
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 9, 2022



The Honest Company, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction
of Incorporation)

**12130 Millennium Drive, #500
Los Angeles, CA**

(Address of Principal Executive Offices)

001-40378

(Commission File Number)

90-0750205

(IRS Employer
Identification No.)

90094

(Zip Code)

(888) 862-8818

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	HNST	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02 Departure of Directors or Certain Officers; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Appointment of Chief Executive Officer

On December 13, 2022, The Honest Company, Inc. (the “Company”) announced the appointment of Carla Vernón as the Company’s Chief Executive Officer, effective January 9, 2023 (the “Effective Date”), which was approved by the Company’s board of directors (the “Board”) on December 10, 2022.

Ms. Vernón, 52, most recently served as the Vice President of Consumables Categories at Amazon.com, Inc. beginning in January 2021. Prior to joining Amazon, Ms. Vernón spent more than two decades in various P&L leadership roles at General Mills, Inc., most recently serving as the Operating Unit President of Natural & Organic Division from July 2017 to April 2020.

Pursuant to the terms of Ms. Vernón’s employment agreement (the “Vernón Employment Agreement”) effective as of the Effective Date, Ms. Vernón’s employment may be terminated at-will by either party, with or without notice. Ms. Vernón will receive a base salary of \$725,000 per year and be eligible for an annual discretionary bonus with a target amount of 100% of her base salary based on the achievement of certain corporate and/or individual objectives and milestones that are determined by the Board. She will be eligible to participate in the benefit and perquisite programs available to Company executives, will be entitled to a lump sum payment of \$225,000 (less any applicable withholdings) for purposes of relocating to California within 18 months following the Effective Date, and will be eligible for reimbursement of certain expenses during the relocation period. Ms. Vernón will be granted restricted stock units (“RSUs”) with a value of \$5,166,667 (“Initial Grant”), 25% of which will vest on the Company’s first quarterly vesting date following the first anniversary of the grant date and in equal 6.25% quarterly installments thereafter, subject to the terms and conditions of the Company’s 2021 Equity Incentive Plan. The number of RSUs subject to the Initial Grant is calculated by dividing the value of the Initial Grant by the 30-day trailing average of the closing price of a share of the Company’s common stock on the grant date. She will receive a one-time signing bonus of \$833,333 to be paid within 60 days of the Effective Date and a portion of the Initial Grant representing RSUs with a value of \$1,666,667 will be deemed to represent a sign-on grant (the “Sign On Grant”). The Initial Grant and sign-on cash bonus will be subject to any recoupment policy adopted by the Company or as required by law.

Ms. Vernón will be entitled to receive severance benefits in the event her employment is terminated by the Company without cause or she resigns for good reason, provided she remains in compliance with the terms of the Vernón Employment Agreement. In the event of such termination or resignation, Ms. Vernón will receive (i) severance in a lump sum equal to 12 months of her then-current base salary, (ii) her target annual bonus for the year in which such termination or resignation occurs, (iii) up to 12 months of COBRA group health insurance continuation, and (iv) accelerated vesting of the Initial Grant and any time-based equity awards granted at least 12 months prior to the termination date as to the portion that would have vested during the 12-month period following the termination or resignation. The Sign On Grant shall become immediately vested upon such termination or resignation. The severance benefits are conditioned upon Ms. Vernón signing and not revoking a separation agreement and release of claims by no later than the 60th day after the employment termination and resigning from all positions and terminating any relationships as an employee, advisor, officer or director with the Company and its affiliates as of the date of termination.

The Company expects that Ms. Vernón will enter into the Company’s standard form of indemnification agreement, a form of which was filed as Exhibit 10.6 to the Company’s Registration Statement on Form S-1 (File No. 333-255150), filed with the Securities and Exchange Commission on April 20, 2021.

The selection of Ms. Vernón to serve as the Company’s Chief Executive Officer was not pursuant to any arrangement or understanding with respect to any other person. In addition, there are no family relationships between Ms. Vernón and any director or executive officer of the Company. Ms. Vernón has not been a party to any transaction with the Company or its subsidiaries of the type required to be disclosed pursuant to Item 404(a) of Regulation S-K, and no such transaction is currently contemplated.

Departure of Chief Executive Officer

On December 13, 2022, the Company announced that Nick Vlahos will leave his current role as Chief Executive Officer of the Company on the Effective Date. Mr. Vlahos will continue to serve as a member of the Board after the Effective Date. Following the Effective Date and to ensure an orderly transition, Mr. Vlahos has agreed to consult with the Company through May 31, 2023, which may be further extended with the mutual agreement of Mr. Vlahos and the Company (the “Consulting Period”).

During the period ending on the Effective Date, Mr. Vlahos shall continue to be employed as the Chief Executive Officer of the Company and will continue to receive his current base salary and other benefits currently provided to him, including his bonus for 2022 as determined by the Board based on the achievement of applicable performance goals (the “2022 Bonus”). Mr. Vlahos will be entitled to receive the 2022 Bonus, if any, even though such amounts will be paid following the Effective Date.

The Compensation Committee of the Board approved Mr. Vlahos' termination without cause and the principal terms of his separation and consulting arrangement on December 9, 2022. The Company anticipates that it will enter into a separation agreement (the “Separation Agreement”) with Mr. Vlahos, which, together with his Employment Agreement dated as of April 24, 2021, (the “Vlahos Employment Agreement”) will govern the terms of his separation from the Company. Mr. Vlahos' separation will be treated as a termination of Mr. Vlahos' employment without cause pursuant to the Vlahos Employment Agreement for all purposes. In addition, the Company anticipates that it will enter into a consulting agreement (the “Consulting Agreement”) with Mr. Vlahos which will govern the terms of his consulting arrangement with the Company for the Consulting Period. The principal terms of Mr. Vlahos separation and consulting arrangement are summarized below.

Under the Separation Agreement, Mr. Vlahos will receive the payments described under the Vlahos Employment Agreement in the event he is terminated without cause, as follows: (i) 24 months of his current annual base salary; (ii) a pro-rated bonus for 2023; and (iii) up to 24 months of COBRA group health insurance continuation. His equity awards will continue to vest per their terms as long as he remains on the Board. The Separation Agreement will contain a general release and waiver of claims pursuant to which Mr. Vlahos agrees to release the Company and certain other parties from any and all claims, charges, causes of action and damages arising on or prior to his execution of the Separation Agreement. Under the Consulting Agreement, Mr. Vlahos will receive a cash fee of \$1,900,000 reduced by a dollar amount to be calculated by multiplying the 30-day volume-weighted average price of the Company's common stock on the Nasdaq Stock Market LLC as of the Effective Date by 88,278, which is the number of shares of common stock held on such date by the Nikolaos and Angela Vlahos 2006 Trust, over which Mr. Vlahos and his wife serve as trustees (such amount after the reduction referred to as the “Consulting Payment”), with the Consulting Payment to be grossed up for tax withholdings.

Item 7.01 Regulation FD Disclosure.

On December 13, 2022, the Company issued a press release announcing Ms. Vernón's appointment and Mr. Vlahos' departure. The press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

The information in this Item 7.01 and the related exhibit are being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act whether made before or after the date of this report, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release, dated December 13, 2022.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The Honest Company, Inc.

Date: December 13, 2022

By: /s/ Kelly J. Kennedy

Name: Kelly J. Kennedy

Title: Executive Vice President, Chief Financial Officer

The Honest Company Names CPG Veteran Carla Vernón as Chief Executive Officer and One of the Only Afro-Latina CEOs at a U.S. Publicly Traded Company

With New CEO, The Honest Company Builds Upon Brand's Growth and Looks to the Future as Leader of Clean Lifestyle Movement

Current CEO Nick Vlahos Continues as Member of Honest's Board of Directors

Los Angeles, December 13, 2022 – The Honest Company (NASDAQ: HNST), a consumer-first, mission-driven and digitally-native brand leading the clean lifestyle movement, announced today that former Amazon and General Mills executive Carla Vernón will become CEO, effective January 9, 2023. Through this appointment, Vernón will become one of the only Afro-Latina CEOs at a U.S. publicly traded company, bringing a new era of leadership that reflects the diversity of Honest's consumers. As CEO, Vernón will be laser-focused on category growth and driving profitability behind the company's core mission of inspiring everyone to love living consciously. The move is part of a strategic leadership succession plan, as current CEO Nick Vlahos will step down from day-to-day operations after a near six-year tenure and remain on the Board of Directors at Honest.

"I am thrilled Carla is joining The Honest Company as our next CEO. She is a strategic, visionary leader who will continue to build Honest as the legacy brand for tomorrow's generation," **said Founder and Chief Creative Officer Jessica Alba.** "What makes Carla unique is her innate ability to drive product innovation and go-to-market strategies that captivate consumers' imagination, strengthen brand loyalty, and significantly impact the bottom line. I could not dream of a better person to take Honest into this exciting new chapter. With Carla at the helm, I am confident Honest will continue to redefine category expectations and pave the way for others to follow."

"Carla is widely recognized as a transformational leader and purpose-driven executive. She brings invaluable experience scaling and energizing businesses, developing and executing successful omnichannel strategies and fostering diverse and inclusive workplace cultures. I am excited to welcome Carla as The Honest Company's next CEO and I look forward to working with her to continue to bring Honest's mission to life," **said Chair of The Honest Company Board of Directors James D. White.** "On behalf of the entire board, I want to thank Nick for leading The Honest Company through a period of transformative growth. Over his six years in leadership, Nick strengthened the business fundamentals, led the company's successful initial public offering, and significantly expanded the Honest brand in omnichannel and global markets. We are thrilled to have him continue as a member of the Honest Board."

Vernón comes to Honest from her recent role as Vice President of Consumables Categories at Amazon.com where she led the baby care, household products, food, beverages, health and wellness, and beauty categories to double-digit topline growth on Amazon.com's \$200 billion online stores. She was also instrumental in invigorating Amazon.com's beauty experience, including increasing the portfolio of emerging and prestige beauty brands, introducing a proprietary virtual lipstick try-on technology, and creating the first-ever seasonal beauty merchandising event: Amazon's Holiday Beauty Haul.

Prior to Amazon, Vernón spent more than two decades at General Mills in various P&L leadership roles across the company's portfolio, with a particular focus on the company's purpose-driven brands. In her most recent role as Division President of its Natural and Organic business, Vernón was instrumental in guiding General Mills to become the second largest branded maker of natural and organic food in North America and the industry leader in regenerative agriculture and organic farming through a commitment to advancing regenerative practices on one million acres of land. Through innovation and an intuitive sense of the consumer, Vernón also reinvigorated many of General Mills legacy brands, including restoring growth and record-level sales for Nature Valley and making Larabar the fastest-growing nutrition bar in mass markets. Vernón also serves on the Board of Trustees for Princeton University.

"As a leader of the clean lifestyle movement, The Honest Company is uniquely positioned to meet the needs of this era and I am thrilled to join Jessica and the leadership team with a fresh perspective as we enter a new chapter of innovation and growth," **said incoming Chief Executive Officer Carla Vernón.** "As I take my seat at the table as a woman, a mom, and one of the only Afro-Latina CEOs of a U.S. public company, there are so many people and experiences that come with me. These are perspectives that can inspire our future growth and vision. That is what is so unique about The Honest Company. This brand was built to bring a rumble of change across industries, leading the way to bring clean and ethical products to the mainstream. And, we will continue doing that with products designed in new and better ways that meet today's and tomorrow's needs."

“Over the last two years, I have been fortunate to partner with Carla to drive our Honest Lifestyle Platform at Amazon and it is clear that she understands how to engage the conscious-minded shopper and their desire for clean and natural products.” **said Chief Executive Officer Nick Vlahos.** “With the recent distribution expansion that has delivered record-high retail sales and a strong management team in place, now is the perfect time for Honest to transition to its next CEO. I am confident that Carla is the right leader to continue to scale the business as we embark on our next decade as a modern consumer lifestyle brand, inspiring everyone to love living consciously.”

Vlahos’ accomplishments as CEO include scaling Honest from startup to a publicly traded, globally recognized lifestyle brand that can now be found in over 50,000 retail locations and fostering a diverse and inclusive environment throughout company culture with the creation of four employee-led employee resource groups. Honest and Vernón first partnered together as part of a partnership with Amazon beginning in 2021, where they collaborated to launch a fully digital-first version of The Honest Company store on Amazon.com.

At Honest, women represent more than 60% of the leadership team, and women and people of color represent over 50% of its board of directors. Every Honest purchase helps support organizations with shared values and makes happy, healthy lives possible for more people everywhere. To date, Honest has donated more than 28 million products to philanthropic partners, like Baby2Baby, as it continues to prioritize and support underserved communities.

On November 10, 2022, Honest released its third quarter earnings results and updated its financial outlook. The company's outlook of growing first half revenue in 2023 by 7-10% remains unchanged. Additional details on its 2023 outlook will be provided as part of the company's fourth quarter earnings release in mid-March.

About The Honest Company

About The Honest Company: The Honest Company (NASDAQ: HNST) is a consumer-first, mission-driven and digitally-native brand focused on leading the clean lifestyle movement, creating a community for conscious consumers and seeking to disrupt multiple consumer product categories. Since its launch in 2012, Honest has been dedicated to creating thoughtfully formulated, safe and effective personal care, beauty, baby and household products, which are available via honest.com, third-party ecommerce partners and approximately 50,000 retail locations across the United States, Canada and Europe. Based in Los Angeles, CA, the Company's mission, to inspire everyone to love living consciously, is driven by its values of transparency, trust, sustainability and a deep sense of purpose around what matters most to its consumers: their health, their families and their homes. For more information about the Honest Standard and the company, please visit www.honest.com.

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