



# TABLE of CONTENTS

#### overview

- 04 · Mission and Beliefs
- 05 · CEO Letter
- 07 · About Us
- 09 · Our Aspirations
- 10 · Obstacles to Overcome
- 12 · 2017 Highlights
- 13 · Awards

#### nurture nature

- 17 · Doubling Down on Climate Change
  - 21 · The Road to Sustainable Products & Packaging
  - 23 · 2017 Environmental Savings

#### **?** enhance health

- 27 · Safer Chemistry
- 29 · Marketplace Innovation: Disinfecting Spray

#### transform commerce

- 33 · A Milestone for Ingredient Disclosure
- 35 · Disclosure Advocacy and the Road Ahead
- 37 · Collaborating for Change
- 38 · Social Mission Board

#### 5 build communities

- 43 · Supplier Engagement
- 44 Gender and Inclusivity:

  Nurturing the Power of Collective Individuality
- 47 · Employee Metrics
- 48 · Volunteering
- 49 · Philanthropy
- 51 · Generation Good

#### reporting

- 53 · Stakeholder Concerns
- 55 · GRI Reference Table





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







#### we believe...

- You can't live a healthy life on a sick planet
- That a company's values are as important as the products it makes
- You have a right to know what is in the products you buy, and that the products are safe for you, your family, and our environment
- That plant-based products can provide the efficacy consumers are looking for and are a better option than products made from petroleum
- That waste, is well... a waste and it's why we use recycled materials to create our packaging and ensure customers have information about how to recycle or dispose of our packaging
- Business must go beyond profit and consider people and planet



### **CEO LETTER**

dear friends and stakeholders,

Thirty years ago, a handful of dedicated Vermont entrepreneurs and activists looked at the world around them and saw it heading in the wrong direction. There was too much dirty air and not enough clean water, too many toxins and no real alternatives, too much waste and not enough wisdom.

JOEY BERGSTEIN, CEO

#### their question was a simple one: how can we help?

The answer became the company called Seventh Generation. Taking a deeper view of our company's purpose and aspirations, we embraced solutions like recycled materials and plant-based ingredients to begin making a difference. In the years since, we have steadily blazed new ground and transformed commerce through an unwavering commitment to transparency, environmental protection, and social mission.

Today, we are no longer committed to that ideal. We have a bigger one: to demonstrate that doing no harm is just the start. The real aim can and must be for all of us to live and work in ways that actually leave the world better off than it was when we arrived. That's the systemic change humanity's survival requires. The success we seek has never been more urgent because the price now being paid for ignoring basic human and environmental needs has never been higher or more obvious. From devastating economic inequality and ruinous gender gaps to precipitous cancer rates and a climate-battered American landscape, the need for seismic change is clear. We move into this new future knowing that reaching it will be the largest challenge our company will ever face.

These obstacles center around issues that we're committed to solving but lack easy fixes. For example, we're fighting climate change but are still far from a being zero-carbon company. And while we lead the industry on use of post-consumer recycled content in our packaging, in too many cases consumer recycling of product packaging does not happen. We need to push for systemic change that ensures all packaging is recycled if not eliminated, since no matter which plastic we choose, we're not doing enough to address the looming global threat of ocean plastic pollution. Looking introspectively, our hiring needs to reflect the racial diversity of the broader community. And too often our products are priced out of reach of those with lower incomes.

Taking stock of our progress in 2017, we played a lead role in passing the landmark California Cleaning Product Right to Know Act that requires manufacturers to disclose the ingredients their cleaning products contain to consumers. The law will effectively act as a national mandate for the industry to make their ingredients available to the public. That's a huge win for the transparency we've long sought to bring to our industry. But we need to do more. That's why we are pursuing feminine care ingredient disclosure at the federal level and moving to disclose more about

issues in our supply chain that are of concern to our stakeholders while protecting information confidential to our company and our suppliers.

We also made notable progress on our 2020 social mission goals. For the first time, we were able to offset 100% of the carbon emissions created by employee commuting and travel, facilities operation, manufacturing, and factory-to-warehouse product distribution. Yet we still must find realistic ways to shift the biggest contributor to our carbon footprint – the hot water many consumers use with our products in their homes. We doubled our internal carbon tax, dramatically expanding our annual carbon budget.

In 2017, we devoted much of our focus to completing our transition from private business to joining the Unilever family. We also phased out all boric acid from our products – meeting our objective of removing this toxicant from our supply chain three years ahead of schedule. And I am proud to note that after several years of effort, we closed our company's pay equity gap and attained gender balance in our management and executive leadership team.

This past year, our new owners reassured us that they are not only committed to boosting our shared social and environmental mission, they're giving us new power to achieve it. With our global aspirations to be in over 20 countries in a meaningful way in 2019, we see an exciting opportunity for our business to scale - from impacting millions in North America - to potentially billions around the world. And through this process, Unilever and our newly established Social Mission Board are asking us to lean in further to our mission and take on bigger obstacles.

Here, inside our latest Corporate Consciousness Report, you'll find a transparent accounting of our successes, our challenges, and much more. Taken together, these and other advancements mark another year of solid evolution toward authentic sustainability. While obstacles remain, I see the complications we face as proof that the evolution we're engineering is real.

For that reason, **rather than shy away from our challenges, we choose to lean into them instead**. Transparency in Action represents the new path to true sustainability we are forging. One where doing less harm is not good enough and where leaving the world a better place than we found it is our north star. I look forward to the day we achieve these lofty aims and to celebrating every breakthrough along the way with each of you.

for the next seven generations, JOEY BERGSTEIN, CEO



#### responsibility

We believe that it is our responsibility to act as partners with other stakeholders to address climate change, conserve natural resources, and create a just and equitable society. As a founding member of B Corp and a certified B Corporation, we choose to demonstrate a mindful way of doing business by meeting rigorous standards related to social and environmental performance, accountability, and transparency.





#### products

Seventh Generation is a leading brand of USDA Certified Biobased household products, as well as personal care and baby products. From dish soap to diapers, our products are different—from their development to their production, purchase, use, and disposal. We continuously evaluate how to reduce product environmental impact, increase performance and safety, and create a more sustainable supply chain.

#### community

Seventh Generation is based in Burlington, Vermont and is a wholly-owned subsidiary of Unilever. We distribute our products to natural food stores, supermarkets, mass merchants, and online retailers across the United States, Canada, and the rest of the world.



#### social mission

Seventh Generation is a business that aims to inspire a more conscious and sustainable world by being an authentic force for positive change. To ensure that we preserve the integrity of our mission, a Social Mission Board guides our vision, aspirations, and performance.





we aspire to care today for the next seven generations of tomorrows by:

- Continuing to innovate plant-based formulas and reducing petroleum-based ingredients in our products
- Maintaining our path to a zero fossil fuel carbon footprint and producing zero waste
- Improving the sustainability of the ingredients we source in our supply chain



we aspire to enhance health through education, activism, and innovation by:

- Pursuing new ways to remove chronically toxic substances from our products
- Connecting with like-minded people who care about their kids, home, and environment in ways that will inspire change



we aspire to advance social justice and equality to unleash human potential by:

- Creating a culture of inclusivity in our own company and nurturing the power of the collective individuality of our employees
- Supporting philanthropy and volunteerism that advance our values on the environmental social justice issues that we are working to change



we aspire to champion honesty, responsibility, and radical transparency in commerce by:

- Driving industry level change on issues that we care deeply about including climate change and consumers' right to know what is in their products
- Continuously raising the bar on our own transparency



## Seventh Generation has an ambitious corporate consciousness agenda.

As you'll read in this report, we have already met or exceeded many of the goals we set for ourselves. But we still face many obstacles to fulfilling our aspirations. Some of these are of our own making while others are intrinsic to our economic system and society. Overcoming these obstacles will require focused collaboration with partners, industry experts, non-profit leaders, government policy makers, academics, and customers.

UBSTACLES
We invite
INNOVATIVE
SOLUTIONS
FROM OUR
STAKEHOLDERS

INCLUDING NGOS, UNIVERSITIES CONSUMERS, GOVERNMENT ENTITIES, INDUSTRY PARTNERS, AND COMPETITORS.



#### climate change

**OUR CHALLENGE:** We've set aggressive goals to reduce our climate impact, but have had limited success aside from the use of renewable energy certificates (RECs) and offsets.

#### packaging, recycling, & ocean plastic

**OUR CHALLENGE:** While we are close to reaching our 100% recyclable and post-consumer recycled content packaging goals, all too often little recycling actually happens. In many parts of the world, plastic packaging ends up in our oceans, threatening the marine ecosystem, the human food chain, and our health and well-being.

#### sustainable sourcing (agricultural inputs)

**OUR CHALLENGE:** We have solutions underway for our largest commodities, but have yet to make progress on several lesser inputs such as soy, coconut, and corn.



#### accessability

**OUR CHALLENGE:** Healthy products should be available to all—regardless of socioeconomic background. We need to improve access to underserved populations and seek new channel partners to meet this aspiration.

## build COMMUNITIES

#### racial diversity

**BSTACLES** 

TO OVERCOM

**OUR CHALLENGE:** We must overcome the barriers that limit our ability to ensure that our workplace reflects the diversity of the communities we work in and the customers we serve.

#### supplier engagement

**OUR CHALLENGE:** We need to find ways to make progress with our suppliers and manufacturing partners on tough issues, such as livable wage and climate insecurity.



#### supply chain transparency

**OUR CHALLENGE:** We must balance transparency on issues that are of concern to our stakeholders while protecting information confidential to our company and our suppliers.

#### non-formulated products transparency

**OUR CHALLENGE:** We've lead the industry in formulated products transparency, but need to advance our consumers right to know in non-formulated feminine care products and baby diapers.

#### chemicals management policy

**OUR CHALLENGE:** We are leaders in transparency, yet we need to share more about our chemicals policy and how we evaluate safer alternatives.





our SMB, which was established to monitor the company's advancement of social mission, completed its first full year of service. In 2017, this body, comprised of internal and external sustainability leaders, challenged our company to consider bolder and more urgent action on topics that are central to our social mission, such as climate change and inclusivity.



#### marketplace innovation:

We launched a new innovation in our disinfecting portfolio.

Disinfecting sprays that are propelled by compressed air. This allows consumers to kill 99.99% of household germs without flammable propellants.



transparency: With our NGO partners and industry allies, we spearheaded the passage of the Cleaning Product Right to Know Act of 2017 (SB 258) in California. This landmark legislation will ensure that consumers across the country have comprehensive information about the ingredients in cleaning products.



inclusivity: In 2016, after recognizing persistent gaps in pay equity and women in leadership, we set our sights on improving outcomes in both areas. We closed the pay equity gap across our organization and achieved gender balance in management and on our executive leadership team.

## 100% ELIMINATION BORIC ACID

#### chronic toxicants: we

achieved 100% elimination of boric acid from all Seventh Generation product formulations. We also raised the bar for ourselves by expanding the scope of preservatives targeted for removal. Benzisothiazolinone (BIT) and methylisothiazolinone (MIT) are preservatives that enable us to deliver efficacy with our formulas but may cause irritation for some individuals, so we hope to eliminate them from our products by 2020.

# EXCEEDED 2017: targets

#### annual incentive plan:

Our AIP incentivizes sustainability goals just as financial ones, and links our bonus structure to four sustainability action areas. The AIP accounted for 20% of employee bonuses in 2017. Moreover, Seventh Generation staff met or exceeded 2017 targets across all sustainability action areas.

### **AWARDS**

# BURLINGTON BUSINESS ASSOCIATION BUSINESS ASSOCIATION Of the YFAR



HOORAY





# nuture NATURE



With the world's ecosystems stressed and deteriorating, our aspiration to nurture nature reflects our commitment to help regenerate the globe's ecological integrity.

This initiative is multi-faceted. It includes choosing ingredients from renewable sources such as plants rather than from petroleum. It means using recycled materials whenever possible and designing our products and packaging to be biodegradable or recyclable so that they cycle

back rather than becoming waste. It also includes reducing our own greenhouse gas emissions and those in our value chain. We also advocate at the grass roots level for policy that will transform our energy infrastructure into a renewably powered system.

**OBSTACLES TO OVERCOME** 

CLIMATE CHANGE Our 32% intensity reduction since 2012 is a win, but we have still not fully decoupled GHG emissions from sales growth. We've set aggressive goals to reduce our climate impact and need additional strategies to reach our goals beyond the use of RECs and offsets.

PACKAGING AND OCEAN PLASTIC We have significantly reduced virgin plastic use in our packaging, yet too little packaging is recycled. In markets with poor solid waste disposal systems, single use plastics continue to contribute to the global ocean plastic crisis. Innovative solutions are needed.

SUSTAINABLE SOURCING (AGRICULTURAL INPUTS) Our FSC® certified wood pulp purchases increased in 2017 from 2016, but they are still significantly lower than in previous years. This is a result of increased sales of baby wipes, which do not yet contain certified wood pulp. Additionally, not all of our lesser agricultural ingredients are certified sustainable (e.g., soy, coconut, and corn).

#### **GOALS**

#### 2012 Baseline

#### **2017 Progress**

#### **2020 Goals**



energy derived from non-fossil fuel sources

- 43,000\* metric tons (MT) CO2e (absolute GHG emissions)
- 1.04 MT\* CO2e per MT packaged product
- \* does not include consumer use or end of life emissions
- 54,000\*\* MT CO2e (26% increase in absolute GHG emissions from 2012)
- 0.71\*\* MT CO2e per MT packaged product (32% intensity reduction from 2012)
- \*\*includes purchase of 20,000 mt of carbon offsets, does not include consumer use or end of life emissions
- All energy derived from nonfossil fuel sources (Seventh Generation facilities, travel, commuting, Third Party
   Manufacturers and distribution)
- All consumer clothes washing in cold water



No baseline

We do not yet have a stable baseline from which to measure progress

100%



78% products and packaging biobased or post-consumer recycled content 84% products and packaging biobased or post-consumer recycled content 100% products and packaging biobased or post-consumer recycled content



67% products and packaging biodegradable or recyclable

76% products and packaging biodegradable or recyclable

100% products and packaging biodegradable or recyclable



pulp, coconut, soy, citrus, corn

- · 100% Green Palm
- 78% FSC® virgin wood pulp

- · 100% Green Palm
- 69% FSC® virgin wood pulp

100% agricultural products certified sustainable

CLIMATE CHANGE IS INTRINSICALLY LINKED TO PUBLIC HEALTH, FOOD AND WATER SECURITY, MIGRATION, PEACE, AND SECURITY. IT IS A MORAL ISSUE. IT IS AN ISSUE OF SOCIAL JUSTICE, **HUMAN RIGHTS AND** FUNDAMENTAL ETHICS. WE HAVE A PROFOUND RESPONSIBILITY TO THE FRAGILE WEB OF LIFE ON THIS EARTH, AND TO THIS **GENERATION AND THOSE** THAT WILL FOLLOW.

BAN KI-MOON, SECRETARY GENERAL UNITED NATIONS



Our warming planet impacts agricultural productivity, energy use, human health, infrastructure, natural ecosystems, and many other essential aspects of society and the natural environment. At Seventh Generation, reducing our carbon footprint is one of our most ambitious goals and one of our biggest challenges.

IN 2017, we saw improvements in our greenhouse gas (GHG) emissions related to employee commuting, business travel, and product materials. We also further reduced our carbon footprint by offsetting our facility and production energy use, employee commuting, business travel, and product distribution through purchase of verified carbon offsets through the National Arbor Day Foundation. Nevertheless, our absolute greenhouse gas emissions increased by 26% from 2012 (a 72% increase from 2012 excluding the effect of offsets purchased in 2017). This was driven by

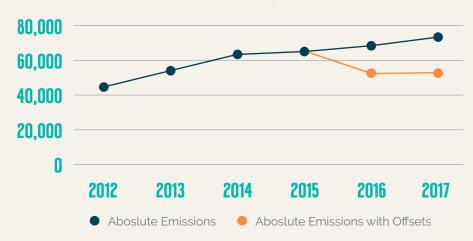
increased product transportation, packaging materials and ingredient conversion emissions associated with rising product sales. In balance, our emissions intensity (GHG emissions per unit mass of product) decreased by 32% from 2012 (a 7% decrease from 2012 excluding the effect of offsets purchased in 2017).

Even with this progress, we know we must accelerate our programs. With the backing of our Social Mission Board, we've committed to boosting our climate strategy dramatically by committing to setting an aggressive science based greenhouse gas reduction target.



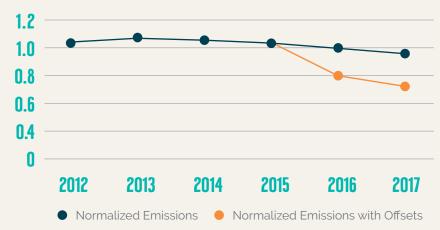
### CRADLE TO FACTORY GATE ABSOLUTE EMISSIONS 2012-2017

MT CO2e



## CRADLE TO FACTORY GATE EMISSIONS INTENSITY 2012-2017

MT CO2e per MT packaged product

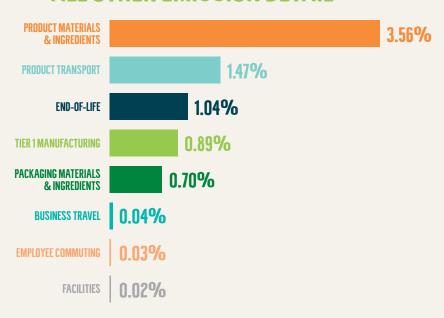


## OUR 2017 CRADLE TO GRAVE ABSOLUTE CARBON FOOTPRINT

= 1.1 Million MT CO2e



#### **ALL OTHER EMISSION DETAIL**





AS A COMPANY COMMITTED TO ADDRESSING
THE CLIMATE CRISIS, IT'S IMPORTANT FOR US TO
ALIGN OUR STRATEGY TO A GLOBALLY RECOGNIZED
AND RESPECTED, THIRD-PARTY FRAMEWORK. WE
SEE SBT AS A POWERFUL WAY TO ACCELERATE A
TRANSITION TO A LOW CARBON ECONOMY IN LINE
WITH CLIMATE SCIENCE.

KAY GEBHARDT, SENIOR SCIENTIST, SUSTAINABILITY AND AUTHENTICITY

#### SCIENCE-BASED TARGETS In 2017, we committed to set a

greenhouse gas emissions target to align with climate science using guidelines set by the Science-Based Target Initiative (SBTi). SBTi target guidelines provide companies with insights into setting climate targets that cut emissions to levels that prevent the worst impacts of climate change. We've submitted an ambitious



target that will include emission sources from cradle to grave. This will be no small feat, given that consumer use of our products (e.g., energy used for washing clothing and dishes) contributes to over 90% of our

greenhouse gas footprint. We have already reformulated our laundry detergents to work well with cold water cycles, but we have not made enough progress shifting consumer behavior.

#### INTERNAL CARBON TAX In 2017, our Social Mission

Board recommended increasing our carbon fee from \$6 to \$12 per ton. We also expanded the scope of the fee to cover emissions from cradle to distribution to our warehouses. We invested our carbon fund in agroforestry to offset greenhouse gas emissions associated with office energy, employee commuting, business travel, facilities operation, product manufacturing, and product distribution.

#### **OUR CARBON BUDGET**

2016 \$6 PER \$90K

2017 \$12 PER \$216K

2018 \$11 PER \$240K ANTICIPATED

# LEANING IN 2018 TACTICS

**INVEST** in energy efficiency and renewable energy infrastructure for Seventh Generation and employee operated equipment and facilities, manufacturing partner, and supplier operations consistent with company policy and investment criteria

PURCHASE renewable energy and fuels for targeted activities

**OFFSET** GHG emissions from targeted activities with certified renewable energy credits and certified carbon offsets

**INVEST** in strategies that address the human impacts of climate change, including our most vulnerable populations—those being impacted worst and first



# CHOOSE PLANTS PETROLEUM

In collaboration with our suppliers, we've relied on innovations in technology, engineering, and materials to make significant progress towards our 100% biobased, recycled, recyclable or biodegradable goals.

We've successfully eliminated virgin plastic from nearly all of our liquid soap and laundry packaging, and most of our products are widely recyclable. To address the obstacles associated with plastic end of life (e.g., litter, ocean plastics), we've added How To Recycle labels to support consumer recycling.





84%
BIOBASED OR
RECYCLED

83% in 2016 81% in 2015 80% in 2014

OUTPUTS

76

O

BIODEGRADABLE

OR RECYCLABLE

74% in 2016 70% in 2015 69% in 2014



### 2017 PACKAGING INNOVATIONS

97% of our packaging is widely recyclable and all products carry the How to Recycle logo



**DISH SOAP CLOSURES** 100%

Post-Consumer Recycled Plastic

(PCR) excluding colorant, first on the market



**SPOUTS** 100% post-consumer recycled polypropylene



**AUTODISH GEL CAPS** 100% postconsumer recycled polypropylene, excluding colorant



# FSC® CERTIFIED SUSTAINABLE VIRGIN WOOD PULP



 $2014 \longrightarrow 78\%$   $2015 \longrightarrow 75\%$   $2016 \longrightarrow 68\%$   $2017 \longrightarrow 69\%$ 

In recent years, we've seen a drop in the percentage of virgin wood pulp used in our products that is certified by the Forest Stewardship Council. This is a result of increased sales of baby wipes, which do not yet contain certified wood pulp. We also continue to purchase 100% Green Palm certificates for the palm kernel oil-based ingredients (PKO), but there is more we can do to ensure the sustainability other agricultural ingredients in our products, including corn, soy, and coconut. Through collaboration with Unilever, we plan to tackle these sourcing obstacles along with other remaining sustainability roadblocks, notably, diaper film sustainability, pumps with metal springs, and sprayheads.





2017 **ENVIRONMENTAL** SAVINGS

In comparing our new products and packaging to the same products we found that our use of plant-based and/or recycled materials,



331,000 TREES



2,800 CARS OFF THE ROAD FOR A YEAR



178,000,000 GALLONS OF WATER



36,000 BARRELS OF PETROLEUM



889,000 POUNDS OF VOLATILE ORGANIC COMPOUNDS AVOIDED



# enhance HEALTH

Seventh Generation designs and builds healthy products and its supply chain to enhance the well-being of both people and the planet. We call this the Seventh Generation Principle of Precaution.

Guided by the precautionary principle, Seventh Generation formulates its products to safeguard consumers and the environment from potential harm. We design our products with ingredients that are not carcinogens, mutagens, neurotoxins, developmental toxins, endocrine disruptors, and strong sensitizers.

By following our Precautionary
Principle, we hold Seventh Generation
products to a higher standard than
may be required by law. This means
offering formulations and products

that eliminate ingredients that, while allowed under federal regulations, are potentially chronically toxic. In 2017 we made significant progress toward our 2020 goal of products 100% free of chronic toxicants by eliminating boric acid in our formulations. We also raised the bar—and the challenge—for ourselves by expanding the scope of targeted preservatives slated for removal and committing to further chemicals transparency by participating in the Chemical Footprint Project.

STACLES TO OVERCOME

are not available and may be too expensive for a broad section of the population who also deserve access to healthy, effective home and personal care products. We need new partners, channels, and strategies to improve access to our products by underserved populations.

**Baseline** 

**2017 Progress** 

**2020 Goals** 



Chronic Toxicant Boric acid (2013)

- 125 MT (laundry products)
- 17 MT (dish products)

Chronic Toxicant MIT (2016)

- 0.6 MT (laundry products)
- 0.5 MT (dish products)

Boric acid eliminated - GOAL MET

Chronic Toxicant MIT

- 0.8 MT (laundry products)
- 0.6 MT (dish products)

100% of products are not acutely orally toxic and are free of chronic toxicants

100% elimination of MIT





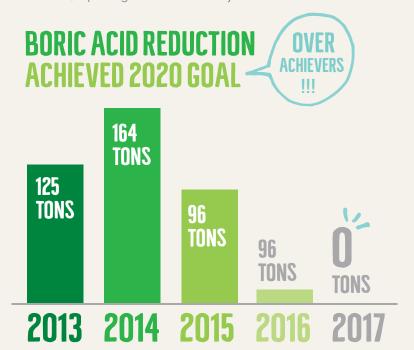


We are raising the bar and accelerating progress on our 2020 goal to ensure all products are not acutely orally toxic and are free of chronic toxicants.

#### SAFER CHEMISTRY

#### boric acid

In 2014 we set our sights on eliminating boric acid from our liquid laundry and dishwashing products due to concerns about chronic toxicity. Last year we achieved 100% elimination in all our product formulas, replacing it with a safer enzyme stabilizer.



#### first MIT, now MIT BIT

In 2017, we added benzisothiazolinone (BIT) to the goal we already had of eliminating methylisothiazolinone (MIT) from our products by 2020. These synthetic preservatives are used in small amounts to keep products stable and free of microbial contamination. However, since they have skin sensitizing potential, we are searching for safer and equally effective alternatives to replace them.

Our R&D team identified and approved a MIT|BIT synthetic replacement preservative system for some categories and implementation will start in 2018 and 2019. We are still challenged to find an alternative that is plant-based, but our research team is not giving up.



#### chemical footprint project

After helping to pilot the program, we participated for the first time in the Chemical Footprint Project's annual survey and received the second highest overall score. With participating companies representing combined annual revenues totaling over \$670 billion, the Chemical Footprint movement is the first third-party independent standard to evaluate safer corporate chemicals management. Scores are based on a company's efforts to reduce the use of harmful chemicals, replace harmful chemicals with safer alternatives, and to disclose this work publicly.

In the spirit of continuous improvement, CFP reviewers suggested areas of potential advancement. These included improving transparency by making public the criteria by which we evaluate chemicals allowed and not allowed in our products and by improving ingredient disclosure in our engineered products. By making information about our processes public, we can expand our ability to share best practices and exert influence beyond our size—within in our industry and across other Unilever brands.



BY OUR MEASURE, SEVENTH GENERATION IS LEADING THE INDUSTRY IN THE SAFE MANAGEMENT OF CHEMICALS. THE **COMPANY HIT THE** BENCHMARKS IN OUR MOST RECENT SURVEY— INTEGRATING HEALTH **CONCERNS INTO BUSINESS** STRATEGY, DISCLOSING CHEMICALS IN PRODUCTS AND SUPPLY CHAINS, AND **ELIMINATING CHEMICALS** OF HIGH CONCERN IN ITS PRODUCTS.

MARK ROSSI, CO-FOUNDER, CHEMICAL FOOTPRINT PROJECT





Volatile Organic Compounds (VOCs) from household products are a growing contributor to air pollution in smog prone environments. Assuming that sales of our low VOC disinfectant spray products replaced sales of higher VOC products currently on the market, we reduced VOC emissions by over 700,000 pounds in 2017.



VS



We decided to "clean-up" the disinfecting spray category by launching a product that is powered by compressed air and uses a disinfectant formula with Thymol, an ingredient from a botanical essential oil. This eliminates ingredients commonly used in this category like butane, propane, bleach, or quaternary amines. Our new spray kills 99.99% of bacteria and viruses\*. Plus, our product does not need to be rinsed off after use - even on food contact surfaces

The new product embodies our transparency and disclosure commitment as well. In addition to the disclosure of the active ingredient (as required by law) the formula's other ingredients, including fragrance ingredients, are voluntarily listed on the product labels.

\*Kills over 99.99% of household germs, specifically: Influenza A virus, H1N1, Rhinovirus type 37, Staphylococcus aureus, Salmonella enterica, Pseudomonas aeruginosa and Escherichia coli.

# SEVENTH GENERATION HAS ALWAYS BELIEVED THAT EVERY ELEMENT OF OUR PRODUCTS SHOULD KEEP THE WELLBEING OF OUR CUSTOMERS IN MIND.

JOEY BERGSTEIN, CEO, SEVENTH GENERATION



# transform COMMERCE

**OUR INTEGRATION WITH UNILEVER** WILL GIVE US THE OPPORTUNITY TO ACCESS NEW TECHNOLOGIES, **NEW CATEGORIES AND NEW** DISTRIBUTION OPPORTUNITIES AROUND THE WORLD. WE WILL TAKE THIS OPPORTUNITY TO DISRUPT THE PRODUCTS AND PACKAGING FORMATS IN THESE MARKETS — BRINGING **OUR FORMULATION METHODS** AND PACKAGING STANDARDS TO CATEGORIES AND MARKETS WHERE PRODUCTS LIKE OURS ARE SCARCE.

TIM FOWLER

Our aspiration to transform commerce has always driven our team to think big and to focus on the levers we can pull to drive the greatest change. In 2017, we contributed to significant advancements in consumers' right to know what is in their home care products, but there is still much to be done. Now, with our acquisition by Unilever, we have an even bigger and broader platform from which to transform the issues we care about and to do so on a global level.



TACLES TO OVERCOME

**TRANSPARENCY IN OUR SUPPLY CHAIN** We need to disclose all aspects our supply chain, including non-formulated products (e.g., diapers and feminine care products) that are of concern to our stakeholders while protecting information confidential to our company and our suppliers

**SHARING OUR POLICIES AND PRACTICES** While we lead in many areas of chemicals management, our lack of vetted public-facing policies and documentation reduces the impact we can have on Unilever and the industry in general

#### **GOALS**

#### 2012 Baseline

#### **2017 Progress**

#### 2020 Goals

Advocate for industry and

legislative action focused on

INFLUENCE beyond OUR SIZE Industry and federal legislative efforts



- California Cleaning Products Consumer Right to Know legislation passed (SB 258)
- Vermont Toxics Bill (S.103) legislation developed
- Federal legislation advocacy
  - » Women's Voices of the Earth in s supporting the Menstrual Products Right to Know Act of 2017 (H.R.2416)
  - » Cleaning Product Right to Know Act (H.R.2728)



LE RADICALLY TRANSPARENT

- Disclosed formulated ingredients\* on packaging and on website
- Disclosed 100% of formulated ingredients\*

"An "ingredient" is a chemical that has been intentionally added to a product and has a functional or technical effect. Other chemicals that may be present, called "incidental ingredients", that do not have a functional or technical effect, are disclosed when present above 1%.

 100% disclosure of all ingredients, materials, packaging, and supply chain



# **EXERT** INFLUENCE A MILESTONE FOR INGREDIENT DISCLOSURE

for nearly 30 years, we have advocated for consumers' right to know the ingredients in cleaning products. Supported by Seventh Generation's leadership throughout the negotiating process, Governor Jerry Brown signed historic legislation in October 2017, making California the first state to require cleaning product chemical label and website ingredient disclosure, mandatory by 2020. Known as SB 258, the law will likely impact product development nationwide.

passing the law involved legislative leadership, a collection of strong willed and effective

organizers, and a small team of industry players willing to craft a statute that would work for everyone. Seventh Generation's Martin Wolf, Director of Sustainability & Authenticity, and Breast Cancer Prevention Partners' Nancy Buermeyer and Janet Nudelman led discussions, ultimately reaching an agreement that provides ingredient, contaminant, and byproduct information to consumers and workers while ensuring businesses protect proprietary information. In addition to our leadership role, other prominent brands stepped forward to push the bill out of committee, including RB, Honest Company, SC Johnson, and P&G.









THE RESULT IS GOING TO BE TRANSPARENCY NOT JUST IN CALIFORNIA, BUT ACROSS THE COUNTRY, BECAUSE ONCE YOU HAVE INGREDIENTS ONLINE, EVERYONE ACROSS THE COUNTRY CAN ACCESS IT. WE HAVE SET THE STANDARD FOR THE NATION, AND CONSUMERS ACROSS THE COUNTRY WILL BENEFIT.

NANCY BUERMEYER, POLICY DIRECTOR, BREAST CANCER PREVENTION PARTNERS

WHAT MADE THIS COALITION SO UNIQUELY POWERFUL IS THAT IT WASN'T JUST THE INDUSTRY AT THE TABLE, OR ENVIRONMENTAL HEALTH ADVOCATES. PEOPLE WHO USE CLEANING PRODUCTS EVERY DAY SHARED STORIES ABOUT THE IMPACT HAVING MORE ACCESS TO INFORMATION WOULD HAVE ON THEIR DAILY LIVES.

ASHLEY ORGAIN,
DIRECTOR OF MISSION ADVOCACY AND OUTREACH



engaging household workers: IDEPSCA, a California-based immigrants' rights organization, had a big role in our California victory. The organization's goal is to mobilize and educate immigrants concerned with solving problems in their own communities. For SB 258, the organization advocated for under-represented household workers, primarily Latina and Filipina immigrant women, in the legislative process.

cleaning workers endure high exposure levels to cleaning products compared to the average household user and they often have limited input into the products their employers want them to use. Potential risks from cleaning products exposure include asthma, allergic reactions and other acute and chronic health effects. We wanted IDEPSCA to exert influence beyond its size, and so we made a philanthropic investment to help amplify their influence.



THIS LAW IS NOT JUST ABOUT LABELS;
IT'S ABOUT DIGNITY... DIGNITY IS MORE
THAN JUST GOOD WAGES OR A GOOD
EMPLOYER. IT'S ABOUT HAVING A HEALTHY
ENVIRONMENT, AND PART OF THAT IS
KNOWING WHAT INGREDIENTS ARE IN
THE PRODUCTS YOU USE.

MAEGAN ORTIZ, IDEPSCA EXECUTIVE DIRECTOR

# LE RADICALLY TRANSPARENT

**DISCLOSURE ADVOCACY & THE ROAD AHEAD** 

While we paused briefly to celebrate the passage of SB 258, our work on transparency and disclosure continues.

Through our social media platform, industry collaborations, and lobbying work, we continue to advocate for greater ingredient disclosure in consumer products such as feminine care and toys at the federal and state levels.





We continue to advocate across the country to ban chemicals dangerous to children, such as phthalates and styrene, and are working to make the data on chemical hazards in children's products more accessible to consumers.

In Vermont, Martin Wolf, our Director of Product Sustainability and Authenticity, was appointed to the citizen's advisory committee for The Toxic Chemicals in Children's Products Act (Act 188). The group guided development of Vermont legislation to support regulation of toxic substances and hazardous materials,

with particular focus on children's health. We are actively working with a coalition in New York State to push ingredient disclosure in cleaning products further than what is required by SB 258 in California.

## TIMELINE TO TRANSPARENCY

see how product transparency has evolved in the last 10 years in terms of labeling, disclosure, and requirements.











2002

First disclosures by Seventh Generation (Ingredient names and concentrations online. Functional names on pack.) 2008

Ingredient disclosures on pack, including fragrance ingredients, using International Nomenclature of Cosmetic Ingredient (INCI) names 2010

Disclosures online by large companies such as RB, SC Johnson, Unilever, and P&G · 2017

Fragrance disclosures by RB, SC Johnson, Unilever, and P&G

2020

SB 258 implemented (passed in 2017)

# COLLABORATING FOR CHANGE

THAT CLOSE WORK WITH OUR INDUSTRY PARTNERS AND EVEN OUR COMPETITORS IS NEEDED TO ACHIEVE CHANGE AT THE SCALE REQUIRED TO SOLVE S SOLVE SOLV

For this reason, we joined the Beauty & Personal Care Leadership Group facilitated by Forum for the Future. We're proud to join this multi-stakeholder dialogue aimed at setting a comprehensive social and environmental sustainability standard for the industry. While the final standard is not complete, we made significant progress in 2017 towards the first ever-comprehensive approach to the issue.



SOCIAL MISSION BOARD (SMB)

In 2016, we established a Social Mission Board (SMB) tasked with monitoring the company's advancement of our social mission and key performance indicators and with overseeing Seventh Generation's philanthropic efforts through our Foundation.

# 2017 SMB MEMBERS

Comprised of 8 members including sustainability leaders from outside of the company who meet semiannually, the SMB is changing the way we do business by challenging us to expand and accelerate our social mission initiatives. For example, by pushing us to expand the scope of our internal carbon tax, connect climate justice to our core consumers, strive for gender and racial diversity (including on the SMB), and dig deep to build a culture of inclusivity within our own company, the SMB is helping us realize our ambitions to exert influence well beyond our size.



REGGIE ECCLISSATO
Senior Vice President,
Supply Chain Americas
at Unilever



PETER GRAHAM
Private investor and former Chairman at Seventh Generation



JEFFKEY HULLENUE Co-founder and former CEO at Seventh Generation



MINDY S. LUBBER
CEO, President, and
founding board member
at Ceres



NITIN PARANJPE
President Homecare
at Unilever



LILA PRESTON
Partner at Generation
Investment
Management



JOHN REPLOGLE

Partner at One Better

Ventures, LLC and former CEO
at Seventh Generation



JOSTEIN SOLHEIM
CEO at Ben & Jerry's
Ice Cream

THE SOCIAL MISSION **BOARD IS THE CUSTODIAN** OF SEVENTH GENERATION'S MISSION AND ACTS AS AN ACCELERATOR — DRIVING AMBITION AND BUDGET TO THE COMPANY'S SOCIAL AND ENVIRONMENTAL GOALS, IT IS OUR JOB TO PUSH THE COMPANY TO TAKE BIGGER AND BOIDER STEPS TO TACKLE ISSUES THAT SEVENTH **GENERATION IS UNIQUELY** POSITIONED ADDRESS.

> LILA PRESTON, PARTNER, GENERATION INVESTMENT MANAGEMENT, SOCIAL MISSION BOARD MEMBER





# COMMUNITIES

At Seventh Generation, we believe in confronting negative social issues, including inequality, racism, and poverty that persist in society.

We work to empower our employees, partners, and suppliers to make decisions that impact our communities for the better. In 2017, we closed the pay equity gap in our company, and achieved gender balance on our management and leadership teams—a much overdue milestone. We also kept our values top of mind while managing higher than usual employee role transitions under our new ownership by Unilever.





# STACLES TO OVERCOME

**SUPPLIER ENGAGEMENT** Engaging suppliers on an equity and inclusivity journey where inertia exists continues to prove difficult

**RACIAL DIVERSITY** Increasing underrepresented populations in our company and management is a challenge for us

### **GOALS**

### 2013 Baseline

### **2017 Progress**

### **2020 Goals**

nurture 25
THRIVING
COMMUNITIES

Developed a supplier code of conduct

- 69% of suppliers took the B Corp QIA
- · 30% suppliers improved their score

 100% suppliers exceed social standards for health, safety, environment, and equity



- #3 in Best Places to Work in Vermont
- Female-to-male earnings ratio 92%
- Female-to-male ratio: Manager 84%;
   Director/VP 98%
- All employees donated 1% of their time to charity

- #12 in Best Places to Work in Vermont
- Closed gender pay gap
- Achieved gender balance on management and executive leadership teams
- 100% employees participated in educational program to understand more deeply issues of gender equality and racial diversity
- All employees donated 1% (or more) of their time to charity

 Create the "Best Place to Work" in North America



# nuture B THRIVING COMMUNITIES

**SUPPLIER ENGAGEMENT** 

We ask our suppliers to participate in the B Corporation's Quick Impact Assessment (QIA), a free, online tool that helps our partners assess, compare, and improve their impact on workers, the community, and the environment. In 2017, our supplier engagement work focused on supporting the Unilever integration and transition, and we fell short of our other supplier engagement goals. Last year only 69% of suppliers took the B Corp Quick Impact Assessment and just 30% demonstrated score improvements.

ADDRESSING OUR OBSTACLES

we reinvigorated OUR EFFORTS IN 2018

SUPPLIER PARTNER SUMMIT

where we shared Seventh Generation's supplier resources, programs, and expectations.

THE SUPPLIER SUMMIT WAS A GREAT EXPERIENCE.

SEVENTH GENERATION'S WILLINGNESS TO ENGAGE AND PROMOTE SUCH COLLABORATION AMONG ITS SUPPLIERS IS INSPIRING AND EFFECTIVE.

DAVID COOK, ROCKLINE INDUSTRIES

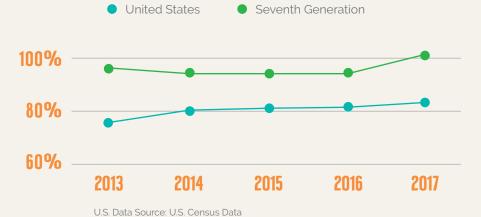
# Create a VIBRANT WORKPLACE

**GENDER AND INCLUSIVITY** 

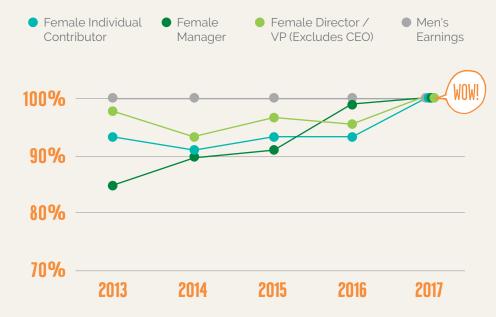
# IN THE U.S., ON AVERAGE WHAT? WHAT? WHAT? CET PAID 80 CENTS ON THE DOLLAR

At Seventh Generation, we know we must do better than that and in 2017, we achieved pay equality.

### FEMALE-TO-MALE EARNINGS RATIO



### SEVENTH GENERATION GENDER GAP BY LEVEL



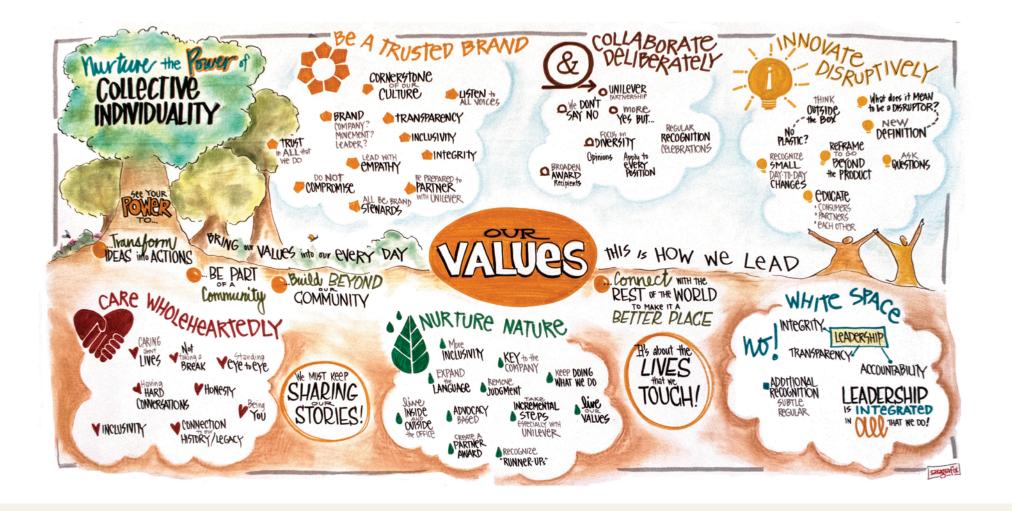
Three years after we started the process to address gender-based disparities in salaries and senior-level leadership, in 2017 we closed the pay equity gap and achieved gender balance on our management and leadership teams. While this achievement is worth celebrating, frankly, it was long overdue, and yet bears highlighting to demonstrate the time for fairness has arrived.

#### while pay equity and gender balance

are steps in the right direction, we are also exploring more deeply what it means to integrate inclusivity into our corporate culture. In 2017 we trained our leaders on inclusive leadership behaviors. We also provided unconscious bias training for all Seventh Generation managers. At the staff level, members of our community drafted a statement that articulates how inclusivity can be further supported in our company: nurture the power of collective individuality. We subsequently held two trainings where we introduced the statement and to all company employees at our offsite known as "advance" held annually. Our aim for 2018 is to further embed inclusivity into our culture and explore how to measure its effect on the way we do business.



EMBEDINCLUSIVITY
OUR CULTURE
AND TO EXPLORE HOW TO
MEASURE ITS EFFECT
ON THE WAY WE DO BUSINESS



We aspire as a community, to value each of our members, and create something greater than the sum of our individual strengths. This is our collective individuality.

key to achieving this is recognizing the importance of each individual, and bringing people together to form an even more capable and powerful community. We call this our Collective Individuality, and work to harness our collective strength to achieve more than we could individually or in non-inclusive groups.

We have used the metaphor of a forest to bring the concept of Collective Individuality to life. A forest consists of towering trees, birds, mammals, insects, and trillions of microorganisms. No one of these things could exist without the others, and the forest they create exceeds just the sum of their individual strengths.

Seventh Generation aspires to Build Communities to advance social justice and equality to unleash human potential.



While we saw successes in inclusion and gender equality in 2017, it was a challenging year for other employee metrics.

We experienced the effects of reorganization resulting from our recent acquisition by Unilever. In 2017, 42 Seventh Generation employees transitioned out of the business and 47% of existing staff moved to new positions, working under a new reporting structure or in a role that was new to them. This turnover probably impacted our ranking in Best Places to Work in Vermont, which dropped seven places.

We still have progress to make with non-white employee hiring (6% of our 2017 staff). We are taking steps to improve, including leveraging Unilever's capabilities to proactively target qualified candidates from under represented populations, but we need to do a better job of attracting a diverse workforce.

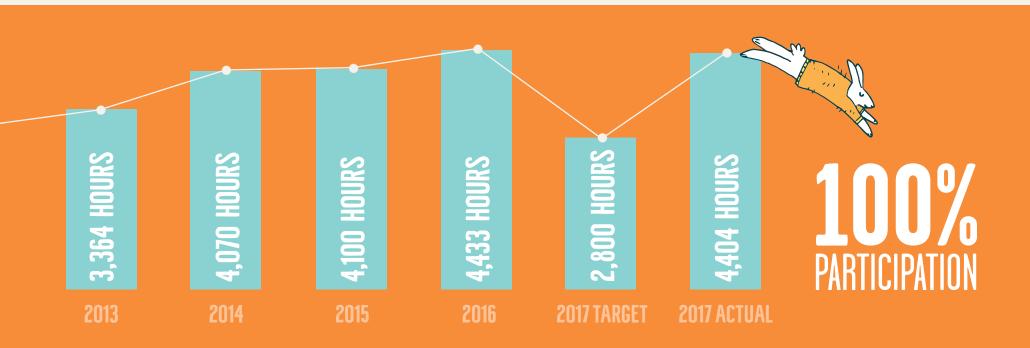
	2013	2014	2015	2016	2017
EMPLOYEES	133	137	153	162	137
MALE/FEMALE	43/57	57/80	64/89	65/97	54/83
TURNOVER Voluntary / Involuntary	7/5	8/3	8/2	7/5	5/32
MANAGERS Male / Female	24/21	20/10	27/11	34/23	29/28
<b>DIVERSITY</b> Non-White Employees	9	11	11	14	9
BEST PLACE TO WORK IN VERMONT Rankings	11	3	3	5	12

## **VOLUNTEERING HOURS**

2017 GOAL REACHED

Volunteering is more than just a way for us to give back to our communities—it is an opportunity to provide experiential learning while grounding us in our values and the social justice issues that we are fighting to change.

# VOLUNTEER HOURS BY MORE THAN 50%!





in 2017 our philanthropic investments targeted the protection of vulnerable populations such as pregnant and nursing mothers, children, workers, and the voices advocating on their behalf. Our philanthropic efforts include our Employee Matching Program, product donations, and our Foundation which operates two grant programs:

- · Sustainability Grants support U.S.-based organizations working on research, advocacy, and legislative reform to drive elimination of chemicals of concern that could impact the health of pregnant women, young children and workers from the marketplace.
- Vermont Community Building Grants support Vermont organizations helping children thrive through programs that give children access to nature-based outdoor experiences and that reduce potential toxins in environments where kids live, learn, and play.

### the seventh generation employee giving committee,

a team of representatives from across the organization, is responsible for leading the company's efforts to support our communities through charitable giving. In 2017, the Vermont Community Building Grants campaign centered on "Toxin-Free Kids" and provided over \$96,000 in grants to 25 preschools and early childhood education centers located throughout Vermont for the purchase of furniture, flooring, mats, and play structures. Compared to 2016, 2017 program grants grew by 240%.

DID You knows

\$271,000

in charitable contributions (including \$14,050 to organizations through employee matching program).

\$ 96,900

to Vermont organizations through our Community Building Grant Program.

\$161,000

to 9 organizations across the country through our Sustainability Grant Program.



- 1. Vermont Public Interest Research and Education Fund (VPIREF)
- 2. Institute of Popular Education of Southern California (IDEPSCA)
- 3. Breast Cancer Fund
- 4. Trust for Conservation Innovation
- 5. Clean and Healthy New York

- 6. Toxic Free Future
- 7. Women's Voices for the Earth
- 8. Pacoima Beautiful
- 9. 350Vermont





FROM GRANTS



**2014** \$160,500

**2015** \$233,000

**2016** \$185,000

**2017** \$257,000



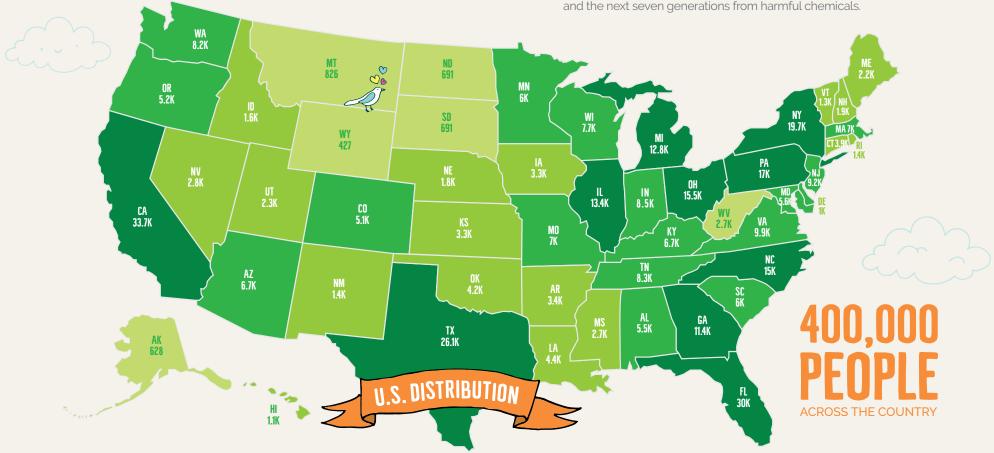
## GENERATION GOOD



Formed in 2015, Generation Good™, our online community of people learning and doing good together, has already grown to include over 400,000 people from across the U.S. from lifelong green consumers to people just beginning to explore green products. Today, Generation Good is empowering people to mobilize action on issues that may affect the health of our families and our homes. For our work to support the passage of California's Cleaning Products Consumer Right to Know legislation (SB 258), we connected with Generation Good consumers in California and

encouraged them to join the movement- by signing a petition, contacting their legislator, or engaging more deeply with local advocates.

As our community grows, we will continue to offer ideas for big and small things members can to do to affect positive change. We will also continue to tackle difficult issues that people face around the world such as ensuring all families have access to healthy home and personal care products, regardless of economic status; protecting our most vulnerable populations from environmental threats; and safeguarding our children and the next seven generations from harmful chemicals.





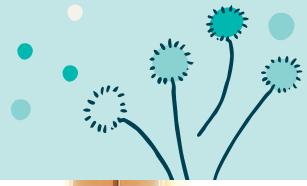
## STAKEHOLDER Concerns

a group of internal and external stakeholders reviewed this report.

Internal and external stakeholders provided feedback on materials related to Seventh Generation's sustainability and social mission that informed the report's content. Experts from Ceres, a non-profit organization advocating for sustainability leadership, encouraged us to discuss the obstacles associated with the achievement of our goals and our strategies to overcome these. They also encouraged us to discuss our positioning under our new ownership by Unilever and the alignment of our goals with the United Nations Sustainable Development Goals.

AT SEVENTH GENERATION
WELLONG-STANDING
COMMITMENT TO
Warsharency

Our 2004 – 2013 sustainability reporting has conformed to the Global Reporting Initiative (GRI) Guidelines. In keeping with our decision to provide a shorter update every other year, we published mini-reports in 2014 and 2016 and full scale reports in 2015 and 2017, all of which were informed by the GRI approach. Although this report does not fully comply with the GRI G4 Guidelines, it references the GRI disclosures by number in the GRI Reference Table to ensure comparability with this standard.





## **GRI REFERENCE TABLE**

DISCLOSURE	DESCRIPTION	PAGES
G4-1	CEO Letter	4-5
G4-2	Key Impacts, Risks and Opportunities	11, 15-16, 25-26, 31-32, 41-42
G4-3, 5	Organization Name, Location	8
G4-7	Nature of Ownership	8
G4-4, 8	Products, Markets Served	8
G4-10	Employees	44-48
G4-24, 25	Stakeholders	43, 53
G4-30	Reporting Cycle	54
G4-34	Governance	8, 38-39
G4-56	Ehtics and Values	4
G4-EN1	Materials Used	16, 21-27
G4-EN18	Recycled Material Inputs	21-22
G4-EN18	Greenhouse Gas Emissions Intensity	18
G4-EN15	Direct GHG Emissions (Scope1)	18
G4-EN16	Indirect GHG Emissions (Scope2)	18
G4-EN17	Other Indirect GHG Emissions (Scope3)	18-19
G4-EN19	Reduction of Greenhouse Gas Emissions	16-20
G4-EN30	Transporation Impacts	18
G4-LA1	Employee Turnover	47
G4-LA13	Gender Pay Rations	44
G4-PR3	Product Transparency	25-29
	·	•



Printed on FSC-certified paper containing 100% post-consumer waste

60 LAKE STREET BURLINGTON, VT 05401 800-211-4279

•••••

seventhgeneration.com