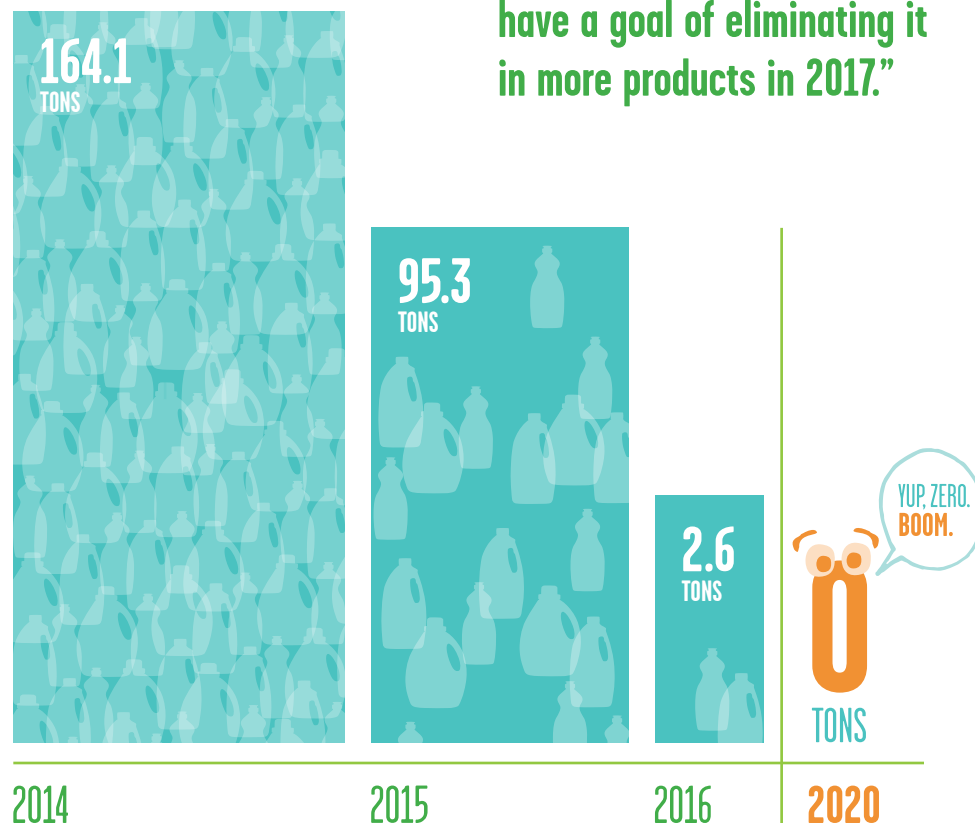
“After many research trials we succeeded in reducing MIT in our hand dish liquid and some of our laundry detergents. This resulted in a 15% reduction in our total MIT usage in 2016 and we have a goal of eliminating it in more products in 2017.”

**98.4%**  
**REDUCTION**  
**IN CHRONIC TOXICANTS**



Chronic Toxicants: Boric Acid

IN METRIC TONS







# transform **COMMERCE**

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

## 2020 GOALS

### **EXERT INFLUENCE BEYOND OUR SIZE**

*Advocate for industry and legislative action to create the safest consumer products possible*

### **BE RADICALLY TRANSPARENT**

*All ingredients, materials, packaging, and supply chain disclosed*







Consumers should have the

# RIGHT TO KNOW

what's in the cleaning products they use right on the product label.

# BUT THEY

# DON'T.

INGREDIENT

DISCLOSURE

ISN'T

REQUIRED

BY

LAW.



SAY  
WHAT?

Seventh Generation believes it's time to tell the industry to [#ComeClean](#). We've been fighting for disclosure at the federal level and in state legislatures from New York to California and in our industry associations.



- ✓ Disclosed ingredients, including fragrances, on product labels since 2008
- ✓ Lead through forums such as American Cleaning Institute, the Sustainability Consortium and participation in the Beauty and Personal Care Council with Walmart, Target and others.

## industry LEADERSHIP

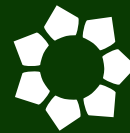


- ✓ Support NGOs such as SAFER States and Clean and Healthy New York that are advocating at the state level
- ✓ Fund issue experts on chemical safety and ingredient disclosure

## strategic GIVING



## progressive POLICY



- ✓ Champion cleaning products right to know acts at both state and federal levels.
- ✓ Build coalitions with partners such as the Environmental Working Group, the Breast Cancer Prevention Partners and others to engage legislators and seek passage of strong legislation. 2016 work focus on the *California Cleaning Product Right to Know Act*.



## masterbrand CAMPAIGNS

- ✓ Educate, engage and activate citizens via our mission-focused consumer community
- ✓ Our 2016 ingredient disclosure advocacy earned 400 million media impressions
- ✓ 13% of consumers familiar with our brand and mission claim to be “very familiar” with our mission



MAYA RUDOLPH JOINED THE **#COMECLEAN**  
CAMPAIGN ON CAPITOL HILL.

*play video* ▶

**#COMECLEAN** RALLY IN SACRAMENTO.

*play video* ▶

# # COMECLEAN

campaign on the road



“I hope that the role we play as a company, calling for progressive policies to reform outdated chemical safety and transparency laws and to put a price on carbon pollution, will leave the world a better place for my son and children everywhere.”

Ashley Orgain  
Director of Mission Advocacy and Engagement



# MOMENTUM IS GROWING!



Several large companies in our industry have unveiled fragrance transparency as well as broader initiatives to promote green chemistry and remove chemicals of concern.

*Have we had an influence?*



“Target’s new chemical strategy is one of the most ambitious in the industry. We appreciated Seventh Generation’s partnership in the effort; they are proof that green chemistry is both effective and profitable.”

Jennifer Silberman  
Chief Sustainability Officer, Target



Seventh Generation CEO John Replogle has called Unilever’s acquisition “a megaphone for our mission.”

Momentum for change grew within the family as our parent **Unilever announced that it will PROVIDE DETAILED FRAGRANCE INFORMATION on personal care products – a move we hope will bring a tidal wave of change within the industry.**



# build COMMUNITY

We advance social justice and equity  
to unleash human potential.

## 2020 GOALS

### **NURTURE THRIVING COMMUNITIES**

*All suppliers exceed social standards for health, safety, environment, and equity*

### **CREATE A VIBRANT WORKPLACE**

*Create the best place to work in North America*



NEW

**INCLUSIVITY**

- Close any gender pay gaps
- Increase underrepresented populations in our management team
- All employees participate in inclusivity awareness workshops

“

2016 was a year of intensive focus on building a culture of inclusivity. Our Inclusivity Committee expanded to include the entire executive leadership team, a sign of the importance of the effort. We engaged the Board and then the entire company through a full day of focus on inclusivity at our annual Company Advance. Introducing core terminology allowed employees to deepen their conversations and many of us realized we had been unaware of how blind privilege can be. The gap in gender experience, especially, took many by surprise.

**We're turning the experience into action with a host of initiatives and are pleased that we succeeded in closing the gender pay gap in early 2017.”**

**Stephanie Lowe**

Director of Talent Development,  
Member of the Inclusivity Committee



## PARTNERING with SUPPLIERS

We introduced our suppliers to the B Corp Quick Impact Assessment (QIA) in 2015 as a way to ensure that the companies we work with **share our commitment to responsibly managing their businesses**. In 2016, we asked our suppliers to deepen their commitment by developing action plans based on their QIAs.

**31%** OF OUR SUPPLIERS  
**DEVELOPED**  
**CLIMATE ACTION PLANS**



WOW!

- We held two virtual supplier summits to provide information on best practices and other resources.

**2017  
GOAL**

80% of our suppliers  
will develop QIA  
action plans

To learn more, see our  
[Supplier Code of Conduct](#).





## EMPLOYEE METRICS

	2015	2016
EMPLOYEES	153	162
MALE/FEMALE	64M / 89F	65M / 97F
<b>TURNOVER</b> <i>Voluntary/Involuntary</i>	8 / 2	7 / 5
M/F MANAGERS	27M / 11F	34M / 23F
<b>DIVERSITY</b> <i>Non-White Employees</i>	11	14
BEST PLACES TO WORK IN VERMONT RANKING	3	5

WE CAME TOGETHER

AS A COMMUNITY

100%  
PARTICIPATION

We came together as a community through our employee-driven engagement program to educate ourselves more deeply on issues of gender equality and racial diversity. 100% of employees completed this multipart program, allowing each to participate in the company bonus program.

“We learned from four amazing speakers and started some difficult conversations that forced us out of our comfort zones. I’ve realized that it’s not enough not to be racist; it’s about speaking up and acting in ways that actively show we reject racism and exclusion.”

Deb Nison  
*Business Intelligence Developer,  
 Member of Team developing the Inclusivity  
 employee engagement program*

# VOLUNTEERING

## 2016



We improved the grounds and cabins at Camp Ta-Kum-Ta, a supportive place for children and families fighting cancer.



YEAR	2015	2016 TARGET	2016 ACTUAL
HOURS VOLUNTEERED	4,100 27 hours per employee	3,339 20 hours per employee	4,433 27 hours per employee

**4,433**  
BOOM! **HOURS!**





.....OUR GIVING EFFORTS IN 2016 FOCUSED ON .....

# ELIMINATING USE OF CHEMICALS OF CONCERN

that **threaten** the health of pregnant women and children

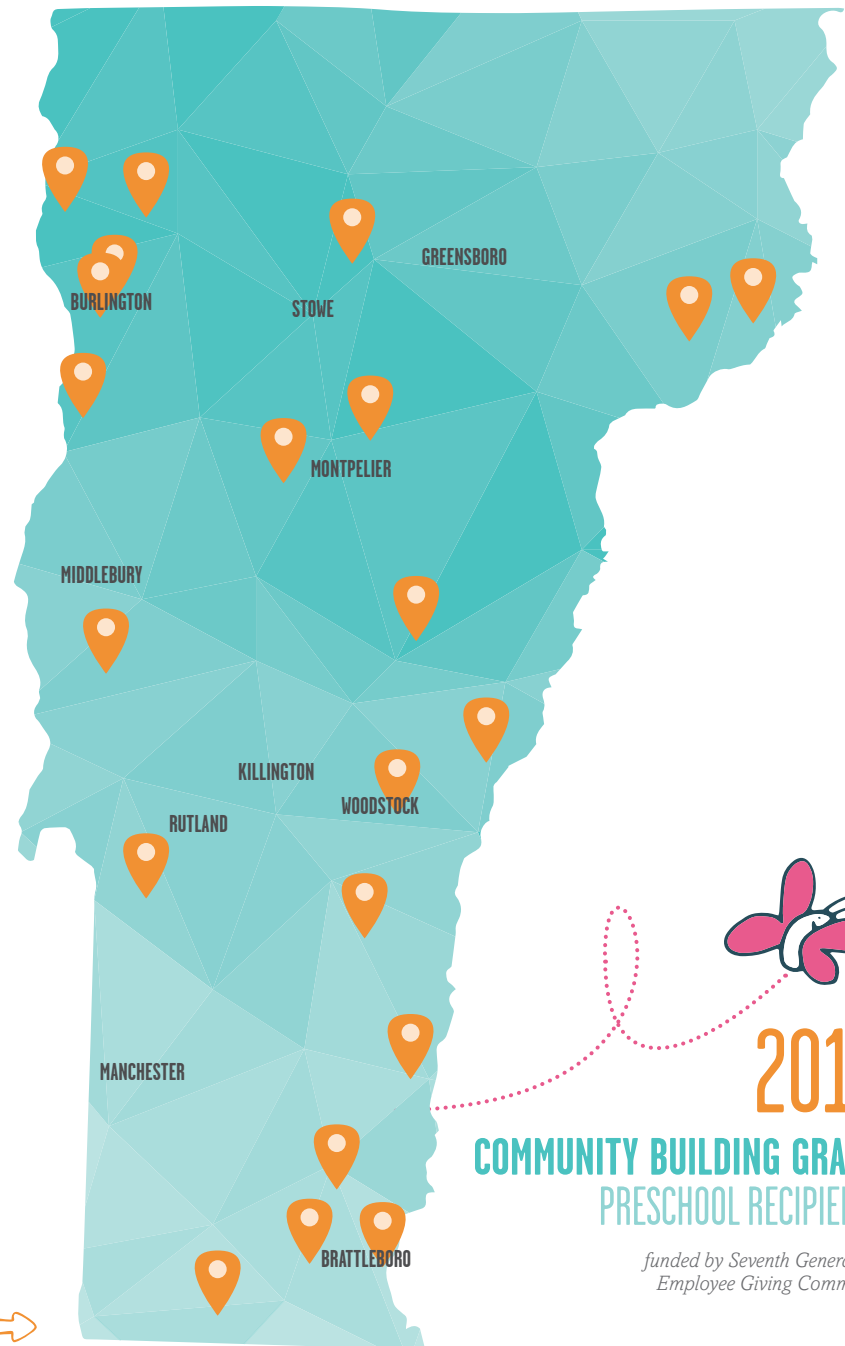
Eight organizations received \$135,000 in 2016 through the Seventh Generation Foundation: Breast Cancer Fund, Alliance for a Clean and Healthy VT, Clean Production Action, Safer States, Women's Voices for the Earth, Savvy, Protect Our Breasts



## HELPING DAY CARE CENTERS REPLACE CHEMICALS OF CONCERN

in the materials and products they use

\$40,000 distributed in 100 small gifts ➡ ➡ ➡ ➡ ➡ ➡ ➡ ➡ ➡ ➡



2016

COMMUNITY BUILDING GRANT  
PRESCHOOL RECIPIENTS

*funded by Seventh Generation  
Employee Giving Committee*



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.....  
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