

2021

Environmental,
Social &
Governance

INVESTOR TEAR SHEET



Our Story

A LETTER FROM OUR FOUNDER

I founded Honest on the belief that a company should always operate with consciousness and compassion.

My vision was a world where businesses would treat the planet as if it was their own home, treat their customers as family, and where diversity and inclusion are represented at every point in the decision-making process – a world where consumerism, business and humanity intersect to make a meaningful impact on all communities.

That's why, from day one, we have committed to passionately prioritizing the health and well-being of people and the planet and steadfastly aligning our values with the basic human right that everyone deserves to live a happy, healthy life. Our consumer-first strategy has inspired our culture of fearlessly challenging the status quo.

As a female founder and woman of color, I know how important it is to create an inclusive working environment with a holistic approach to professional development and opportunity. We've worked tirelessly to ensure that our company and culture are a reflection of the world around us.

Thank you for believing in our brand, our products and our mission to inspire everyone to love living consciously. We appreciate your ongoing support and look forward to the next step in our ESG journey.

We're creating an Honest World.



Jessica Alba

Founder and Chief Creative Officer

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This 2021 ESG Investor Tear Sheet marks The Honest Company's (Honest's) first year reporting on the progress of our environmental, social, and governance (ESG) program.

The purpose of this tear sheet is to provide transparency to our investors and stakeholders on Honest's current state in our ESG journey with respect to:

- Material sustainability,
- and climate-related risk topics
- Our impacts to society.

While we already embrace many ESG principles throughout our organization, we acknowledge that we are still at the beginning of our ESG journey and are working internally to prepare for a more comprehensive ESG Report that highlights the full vision of our ESG program. We intend to release this ESG Report in 2024.

The metrics disclosed in this tear sheet are aligned with recognized industry standards:

- The Sustainability Accounting Standards Board (SASB) Standard for the Consumer Goods Sector: Household & Personal Products (CG-HP).
 - The SASB Standards define disclosures for ESG information that are financially material to specific industries.
- The Task Force on Climate-related Financial Disclosures (TCFD) recommendations.
 - The TCFD framework focuses on reporting climate-related disclosures.

Both frameworks have been developed with feedback from the investor and financial community, and we believe that aligning to SASB and TCFD adds an important level of rigor, validity and transparency to our ESG reporting.

This tear sheet also includes highlights from our key social metrics. Although these are not required disclosures according to our SASB sector, these are integral to Honest's overall mission and ESG program. We value our culture of diversity, inclusion and empowerment across Honest, and at the publication of this document, women represent over 60% of our leadership team, and women and people of color represent nearly 50% of our Board of Directors. Honest has also donated more than 26 million family personal care, feminine care, clean beauty products and other essentials to those in need as part of our community engagement efforts. We also created four Employee Resource Groups (ERGs) focused on empowering women, supporting parents, driving Black leadership and representation along with creating a supportive and inclusive community for Asian Americans and Pacific Islanders. Diversity, equity and inclusivity have been cornerstones of our culture here at Honest. Ensuring these values across our company, especially within our leadership and on our board, has been a key focus for our team as we strive to reflect our consumers and the communities we serve in all that we do.

Please see Additional Social Metrics for more information. This document discloses ESG data and activities for calendar year 2021, unless otherwise noted.

About THE HONEST COMPANY

The Honest Company (Honest) is a consumer-first, mission-driven brand focused on leading the clean lifestyle movement, creating a community for conscious consumers and seeking to disrupt multiple consumer product categories by formulating and offering products with a focus on safety, efficacy, sustainability and thoughtful design. Since our founding in 2012, we have been dedicated to transparency, and we have cultivated deep trust around what matters most to our consumers: their health, their families and their homes.

Through our *My Green Lab Certified* in-house research and development laboratories and the Honest Standard, our set of guiding principles on ingredient safety and human health, we strive to uphold our mission every day. The Honest Standard defines the way we develop, test and create the formulas for our products. It will continue to evolve because our job of making better products is never done and we will always raise the bar for ourselves. We also continue to explore and evolve our ingredients and packaging to improve our use of renewable resources.

Social responsibility is also at the core of our company. We advocate for parents, providing resources and care for mothers' pre- and post-natal needs; actively donate clean products and other essentials to individuals and families in partnership with non-profit organizations such as Baby2Baby; as well as support families in times of crises such as natural disasters or during the COVID-19 pandemic.



Fast Facts

3 PRODUCT CATEGORIES



Diapers & Wipes



Skin &
Personal Care



Household
& Wellness



187

Full-time
Employees
(as of 12/31/21)

LOCATION, LOCATION!

Warehouse and distribution facilities in **California, Nevada, Pennsylvania, and the Netherlands.**



Headquartered in the **Playa Vista neighborhood of Los Angeles** in a LEED-certified building



Over

\$318 million

in 2021 net revenue

SASB Index

ACTIVITY METRICS

Disclosure Code	Activity Metric	Response + References
CG-HP-000.A	Units of products sold	Over 37.4 million units sold: Diapers + Wipes: 19.7 million Skin + Personal Care: 15 million Household + Wellness: 2.7 million
CG-HP-000.A	Total weight of products sold	Approximately 31,700 metric tons of product sold*. *Note the weight for 11% of our total 2021 product sales has been estimated.
CG-HP-000.B	Number of manufacturing facilities	We use multiple third-party suppliers and manufacturers based primarily in the United States, China, Mexico and other countries to a lesser extent, to source and manufacture all of our products, including product components, under our owned brand instead of owning or operating any manufacturing facilities. We engage many of our third-party suppliers and manufacturers on a purchase order basis and in some cases are not party to long-term contracts with them.

WATER MANAGEMENT

Disclosure Code	Accounting Metric	Response + References
CG-HP-140a.1	<p>(1) Total water withdrawn</p> <p>(2) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress</p>	<p>(1) Our Las Vegas warehouse and distribution facility withdrew 3,970.89 cubic meters of water in 2021. This facility is located in a Low Baseline Water Stress area, according to the World Resources Institute’s (WRI) Aqueduct tool. In addition, while we are currently unable to obtain water withdrawal/consumption data from our Playa Vista headquarters, we acknowledge that the location is in an area of Extremely High Baseline Water Stress per the WRI Aqueduct tool.</p> <p>(2) Water consumption is estimated to be virtually zero as all water that is withdrawn from our Las Vegas and Playa Vista facilities are discharged through the city’s sewage system.</p> <p>Honest’s corporate headquarters sources potable water and non-potable water from the Los Angeles Department of Water and Power (LADWP). All building water fixtures drain to sewer and all rooftop and balcony drains go to storm drains that lead to recycled water system used for irrigation by LADWP.</p> <p>The Company’s Las Vegas facility is serviced by the City of North Las Vegas Utilities Department, which sources freshwater from Lake Mead. Water is then discharged through the city sewer system.</p>
CG-HP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	Our corporate headquarters is located in an area of Extremely High Baseline Water Stress, we are conscious of the relevance of managing water use in our direct operations and supply chain, implementing actionable water-saving schemes, and pursuing innovations that are water-...

WATER MANAGEMENT CONTINUED

<p>CG-HP-140a.2 (continued)</p>	<p>Description of water management risks and discussion of strategies and practices to mitigate those risks (continued)</p>	<p>...efficient such as automated water faucets in our facilities. As a general management approach, reducing water dependence is always a focus area in the fulfillment of Honest products.</p> <p>We encourage our employees to save water in our facilities and to be aware of their water consumption. We are also currently working with our contract manufacturers to gather as much information as possible to carefully assess potential environmental impacts and tradeoffs among different technologies available. In our Playa Vista facility, water is conserved through low GPF (gallons per flush) toilets, urinals and faucets, and reclaimed water is used for building landscaping. The facility’s management also encourages its tenants to be conscious of ways they can save water at work and at home. These include suggestions such as installing low-flow shower heads, efficient handwashing, reusing kitchen wastewater and repairing leaks.</p> <p>As we continue with our ESG journey, we are constantly adapting our strategies for water management as new information comes to light. Here are examples of how we do this:</p> <ul style="list-style-type: none"> • Honest’s Sweet Almond line was developed before the environmental impacts of the almond industry were known, including water consumption. We have since moved away from almond-based materials whenever possible, given the water-intensive nature of almond production. Although we use almond oil as a scent in some of our products, we aim to use ingredients from a variety of natural sources to support biodiversity and minimize our impact on the ingredient supply chain. • Honest’s Conscious Cleaning™ Line, which consists of three cleaning sprays that come in concentrated pods that customers mix with water in refillable spray bottles. This reduces the amount of water used in the products...
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WATER MANAGEMENT CONTINUED

<p>CG-HP-140a.2 (continued)</p>	<p>Description of water management risks and discussion of strategies and practices to mitigate those risks (continued)</p>	<p>...and consequently its weight in transport, as Honest believes that shipping water may be an inefficiency that can be addressed through innovation.</p> <ul style="list-style-type: none"> • Honest’s Powder Cleanser uses less water compared to conventional equivalents and our dry wipes are made from sustainably sourced cotton. <p>Honest currently does not have a formal water risk assessment and management process in place.</p>
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PRODUCT ENVIRONMENTAL HEALTH AND SAFETY PERFORMANCE

Disclosure Code	Accounting Metric	Response + References
CG-HP-250a.1	Revenue from products that contain REACH substances of very high concern (SVHC)	Honest does not have any products that contain substances on the Candidate List of very high concern (also known as “REACH substances”). Therefore, we have no revenue from these types of products.
CG-HP-250a.2	Revenue from products that contain substances on the California DTSC Candidate Chemicals List	Approximately 40% of our net revenue from products sold in FY21 contain chemicals $\geq 0.1\%$ w/w as listed on the California Department of Toxic Substances Control’s (DTSC) Candidate Chemicals List (as of October 2022) or contain these listed chemicals in quantities of $< 0.1\%$ but meet our internal disclosure requirements and are therefore listed on the product’s ingredient list. These chemicals are: amylase, benzaldehyde, isopropanol, proteases, quaternary ammonium compounds (QACs), sodium hydroxide, and tin oxide.
CG-HP-250a.3	Discussion of process to identify and manage emerging materials and chemicals of concern	<p>Honest utilizes a multi-step, multi-stakeholder approach for managing emerging materials and chemicals of concern, beginning with raw material selection and compliance and ending with market surveillance. For an overview of our process, see the Honest Standard section of our website.</p> <p>Our raw material selection is a collaboration with our Research & Innovation, Toxicology & Product Safety, and Regulatory Affairs teams. All ingredients are reviewed against our NO List™, containing 3,500+ ingredients which may be of high human or ecological health hazard, derived from a non-renewable resource where more sustainable alternatives exist, or present an ethical consideration, such as being animal derived. ...</p>

PRODUCT EHS CONTINUED

<p>CG-HP-250a.3 (continued)</p>	<p>Discussion of process to identify and manage emerging materials and chemicals of concern (continued)</p>	<p>...This list is not based on a particular framework, but it is regularly updated with new information based on scientific, non-governmental organization (NGO), and governmental publications, as well as regulatory landscape changes.</p> <p>Candidate raw materials, including potential residuals and contamination profiles, are then reviewed for regulatory compliance and Honest Standard compliance. Existing supplier safety and efficacy data, including toxicological dossiers, analytical testing, clinical test reports, in vitro testing and instrumentation data are also reviewed and validated at this point. If data gaps are identified, additional safety and efficacy testing will be evaluated.</p> <p>Furthermore, Honest conducts a Human Health Risk Assessment (HHRA) in line with the Cosmetic Product Safety Assessment (CPSA) required for premarket review of cosmetics in the European Union. The HHRA's identify: 1) whether the substance has potential to do harm, 2) how much of a product is the user exposed to during use and 3) if the end user's exposure meets a health-protective margin of safety (MOS).</p> <p>Honest products do not contain any chemicals on Washington State's List of Chemicals of High Concern to Children. We avoid ingredients and ingredient classes of concern, such as: parabens, formaldehyde donors, isothiazolinones, butylated hydroxyanisole (BHA), and butylated hydroxytoluene (BHT). We do not use triclocarban/triclosan or nanosilver for any purposes.</p> <p>Honest does not intentionally add ingredients on California Proposition 65 with the exception of the following:</p>
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PRODUCT EHS CONTINUED

<p>CG-HP-250a.3 (continued)</p>	<p>Discussion of process to identify and manage emerging materials and chemicals of concern (continued)</p>	<p>-<i>Titanium dioxide</i>: only used in products not expected to be of unbound, respirable nature (i.e. only in liquid, solids, and pressed powders), -<i>Ethanol</i>, -<i>Fragrance oils</i> containing naturally-occurring constituents such as, beta-myrcene & methyl eugenol, and -<i>Retinol/Retinol</i> products, not used in excess of 10,000 IUs.</p> <p>For all disinfecting and sanitizing products, we only use alcohol (ethanol) or hydrogen peroxide actives. Honest uses fragrances containing anisaldehyde and benzaldehyde in some of our personal care products, which are chemicals listed in the DTSC’s “Safer Consumer Products Priority Product Work Plan, Three Year Work Plan”.</p> <p>Honest preserves products to provide safe products for the consumer. We use a variety of preservatives and preservative-boosting ingredients, including hydroxyacetophenone, sodium benzoate, potassium sorbate, ethylhexylglycerin, caprylyl glycol, 1,2-hexanediol, caprylhydroxamic acid, and trisodium ethylenediamine disuccinate. We sparingly use phenoxyethanol.</p>
<p>CG-HP-250a.4</p>	<p>Revenue from products designed with green chemistry principles</p>	<p>We are members of the Green Chemistry & Commerce Council (GC3) and are working closely to identify safe alternatives and incorporate more green chemistry principles in our product formulations. In addition, one of our suppliers won a Green Chemistry Award for its innovative surfactant, Galsoft, which we use in our shampoo, body wash, and bubble bath products. Honest is working towards, but has not yet, calculated the revenue from products designed with green chemistry principles.</p>

PACKAGING LIFECYCLE MANAGEMENT

Disclosure Code	Accounting Metric	Response + References
CG-HP-410a.1	<p>(1) Total weight of packaging</p> <p>(2) Percentage made from recycled and/or renewable materials</p> <p>(3) Percentage that is recyclable, reusable, and/or compostable</p>	<p>Primary Packaging: 852.5 metric tons Secondary Paper Packaging: 46.0 metric tons Total weight of packaging: 898.5 metric tons</p> <p>Approximately 9% of total primary packaging is from post-consumer resin (PCR) plastic, while approximately 85% of secondary packaging is made from recycled materials.</p> <p>Honest estimates that 60% of our total packaging is recyclable, 5% reusable, and 5% compostable. In addition, we estimate that 30% of the packaging substrate is wood fiber, 2% is glass, 2% is metal, and 65% is petroleum-based.</p> <p>The Company also estimates that the majority of our plastic bottles are made with 25% PCR, and other plastic packaging is made of 20% PCR. Paper packaging for non-baby category products is 100% from pre/post-consumer waste (PCW) and 100% recyclable.</p>
CG-HP-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	<p>Honest is constantly seeking ways to reduce negative environmental impacts from product packaging.</p> <ul style="list-style-type: none"> • Aiming to reduce reliance on plastic packaging by exploring other materials such as glass, aluminum and paper, which may be more readily recyclable. • Seeking ways to increase the use of PCR plastics to reduce the reliance on virgin plastics, as well as use pre and post-consumer waste (PCW) paper packaging <p>- A product that illustrates this strategy is Hydrogel Cream, whose primary packaging is refillable and made from PCR, while our secondary packaging is a carton made from recycled paper.</p>

PACKAGING LIFECYCLE CONTINUED

<p>CG-HP-410a.2 (continued)</p>	<p>Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle (continued)</p>	<ul style="list-style-type: none"> • Taking into consideration emerging environmental regulations and market demand for more sustainable forms of packaging and is exploring opportunities to collaborate with suppliers in the sustainable sourcing of materials used for packaging. - We have used FSC (Forest Stewardship Council)-certified packaging, which provides assurance that our paper packaging is from responsibly managed forests. The FSC has set standards where there is no net loss of forest over time, while protecting biodiversity, communities, and the rights of workers. <p>We revisit our packaging strategy on a regular basis to identify potential efficiencies in our packaging process, which may include reducing the amount of packaging material. Our research & development strategy for packaging considers, but is not limited to the following:</p> <ul style="list-style-type: none"> - Reducing plastic use and utilizing PCR or recycled plastic, - Minimizing product to package ratios, - Refillable/reusable containers, and - Recycled and recyclable paper and corrugate.
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ENVIRONMENTAL AND SOCIAL IMPACTS OF PALM OIL SUPPLY CHAIN

Disclosure Code	Accounting Metric	Response + References
CG-HP-430a.1	Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) Identity Preserved, (b) Segregated, (c) Mass Balance, or (d) Book & Claim	Our products formulations do not contain palm oil, but we estimate that approximately 70% of our formulations contain palm-derived ingredients. We are working to track and collect improved data quality related to ingredient usage across the products that we purchase from third-party suppliers and manufacturers.



TCFD Index

Governance	Response + References
<p>a) Describe the board’s oversight of climate-related risks and opportunities</p>	<p>The Nominating and Corporate Governance Committee of the Board of Directors has formal oversight of Honest’s ESG activities, including climate-related issues.</p> <ul style="list-style-type: none"> • This responsibility is included in the Committee’s charter. • The Audit Committee reviews financial reporting, as well as ESG disclosures. • Reporting to the full Board on ESG-related issues is done on an annual and as-needed basis.
<p>b) Describe management’s role in assessing and managing climate-related risks and opportunities</p>	<p>Honest formed an executive-level ESG Council in November 2021. As a cross-functional group composed of both business unit leaders and employees, the ESG Council is tasked with assessing and managing ESG and climate-related issues. The ESG Council is comprised of our Chief Financial Officer, Chief People Officer, General Counsel, Vice President of Marketing Communications, Senior Director of Investor Relations & Strategy, Senior Director of External Reporting & Internal Controls, Human Resources Director, and Senior Human Resources Specialist. In addition, the ESG Council engages with over 10 internal subject matter experts across packaging, toxicology, research & development and supply chain logistics on a monthly basis to address ESG goals and issues.</p> <p>The ESG Council is informed of and monitors potential risks through proposed regulatory filings, and investor and stakeholder feedback. The Council provides guidance and presents to the Board on an as-needed basis. While Honest is currently in the information-gathering phase to better understand risks and opportunities, we are planning to implement an enterprise risk management (ERM) framework in 2023, which will allow us to more actively manage ESG- and climate-related risks and opportunities.</p>

Strategy	Response + References
<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>Honest has identified ESG- and climate-related risks, some of which are described below. We also recognize that some of these risks could also turn into potential opportunities, e.g., demonstrating strong ESG practices could help attract customers and new investors, as we mature in our development of further identifying, disclosing and managing climate-related risks.</p> <ul style="list-style-type: none"> • Reputation risk (product integrity): Any loss of confidence on the part of consumers in our products or the ingredients used in our products, including actual or perceived environmental impacts, could tarnish the image of our brand and could cause consumers to choose other products. • Reputation risk (increased stakeholder concern): Stakeholder scrutiny related to our ESG practices, commitments, performance and disclosures continues to increase. We have adopted certain policies and programs, but our stakeholders might not be satisfied with our ESG practices, commitments, performance and/or disclosures, or the speed of their adoption, implementation and measurable success. • Market risk: Access to certain sustainable materials has been challenging, as supply has not been readily available, such as tree-free sugarcane packaging material and post-consumer recycled (PCR) polypropylene in the US. • Acute & chronic physical risks: Climate change threatens to increase the frequency and severity of natural disasters, which could disrupt production and procurement of raw materials in our supply chain. • Emerging regulation risk: Honest faces enhanced emissions-reporting obligations, like the SEC’s proposed ruling on climate change. (Note: Although Honest has not yet defined specific time horizons for climate-related risks, we anticipate improving on this aspect with the development of our ERM.) <p><i>See 2021 Honest Annual Report, Item 1A Risk Factors (p. 13-49)</i></p>

Strategy	Response + References
<p>b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning. (continued)</p>	<p>...products through a climate lens which can be seen in the following examples:</p> <ul style="list-style-type: none"> • The alcohol used in our alcohol wipes, hand sanitizer gel, and hand sanitizer spray is 100% plant-derived, instead of being petroleum-derived. • Most bottles are 25% PCR, most corrugate is 100% pre-/post-consumer waste (PCW), and all paperboard is FSC Mix certified. • We have reduced the weight of some of our packaging, e.g., we removed 20 grams from one of our cream/lip compact products. • We consider local sourcing to be an important factor in our decision-making for packaging materials. <p>In 2020, Honest entered into an agreement to participate in a six-month carbon offset program to reduce greenhouse gas emissions resulting from our domestic Honest.com shipments. We began our participation in this program in 2020 and have participated in consecutive six-month periods through 2021 and 2022.</p> <p>Honest recognizes that ESG and climate-related risks and opportunities have potential financial impacts. Investor advocacy groups, certain institutional investors, investment funds, creditors and other influential investors are increasingly focused on our ESG practices and in recent years have placed increasing importance on the ESG implications of their investments and lending decisions. If we do not meet our stakeholders’ evolving expectations, our reputation, access to and cost of capital, and stock price could be negatively impacted.</p> <p>Our customers and consumers may require that we implement certain additional ESG procedures or standards before they will start or continue to do business with us, which could lead to preferential buying based on our ESG practices compared to our competitors’ ESG practices. Further, being associated with activities by suppliers, contractors, or other affiliates that have or are perceived to have individual or cumulative adverse impacts on the environment and climate could negatively affect our reputation and impose additional costs.</p> <p><i>See 2021 Honest Annual Report, Item 1A Risk Factors (p. 13-49)</i></p>

Strategy	Response + References
<p>c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>Honest believes that we are taking proactive steps to make our business more resilient with respect to ESG and climate issues, although we have not yet performed a climate-related scenario analysis or developed a low-carbon transition plan.</p>

Risk Management	Response + References
<p>a) Describe the organization’s processes for identifying and assessing climate-related risks</p> <p>b) Describe the organization’s processes for managing climate-related risks</p> <p>c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management.</p>	<p>Risks are identified and assessed by Honest’s executive team and assigned to the appropriate business unit leaders depending on the nature and focus of the risk. The Audit Committee also meets quarterly to identify and classify risks. The General Counsel coordinates between the Board and management regarding to the determination and implementation of responses to any problematic risk management issues.</p> <p>We are implementing an enterprise risk management (ERM) system in 2023 that will help establish a specific process for indentifying, assessing, and managing ESG or climate-related risk. The ERM framework will provide us with a disciplined process to identify, assess, respond to, and report on key risks and opportunities – with the objective of advancing the Honest mission. ESG factors, including climate-related factors, will be aligned with the ERM framework. As we build the framework, we will define ESG materiality, allowing us to focus on those strategic ESG risks.</p> <p><i>2022 Proxy, Role of the Board in Risk Oversight (p. 9-10)</i></p>

Metrics & Targets	Response + References
<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>As we implement our ERM framework in 2023 and look to set GHG reduction targets, we will evaluate potential ESG and climate metrics to integrate into our strategy and risk management process.</p>
<p>b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas emissions, and the related risks.</p>	<p>Honest’s GHG emissions inventory for scopes 1 and 2 was completed for calendar year 2021. Emissions from CO₂, CH₄, and N₂O were calculated using The GHG Protocol Corporate Accounting and Reporting Standard and an operational control consolidation approach. The inventory included our leased headquarters in Los Angeles, California (scope 2 from electricity and purchased heating) and our leased fulfillment center in Las Vegas, Nevada (scope 1 from natural gas, scope 2 from electricity). Scope 1 emissions from refrigerants were excluded due to a lack of data.</p> <ul style="list-style-type: none"> - Scope 1: 338 metric tons CO₂e - Scope 2 (location-based): 686 metric tons CO₂e - Scope 2 (market-based): 688 metric CO₂e <p>Honest also has warehouse and distribution facilities Pennsylvania, the Netherlands, and Fontana, California (which was consolidated with the Las Vegas facility in 2022). We do not have operational control over any of these facilities, so emissions would be accounted for in scope 3. We are currently evaluating the relevancy of all 15 scope 3 categories to perform screenings and calculations, as appropriate.</p>
<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>In January 2022, Honest decided that one of our five corporate goals would be related to ESG action. This goal crystallized into a commitment to publish our first ESG Tear Sheet. Bonuses for all employees are partially tied to these corporate goals. For the executive team, 10% of their bonus is dependent on successfully achieving this ESG goal, and for all other employees, 5% of their bonus is contingent.</p> <p>We anticipate setting additional ESG goals and targets in the future, which may include a GHG reduction target.</p>

ADDITIONAL SOCIAL METRICS

Topic Area	Response + References
Ethnic and Racial Breakdown	<p>As a values-driven organization, we believe that having a team of diverse backgrounds and experiences working together will enable us to deliver on our mission to inspire everyone to love living consciously. Noteworthy highlights about our people, as of December 31, 2021, include:</p> <ul style="list-style-type: none"> - People of color represent approximately 50% of our workforce - Women represent over 65% of our workforce - Women represent over 60% of our leadership team* - Women and people of color represent nearly 50% of our board of directors <p><i>*Includes director level and above.</i></p>
Community Impact	<p>Honest works with key charity partners who are supporting underrepresented populations including women, minorities and individuals in low-income communities, including:</p> <ul style="list-style-type: none"> • Baby2Baby: who we have been partnered with since 2012. In 2021, we stepped up our donation of essential items by donating 3.5 million diapers, wipes and personal care products via family resource centers, homeless shelters, health clinics and Head Start centers to families impacted by the COVID-19 pandemic. In sum, we have donated more than 26 million family personal care, feminine care, clean beauty products and other essentials, equivalent to approximately \$32 million in retail value, to those in need with Baby2Baby and other charitable partners since the start of our partnership. • March of Dimes: helps fund reserach, advocacy, and service programs addressing maternal and infant mortality with critical healthcare and support. We have donated more than \$398,000 over the past two years, reaching more than 455,000 mamas with health education and programs. <p>Additionally, Honest regularly makes cash and in-kind donations to non-profits nominated by its employees, including local organizations making an impact on our community and national organizations with broader reach. We also support disaster relief efforts through our non-profit partners, delivering diapers and essentials during natural disasters, as well as social justice initiatives, such as donating to Historically Black Colleges and Universities (HBCUs) and the NAACP Legal Defense Fund in 2020.</p>

<p>Community Impact (continued)</p>	<p>In addition, our team provides opportunities for employees to give back to communities in need through:</p> <ul style="list-style-type: none"> • Paid volunteer time off: To date, Honest employees have volunteered over 19,000 hours in the community. • Donation matching: Since its inception (2012), Honest has matched an average of \$10,000 in employee donations each year. • Donation nominations: During the COVID-19 pandemic, Honest began regular community donations (monetary, Honest products, or meals provided by Honest) to local organizations nominated by Honest employees.
<p>Diversity, Equity and Inclusion Program</p>	<p>We foster and support a diverse, inclusive environment and have implemented four Employee Resource Groups (ERGs), with the following objectives:</p> <ul style="list-style-type: none"> • W.E.L.L.[™] (Women Excelling in Leadership and Living): To educate, empower and propel women to professional and personal growth, offering support, inspiration and tools to achieve success. • Parents & Friends[™]: To provide Honest parents, caregivers and friends of parents with programming and a community that empowers and enables them to bring their best selves to work. • B.L.A.C.[™] (Black Leadership, Allies & Community): To support the community and allies of Honest to drive Black representation, equality and leadership across the business, the marketplace and the culture. • H.A.A.P.I.[™] (Honest Asian-Americans and Pacific Islanders): To create a supportive and inclusive community for Asian Americans, Pacific Islanders and allies through mentorship, volunteering and fostering appreciation for the traditions and legacy of this richly diverse community with educational, cultural, and social activities. <p>All employees are welcome to ERG events and activities regardless of membership; over 50% of our employees are engaged in ERGs as leaders, regular contributors, or participants.</p> <p>The Honest Company has also been recognized by Mogul numerous times, including:</p> <ul style="list-style-type: none"> • Top 100 Workplaces For Diverse Representation (2021) • Top 100 Workplaces with the Greatest D&I Initiatives (2020) • The Best Places to Work for Diversity & Inclusion (2019)

Topic Area	Response + References
Employee Training	<p>Honest offers a variety of tools and programs to propel our employees towards growth and success. In 2021, employees spent approximately 1,400 hours in Leadership & Developmental programming. These include:</p> <p>Honest University – Our award-winning program for all employees that offers courses on technical and soft skills. We’ve been awarded:</p> <ul style="list-style-type: none"> • Best Advance in Managing a Remote Workforce (Gold) (2021) • Best Advance in Competencies and Skill Development (Bronze) (2021) • Best Launch in Corporate Learning University (Silver) (2019) • Best Strategy for Corporate Learning University (Bronze) (2019) by the Brandon Hall Group. <p>Leadership Academy – A program for leaders VP+ with courses focused on refining their leadership capabilities, accelerating professional development, and building their leadership brand.</p> <p>Management Academy – A multi-level training program for new people managers leading people and people managers who recently joined Honest. Courses focus on high-performing teams, crucial conversations and employee experiences.</p>



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The information and opinions contained in this tear sheet are provided as of the date of this report and are subject to change without notice. Honest does not undertake to update or revise any such statements. This report represents current Honest policy and intent and is not intended to create legal rights or obligations. In relation to this tear sheet, we are (wholly or in part) reliant on public sources of information and information provided by our own suppliers and business partners.

This tear sheet includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical or current facts, including statements regarding our plans, initiatives, projections, goals, commitments or expectations, are forward-looking. We use words such as aim, believe, commit, drive, estimate, ensure, expect, goal, intend, may, mission, plan, project, seek, strategy, strive, target and will or similar expressions to identify forward-looking statements. Forward-looking statements reflect management’s current expectations and inherently involve risks and uncertainties. Actual results could differ materially due to a variety of factors, including assumptions not being realized, scientific or technological developments, evolving sustainability strategies, changes in carbon markets, evolving government regulations, as well as the factors set forth in the “Risk Factors” section of our most recent Annual Report on Form 10-K and subsequent filings. The standards of measurement and performance contained in this report are developing and based on assumptions, and no assurance can be given that any plans, initiatives, projections, goals, commitments or expectations set forth in this report can or will be achieved.