



DRIVING TRANSFORMATIONAL CHANGE



CEO LETTER

dear friends and stakeholders,

As I reflect on 2018, I see Seventh Generation positioned in a world that is facing tremendous and complex challenges, including the very real consequences of global warming, an alarming reliance on plastics, and pervasive inequality. However, I am energized by the growing movement of citizens, businesses, and communities demanding authentic changes to the status quo. I see Seventh Generation as a leading player in this increasingly vocal and forceful movement to avert irreversible damages.

In the 30 years since our founding, driving social change through better business practices has been at the core of everything we do. Our efforts in 2018 were no exception. The Seventh Generation team made steady progress on our 2020 goals to close the loop on our products and packaging. Although, we fell short of our greenhouse gas footprint targets, we took important steps to position ourselves to achieve bigger reductions in the future by setting a rigorous Science based climate goal. We also partnered with the Sierra Club to launch the Ready for 100 campaign to champion 100 percent clean, renewable energy in communities across North America. I am inspired that in 2018 100 cities committed to transition away from fossil fuels to entirely renewable sources - a testament to the power of local municipalities and grassroots organizing.

Over the last year, we also delivered product and packaging innovation to advance sustainability impact with the launch of a new ultra concentrated laundry detergent, and we opened doors to make our cleaning products accessible to professional cleaners who face higher risk of exposure to potentially harmful chemicals from their intense use of cleaning products. At our Burlington, VT headquarters, we dug into workplace equality and diversity, and we reinvigorated our efforts to support thriving communities across our supply chain.

Looking back, our 2020 goals helped us maintain focus on achieving impact and influence beyond our size in important areas including sourcing, waste, transparency, disclosure, and pay equity. Looking ahead, we've set our sights on more ambitious 2025 goals that reaffirm our commitment to address challenges that persist in our company or our society, notably climate, plastic waste, agricultural ingredient sourcing, water use, chronic toxins, and inequality. The shorter, five-year timeframe requires us to accelerate our pace of progress through collaboration and "mission-driven" innovation. We're up for the challenge, and we look forward to having you join us in this next phase of our journey.

In service to the next seven generations,

Joey Bergstein
CEO and President

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mission: to inspire a consumer revolution that nurtures the health of the next seven generations by transforming the world into a healthier, more sustainable and equitable place for all.

responsibility

Seventh Generation is a business that aims to inspire a more conscious and sustainable world by being an authentic force for positive change. We 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 continuously demonstrate our commitment to social and environmental performance.

products

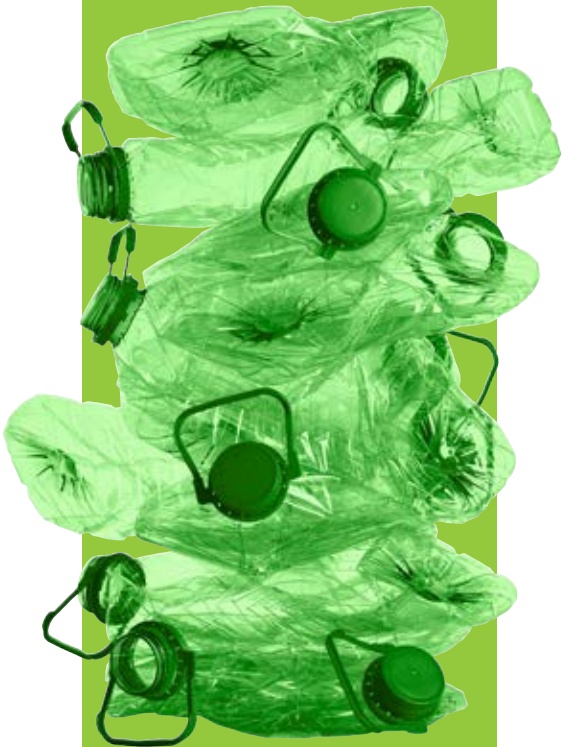
Seventh Generation is a leading brand of baby, personal care, and USDA Certified Biobased household products. We tirelessly seek to reduce our environmental impact, increase performance and safety, and create a more sustainable supply chain.

community

Seventh Generation is based in Burlington, Vermont, and is a wholly owned subsidiary of Unilever.



sustainable environment



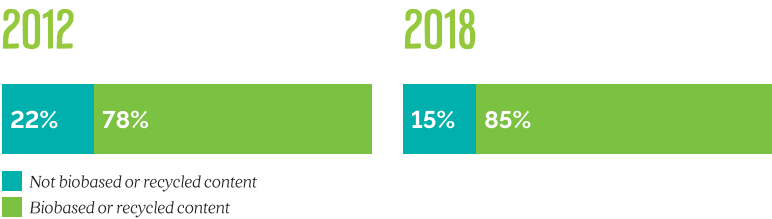
OUR 2020 GOALS

- Choose Plants Not Petroleum**
All products and packaging will be sourced from 100% biobased or post-consumer recycled content.
- Produce Zero Waste**
All products and packaging will be biodegradable or recyclable.
- Source Sustainably**
All agricultural ingredients will be sustainably sourced, including palm oil, coconut, soy, citrus, corn, and virgin wood pulp.
- Decrease our Carbon Footprint**
All energy will be derived from non-fossil fuel sources, and all consumer clothes washing will be in cold water.

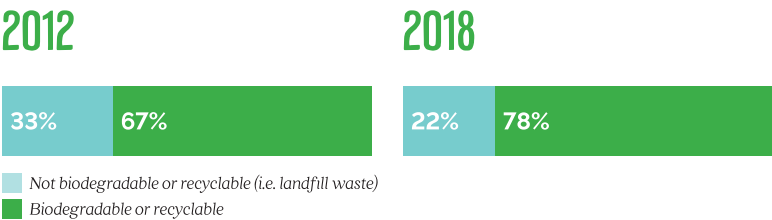
OUR 2018 PROGRESS

Materials, Ingredients, and Packaging
We're proud of our leadership to advance product and packaging sustainability. Over the last year, we increased biobased and recycled content in our products and packaging by 1% from 2017, and we are 85% of the way to our 2020 Choose Plants Not Petroleum goal. We are also 78% of the way to our Produce Zero Waste goal – a 2% increase from 2017. However, we are unlikely to reach our "all products" ambitions by 2020. After making significant progress with many of our plastic- and fiber-based materials, we still need innovative solutions to reduce our demand for other virgin materials in some of our product categories, including diapers and wipes. We've also found that sourcing preferable materials, such as recycled plastics, can be difficult, as these markets are still underdeveloped.

Choose Plants Not Petroleum Products and Packaging Inputs



Produce Zero Waste Products and Packaging Possible Fates



We've had mixed success on achieving our 2020 Source Sustainably goal. Most of the virgin pulp that we source – 71% – is from sustainably managed forests and is certified Forest Stewardship Council® (FSC). Although we purchase sustainable palm kernel oil production credits to cover 100% of our palm use (PalmTrace certificates), we have bolder ambitions to disrupt our palm oil use and find biobased alternatives for our dish and laundry products. We also continue to have gaps in our sustainable sourcing strategies for other smaller-volume ingredients including coconut, soy, citrus, and corn.

2018 Sustainably Sourced Pulp

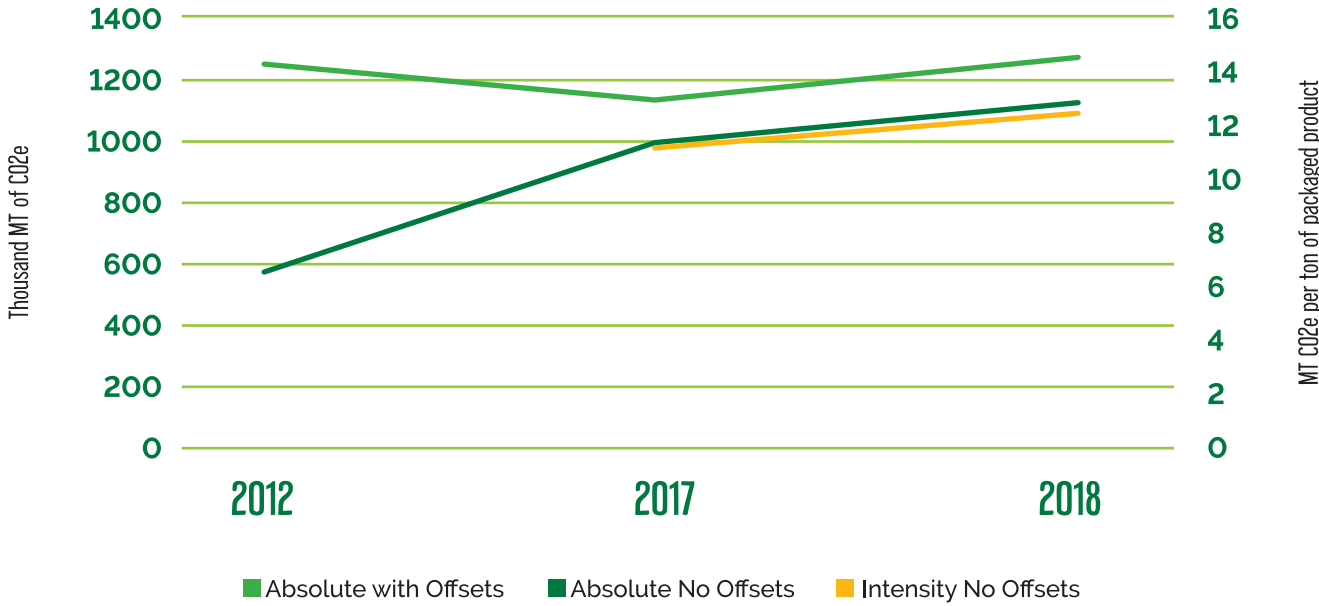


Carbon Emissions

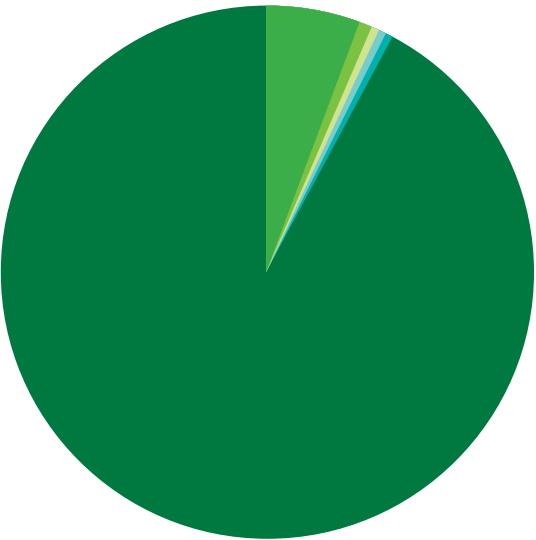
Our greenhouse gas (GHG) footprint continues to be our most daunting sustainability challenge. Since 2012, we stabilized GHG intensity growth, but have been unable to fully decouple our absolute GHG emissions from our business growth. Under business-as-normal scenarios, more sales typically result in higher absolute emissions. This was true for our company, with absolute GHGs nearly doubling from 580,000 metric tons in 2012 to 1,100,000 metric tons in 2018.

GHG EMISSIONS - Cradle to Grave*

absolute - thousand metric tons of CO²e
intensity - metric tons of CO²e per ton packaged product



*Includes Scope 1, Scope 2, and select Scope 3 emissions (Tier 1 Manufacturing, End-of-life, and Consumer use)



GHG EMISSIONS PROFILE without Offsets

total metric tons CO²e = 1,106,351

- 95% Consumer Use
- 6% Product Materials and Ingredients
- 2% Packaging Materials
- 1% Tier 1 Manufacturing and Materials Transport
- 1% Product Transportation
- 1% End-of-Life Products and Packaging
- 0% Employee Commuting, Business Travel, and Facilities

sustainable environment



Additionally, our carbon footprint is still dominated by emissions from consumer use of our products (95%), an admittedly difficult challenge to wrap our arms around.



tackling consumer use:

To use our products, consumers typically use energy to heat water and run equipment. In 2018, we sought new levers to reduce GHG emissions associated with consumer energy use, and we partnered with the Sierra Club to launch the Ready for 100 campaign. The initiative aims to inspire citizens and communities to move away from fossil fuels and transition to renewable energy sources. We're very proud that through the campaign's grassroots organizing efforts, in 2018 one hundred cities across the country - representing 48 million people or 15 percent of the U.S. population - committed to transition entirely to renewable energy sources. Customers committing to clean energy is a win for our company, the planet, and future generations, and the Ready for 100 campaign is off to a roaring start.



* Actual bottle size

innovating
for a smaller footprint



50%
less water

60%
less plastic

75%
less weight
than our 100 fl oz Laundry Detergent

sustainable environment

Always looking to have influence beyond our size, in 2018 our team launched EasyDose™ Ultra Concentrated Laundry Detergent – a new laundry product that delivers big impacts in a small package.

Although concentration is not a new idea, our team is changing the laundry game with an innovative dispensing system that significantly reduces the environmental footprint of our product (exclusive of consumer use) while continuing to deliver a quality cleaning product.

Ultra concentration allows us to use a much more compact bottle, achieving 60% less plastic, 50% less water, and 75% less weight than our 100-fluid ounce bottle while delivering a similar number of wash loads. Ingredient selection and the smaller bottles also reduce the carbon footprint of our product (exclusive of consumer use) by approximately one-third*.

Our innovative cap and pouring system are central to the appeal of EasyDose™, allowing customers to properly dose their detergent with a single squeeze of the bottle and reduce overuse.

*Global Warming Potential for 100 Loads as compared to our Liquid Laundry Detergent.

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We are making the liquid 100 fl oz bottle obsolete. In an era of climate change and a global plastics crisis, it's a 30-year-old form that no longer meets the needs of the planet or our customers.

John Moorhead
Director of Brand Marketing
Seventh Generation





setting a science based target:

We set aggressive 2030 science based climate targets and an ambitious 2025 interim goal.

BY 2030:
Seventh Generation will reduce

- Scope 1 and 2 GHG emissions 100% (2012 base year)
- Absolute GHG emissions from the use of our products by 90%
- All other scope 3 emissions by 80%

BY 2025:
Seventh Generation will reduce

- Scopes 1 through 3 emissions, inclusive of consumer use - by 50% (2012 base year)

enhancing health

OUR 2020 GOALS

- Create Healthy Products for Healthy Homes**
No products will be acutely toxic, and all products will be free of chronic toxicants.
- Be Radically Transparent**
We will provide full disclosure of ingredients, materials, packaging, and supply chain.
- Exert Influence Beyond Our Size**
We will advocate for industry and legislative action focused on creating safer consumer products.

OUR 2018 PROGRESS

Seven Generation continues to lead with purpose to ensure that all individuals have access to products and information that enhance health and wellbeing. We met our 2020 Create Healthy Products For Healthy Homes chronic toxicants' goal in 2017, and in 2018 we successfully reduced the total volume of the sensitizers methylisothiazolinone and benzisothiazolinone remaining in our formulations. We continue to disclose formulated ingredients, including fragrance ingredients, but are still working to find the right balance of supply chain sustainability and business strategy to meet our Be Radically Transparent ambition. And it's worth reporting, that we have never waived from Exerting Influence Beyond Our Size.

our products are:

- 100% free of boric acid – goal met in 2017!
- Less than 1% methylisothiazolinone (MIT), by total product mass
- Less than 1% benzisothiazolinone (BIT), by total product mass

we disclose:

- Formulated ingredients on product packaging, including fragrance ingredients
- Limited supply chain and proprietary materials, strategy formulation in process

we are a leading voice for:

- Ingredient disclosure, at state and federal level
- Safe formulations
- Federal climate change policy
- Clean energy, #comeclean



looking ahead



democratizing sustainable, effective, and safe cleaning products:

As a company with a social mission, we believe that all people deserve healthy workplaces, schools, and institutions.

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Our belief is simple – safe and effective products should be available to all, regardless of socioeconomic background.

Lara Peterson
Supply Chain Manager at Unilever
previously at Seventh Generation

Unfortunately, research indicates that some ingredients commonly found in cleaning products are associated with health problems, including asthma, headaches, and irritation of the skin, eye, nose, and throat. Professional cleaning workers have some of the highest exposures due to their intensive and daily use of cleaning products, with research finding that work-related asthma among janitors and cleaners in some areas of the country is higher than all other occupations.

Driving to be part of the solution, in 2018 we launched our Professional Cleaning Line to get our products to the commercial and domestic cleaning industries that often lack access to these types of products. Launching a national professional line is no small endeavor. Our formulation team modified our proven, biobased formulas to create large volume, dilutable products that professional cleaners require. Our communications team created multi-language instructional resources, and our sales teams leveraged our Unilever relationship to open previously unattainable distribution channels. We will know we are successful when research demonstrates fewer people experience negative health outcomes from doing their jobs, going to school, or caring for our institutions.

building equitable communities

OUR 2020 GOALS

- Create a Vibrant Workplace
We will create the "Best Place to Work" in North America.
- Nurture Thriving Communities
100% of suppliers will exceed social standards for health, safety, environment, and equity.

OUR 2018 PROGRESS

Create a Vibrant Workplace
In 2018, we worked to strengthen the foundations of our 2017 commitment to nurture the power of our collective individuality. We undertook steps to recruit a more diverse and inclusive workforce. We also engaged women and men in a new program to support an equitable workforce from the ground up. Although we were not recognized as one of the "Best Places to Work in Vermont" in 2018, we hope that our efforts will support a strong workplace culture moving forward.

Company Snapshot	2017	2018
Full Time Employees	156	151
Female/Male Ratio	98/58	99/52
Diversity (Minority Employees)	6%	9%
Turnover	5%	13%
% of Female Managers	50%	54%



As a B Corporation, we are committed to creating an inclusive and equitable workplace. In recent years, we've made great strides – we closed the pay equity gap and achieved gender balance on our management and leadership teams. But we have further to go on this journey. Not only do we strive for a workplace that shatters gender barriers, we also want to exert influence beyond our size and advance women's leadership in our home state of Vermont, one of only two states to have never sent a woman to the U.S. Congress and where women are underrepresented in business leadership.



Kate Williams
CEO, 1% for the Planet

It's not just about women.
Men's involvement in gender diversity
is strongly correlated with progress.

To move us, we partnered with Ben & Jerry's, a fellow Vermont B Corporation and Unilever subsidiary, to launch GALvanize Vermont. The GALvanize program champions development of women's talents, leadership qualities, and well-being within our companies. Through the pillars of inspiration, support, and advocacy, our

program engages our entire workforce to identify barriers, build skills, and create opportunities to achieve and to drive business impact.

In the first six months of the program, we directly engaged over one third of Seventh Generation employees through speaker events, mentoring

circles, and online advocacy. With Ben & Jerry's, we co-hosted a Vermont Women in Leadership Panel, which brought together inspiring Vermont leaders to spark a conversation on gender, success and failure, and driving progressive change across the state.



Jessica Nordhaus, Moderator from Change the Story
Meg Smith, Director @ VT Women's Fund
Ali Kenney, VP Global Strategy, Supply Chain & Sustainability @ Burton
Kate Williams, CEO @ 1% for the Planet
Mary Powell, CEO @ Green Mountain Power

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Success will mean feeling the shift and creating a culture where everyone feels comfortable participating and empowered to succeed.

Patty McGrath
Director Consumer & Market Insights
GALvanize Vermont Leader

Nurture Thriving Communities

Taking Supplier Engagement to the Next Level

At Seventh Generation, we rely on collaboration with our suppliers to meet our ambitious sustainability goals, but influencing environmental and social performance outside of our company walls is a challenge. We began our supplier engagement a decade ago when we invited key suppliers to join us on our sustainability journey. In 2018, we set out to re-invigorate our approach by hosting a Supplier Summit for ten of our significant Tier 1 and Tier 2 suppliers.

At the in-person gathering, participants focused on reaffirming Seventh Generation's commitment to environmental and social change, identifying opportunities for collective impact, and developing action plans to address shared priorities.

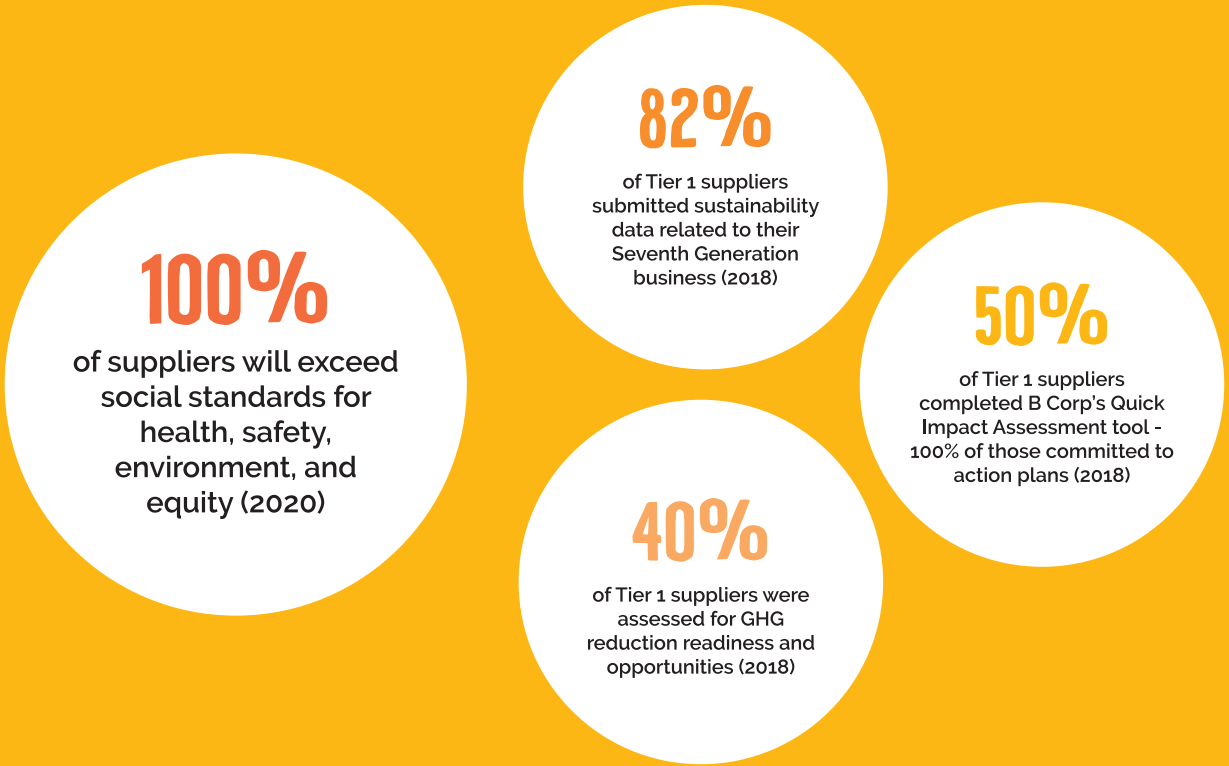
Participants engaged in grounded dialogue about how to tackle some of our biggest challenges, such as climate change, workplace inequality, and climate justice, using existing tools and resources. The results set a strong foundation for us to continue our collective efforts to support flourishing workers and communities throughout our supply chain.

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The Supplier Summit gave us a chance to reconnect, align on our shared values, and make real progress on a path forward.

Chris Nahstoll
Senior Supply Chain Manager
Seventh Generation

2018 Supplier Engagement Performance





Seventh Generation is at the cutting edge of companies developing not only the most sustainable practices, but also integrating social justice into its core business activities. At a time when climate change will hit the poorest and most vulnerable with devastating impacts, when income inequality has spiraled, and health costs are rising the world over, it is not enough to think about environmental impacts in a vacuum. To be a responsible global company today requires a deep commitment to advancing sustainability and human rights, together.

Ellen Dorsey, PhD

Executive Director

Wallace Global Fund and Social Mission Board Member

At Seventh Generation, we're proud of our achievements toward our 2020 goals — there is much to celebrate.

We are also mindful of the sobering environmental and social challenges that we continue to face as a company and global community. With the counsel of our Social Mission Board, we set 2025 goals that build upon our 2020 commitments but aim higher and seize upon the pace needed to affect urgent social and environmental change, including:

Reduce GHG Emissions: Reduce Scopes 1, 2, and 3 GHGs, inclusive of consumer use, by 50% (2012 base year).

Zero Waste: 100% of Seventh Generation's materials will be reusable and reused, recyclable and recycled, or biodegradable and degraded.

Sustainable Sourcing: 100% of materials and ingredients will be sustainable, biobased or recycled, and 30% of palm kernel oil will be replaced by non-land use, biobased oils.

Protect Water: No water will be contaminated during a product's life cycle.

Zero Chronic Toxicants: All products will be free of intentionally added chronic toxins.

Right to Know: All home and personal care products sold in the U.S. will disclose ingredients, including chronically toxic incidental ingredients.

Democratization: We will reduce exposure

among a greater population of people to certain chemicals in cleaning products.

Equitable Value Chain: All workers throughout our supply chain will earn a livable wage or better.

Equitable & Inclusive Communities: Seventh Generation will nurture the power of our collective individuality with a team that at all levels reflects gender equality and the racial diversity of our country.

**AS A COMPANY AND A GLOBAL COMMUNITY,
WE HAVE A BIG HILL TO CLIMB TO MAKE MEANINGFUL
CHANGE, BUT WE ARE COMMITTED.**

In service to the next seven generations.



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