

# Scotts Miracle-Gro

## Corporate Responsibility Update

Helping people express themselves on their own piece of the Earth since 1868

2018





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# INTRODUCTION

## About ScottsMiracle-Gro

ScottsMiracle-Gro is the world's leading provider of consumer lawn and garden as well as hydroponic growing products. Since 1868 we have earned consumer trust by providing products that help gardeners grow thriving gardens and landscapes. Inspired by the words of Miracle-Gro founder Horace Hagedorn to "find a need and fill it", we invest in our associates, communities and operations to ensure we leave our piece of the Earth better than we found it.

"You can't keep taking  
away from the Earth.  
You must give  
something back."  
—Horace Hagedorn



## Our Origins

Founded by O.M. Scott in 1868 in Marysville, Ohio, our Company grew as a trusted provider of weed-free seeds for farmers and later, suburban homeowners. In 1995 Scotts merged with Stern's Miracle-Gro Products, Inc. to form The Scotts Miracle-Gro Company. Still headquartered in Marysville today, we've grown to include industry-leading brands in gardening, lawns and pest controls with facilities throughout North America. We also lead in hydroponic growing through our wholly owned subsidiary, Hawthorne Gardening Company. In 2017 we established The Scotts Miracle-Gro Foundation to carry out philanthropic activities in the areas of environmental improvement, community enhancement and youth empowerment.



**5500+**  
associates



**\$2.8**  
billion in sales



**65**  
locations

## About this report

This Corporate Responsibility Update provides information on the philanthropic, community and workplace investment activities achieved by the Company and Foundation during the 2015-2017 timeframe. These include gains made against our published 2010-2018 operational sustainability goals, which were still underway at the time of this report.

# CEO Statement

by Jim Hagedorn, Chairman and CEO

Helping people express themselves on their own piece of the Earth is at the core of why we do business. Caring for our natural resources like water, soil and plants not only ensures gardeners can continue to get out and make things grow today, but also helps secure our Company's future.

That's why we have significantly increased our corporate responsibility commitments over the past several years. We introduced more water-saving products, improved our application devices to reduce accidental spills and misuse and announced a plan to phase out neonicotinoids from our outdoor insect control products. We more than doubled the number of facilities achieving zero waste status and initiated formal partnerships with more than a dozen environmental groups across the U.S. In 2017 we established The Scotts Miracle-Gro Foundation to provide a platform for our ongoing commitments to community enhancement, environmental improvement and youth empowerment.

As we look to the future, our commitment to sustainable innovation will manifest itself in several ways. We'll be introducing breakthrough technology in organic fertilizers, increasing our outreach with environmental partners across the country and achieving milestones in the establishment of gardens and green spaces all across North America.

ScottsMiracle-Gro is the leader in the lawn and garden industry. As such, we embrace our responsibility to continue to innovate in ways that care for our environment and communities. This corporate responsibility update shows just how we are bringing that commitment to life.



# OPERATIONS

## Pesticide Safety

For more than a century we have earned consumer trust by providing high-quality products that help gardeners grow thriving gardens and landscapes. This includes offering products that control pests and diseases and protect lawn, garden and landscape investments. All of these products are rigorously tested and comply with all regulatory guidelines for safe use around people, pets and the environment.

## A Commitment to Responsible Use

As consumers seek to control pests in and around their homes, we work to ensure that our products can be used successfully and responsibly in a variety of settings. We understand that when it comes to safety, our consumers expect our products to be safe to use around people, pets and the environment. This is why we continuously review what active ingredients we choose to use.

Annually, our Company invests more than \$30 million in research and development efforts at our state-of-the-art research facilities and with external partners. R&D scientists seek to improve product effectiveness while continuing to meet regulatory safety standards. These partners have helped us shape our consumer outreach efforts to increase awareness about the responsible use of pest control products, including how and where to apply, proper dosages and other guidance.

We are always searching for opportunities to further enhance the environmental sustainability aspects of our products, active ingredients and raw materials.



## Consumer Education

In addition to providing labels that contain directions for use, precautionary information and first aid instructions, Ortho® offers product use guides and pollinator protection tips on its website. For all Scotts® products, consumers may access safety data sheets by searching for their product in an online database, located at [www.scottsmsds.com](http://www.scottsmsds.com).

Our Company is the exclusive marketing agent of Roundup® branded products, owned by Bayer. Roundup® provides video tutorials, a resource library and answers to frequently answered questions about the active ingredient in nonselective Roundup®, glyphosate, on its website.



## Third-party Engagement

Our Company involves many partners, including leading academic universities and research centers, when evaluating active ingredients for our products. We also engage with leading nonprofit organizations. In 2017 our Foundation began working with the Pollinator Stewardship Council to educate residential gardeners about the benefits of pollinators and the importance of protecting them in outdoor spaces. Through this partnership, the Council then began working with the Ortho® team to design an in-store consumer education campaign. This campaign will deliver responsible usage tips to retail shoppers nationwide beginning in 2019.

We take great pride in the science behind, and safety of, our products. We place high value on the world class scientific partners who develop the chemistry. We also highly value consumer trust in our products and work every day to uphold that trust. That includes providing products we know, and others have verified, are safe when used according to directions.



## Sustainability Commitments

Our Company has continued making progress toward its sustainability commitments; the current round of these goals is set for completion in 2018. Several of the goals have already been achieved, including removing phosphorus from lawn food maintenance products and incorporating recycled and renewable content into packaging. Following are updates on several other key commitments.



### Energy Consumption

Our Company continues to make strides reducing energy consumption and resulting greenhouse gas emissions. Since 2010 we have saved 50,000 gallons of diesel annually by optimizing distribution routes. In addition, our facilities are reducing energy consumption. In the past three years, we have achieved a 6% reduction in energy consumption across our North America manufacturing and office facilities. This reduction is equivalent to removing 1,000 passenger vehicles from the road for an entire year.



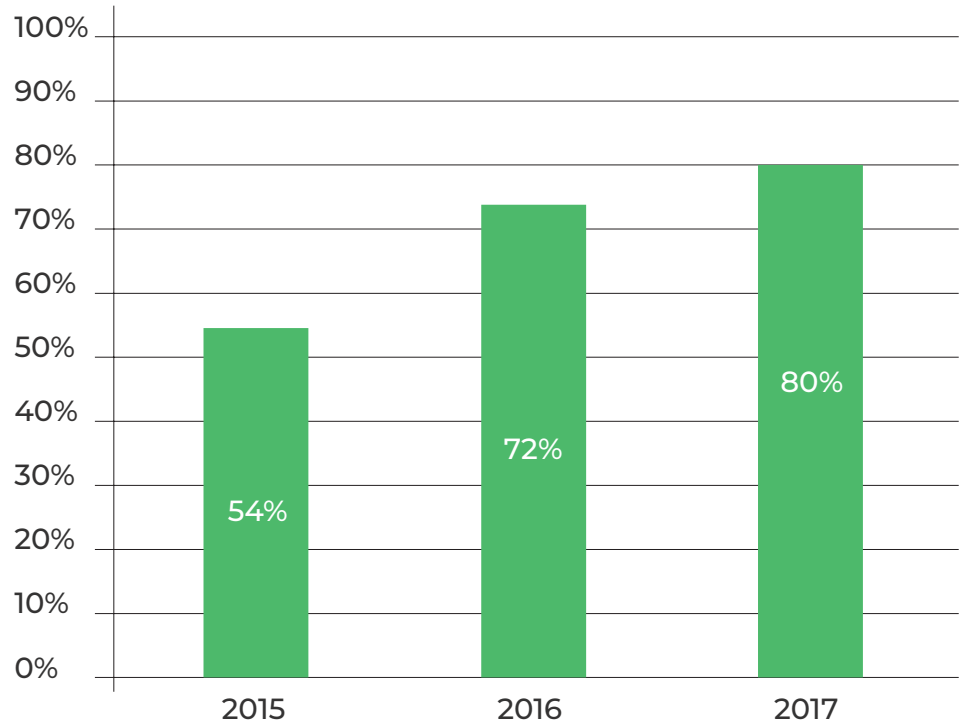
## Waste Diversion

In the past several years our Company has continued moving aggressively to reduce its waste footprint, bringing several more zero-waste facilities online. Our plant facilities report increasing waste diversion rates using strategies ranging from plastics recycling to green waste incorporation into soil and mulch products. By 2017 we were keeping 80% of our waste from entering the landfill.

By the end of fiscal year 2017, the following plants reported achieving zero waste to landfill status:

- Lebanon, Connecticut
- Medway, Maine
- Groveland, Florida
- Palmdale, Florida
- Carrollton, Kentucky
- Delhi, Ontario
- Bourth, France
- Hautmont, France
- Gretna, United Kingdom
- Hatfield, United Kingdom
- Howden, United Kingdom
- Sutton Bridge, United Kingdom

Waste Diversion Trend



## Compost and Recycling

Finding a product solution that is a win for the environment, consumers and business is challenging. Green waste recycling is an example of one solution, offering the opportunity to divert waste from landfills by incorporating it into beneficial new products. Our Company continues leading in utilizing green waste, incorporating 5 billion pounds annually of woody and green biomass into our products.

Several of our production facilities are moving beyond green waste to examine the environmental and economic potential of using food compost to enrich potting soils and other growing media. Procurement, R&D, sales and operations teams work together to find food waste—such as coffee, fruit and potatoes—that meets stringent criteria for inclusion in our products. These criteria include

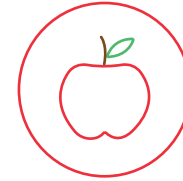
- High nutrient value
- Screening for foreign debris, such as plastic or glass
- Local sourcing within 100 miles of the production facility

In 2017 Lebanon, Connecticut, became the first growing media facility to pilot the Next Generation Compost project, incorporating cranberries into ScottsMiracle-Gro soils. Four more facilities will follow in 2018 in the Northeastern, Southern and Western United States with more anticipated as the program expands.

To learn more about our Company's compost and recycling program, contact [sustainability@scotts.com](mailto:sustainability@scotts.com).

### What's in the bag?

More and more of our soil products contain natural food waste—a win for the environment and for gardeners.



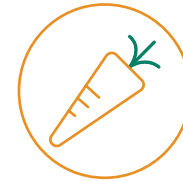
apples



cranberries



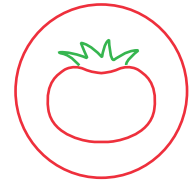
potatoes



carrots



cucumbers



tomatoes

Globally, our Company reuses 5 billion pounds of green waste annually.



## Research and Development Investments

Our Company continues investing in research and development of products that help consumers care for the environment while growing beautiful lawns and gardens. R&D scientists follow a rigorous process to continuously develop, test and bring to market products that help conserve water, have lower risk profiles and enable more targeted application.

Following are some of the achievements our R&D investments have yielded in the past three years:

### Product Formulation

In 2016 the Ortho® brand announced its decision to phase out neonicotinoid active ingredients from its outdoor garden control products. We immediately began expanding alternative active ingredients and are on track to phase out all neonics from these products by 2021.

In Florida Scotts® introduced new 50% slow-release nitrogen lawn food products throughout the entire state to help consumers play a role in protecting their state's critical water resources. Our slow-release formulations help ensure nutrients are released as lawns need them. This helps reduce nutrient runoff and the need for frequent reapplication while still ensuring plants stay healthy.

### Natural and Organic

The Nature's Care® product line launched in 2015. This line of plant food, soil mixes and pest controls offers gardeners natural and organic alternatives to conventional products.

We launched a natural and organic line of pest controls under the Ortho® brand in 2017, including an essential-oil based candle that repels mosquitoes more effectively than traditional citronella.

Also in 2017, our Company introduced a natural Tomcat® rodent repellent spray that proves effective at keeping rodents away without harmful effects.

## Water Protection and Conservation

Protecting water—both the quality and quantity available—continues to be a priority consideration for our research and development scientists. In 2015 Scotts® introduced the EveryDrop Water Maximizer™ to help consumers facing drought conditions in their communities. This product reduces the amount of water needed to keep lawns and gardens healthy and helps prevent runoff.

In 2016 Scotts® acquired the Blossom smart watering system and began building out a full line of water-efficient products to help consumers reduce water waste. These include a next-gen smart irrigation controller, drip irrigation kits, sprinklers and sprayers.

Scotts® also introduced the Wizz™ handheld spreader, complementing our traditional spreader devices. Like our larger spreaders, it comes equipped with our patented Edgeguard® technology designed to keep fertilizer off sidewalks and driveways and out of waterways, helping keep them clean and healthy.

## Hydroponics

Dedicated to empowering more people to garden no matter where and how they choose to grow, the Hawthorne Gardening Company expanded its hydroponic product offerings rapidly in the past three years. In 2016 Hawthorne acquired General Hydroponics and in 2017 added a majority stake in Gavita to its family of brands. Indoor hydroponic growing can have the following environmental benefits:

- Up to 50% less land space required for growing
- 90% less water required to grow plants
- 60% less fertilizer needed\*

Hydroponic growing can also reduce food insecurity by enabling more people in more places, such as urban food deserts, to grow their own food.

[\\*https://ecopostblog.wordpress.com/2014/07/14/the-environmental-benefits-of-hydroponics/](https://ecopostblog.wordpress.com/2014/07/14/the-environmental-benefits-of-hydroponics/)

As part of the Water Positive Landscapes initiative, we support the Bay Grasses in Classes program in Tampa Bay which engages students in coastal restoration as pictured here.



# WORKPLACE

We continue striving to create a dynamic, family-based culture for all of our associates. To that end, we offer opportunities to support one another, create a safe workplace, give back to the local community and care for the environment.

## LiveTotal Health

The LiveTotal Health program, established in 2005, provides a comprehensive wellness approach to help our associates and their families achieve physical, financial and personal health. This unique program goes beyond benefits to include access to experts available to coach associates on subjects ranging from work-life balance to debt and taxes. LiveTotal Health promotes physical activity and healthy eating through educational initiatives. The Company also offers adoption assistance, investment education and help to quit using tobacco products.

“It’s a holistic and comprehensive approach to wellness,” says Mike Lukemire, Chief Operating Officer. “LiveTotal Health provides our associates and their families with the resources and support to thrive, whether it’s through healthy lifestyles, financial peace of mind or opportunities to give back.”

**91%** of full-time associates participate in our 401(k) plan, which provides associates with up to a 7% salary contribution match.

**92%** of associates covered under the Company’s medical plan completed a health screening in 2017, gaining a better understanding of their health risks and identifying ways to improve their health.

Nearly **800** associates participated in a 28-day step challenge in 2017, logging almost 200 million steps.

Less than **4%** of associates enrolled in the Company’s medical plan are tobacco users.



### Justin Farmer, Operator, Marysville plant

“I was 5 feet 9 inches tall and carrying around 255 pounds. My blood pressure was 149/90, and my cholesterol was 249,” says Justin. “My wife and I had a baby on the way, and we also had a 10-year-old daughter, who I barely had enough energy to play with.”

Justin took advantage of health and wellness services offered to associates in Marysville, including gym workouts with a personal trainer and meetings with a registered dietitian. As a result, he lost 70 pounds in one year. His blood pressure lowered to 118/78 and his total cholesterol was down to 133. He continues his healthy lifestyle today and has become an inspiration and resource to others.

“My friends and my coworkers ask me for advice on eating healthy or working out,” he says. “I have new goals now, and I owe a great deal of my success to Scotts for all it has provided me.”

## Associate Giving Fund

When our associates need a helping hand, they often find their fellow associates providing it. The ScottsMiracle-Gro Associate Board set up a pooled donation fund in 2007 to help our associates support one another with challenges such as unexpected medical bills and family emergencies. Contributed entirely by Scotts associates, this fund has raised more than \$250,000, including \$44,000 raised in 2017.

**\$250K** TOTAL DONATED

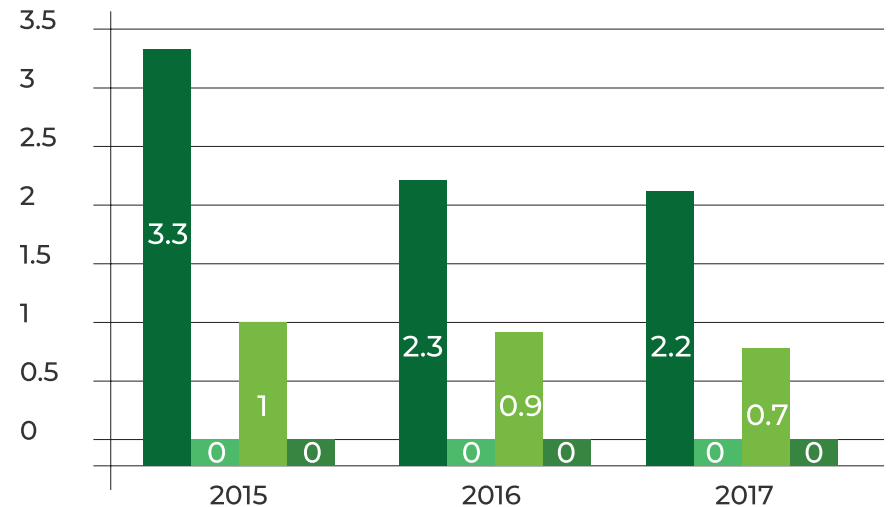
**\$44K** RAISED IN 2017

“When I found out [my fellow associates] would help me, it brought tears to my eyes because these kids had gone through so much. There were no words to express my gratitude.”

-Scotts associate in Arizona

## Health and Safety

Over the past three years, our Environmental Health and Safety (EH&S) team has continued to reduce injury rates and improve overall safety across our facilities and manufacturing sites. A comprehensive environmental management system, along with continuous improvement goals and ongoing health and safety training and certification for EH&S personnel has made this possible.



- Injury Rate
- Occupational Disease Rate
- Lost Day Rate
- Work Related Fatalities

## Give Back to Gro

ScottsMiracle-Gro encourages its associates to give back to their communities and serve as goodwill ambassadors by volunteering their time with local organizations. Through the Give Back to Gro program, the Company offers 2 paid days off per year for all eligible associates to use in community service. This amounts to 88,000 hours allocated per year across the company. Associates use this time to plant community gardens, build houses, mentor schoolchildren and clean up parks, among many other causes.



Following are some of the organizations with which our associates have volunteered through the Give Back to Gro program in the past few years.





# COMMUNITY

## Environment Improvement

ScottsMiracle-Gro has a long-held commitment to environmental improvement, focusing external engagement in the areas of water and pollinator protection. Explaining this commitment, our CEO Jim Hagedorn stated, “Our consumers are gardeners. And while gardeners garden for infinitely different reasons, they have one thing in common. Every time they garden, they interact with the environment. It is our job to provide them with products, solutions and information that allow them to do so with confidence.”

## Water Positive™

The Water Positive™ program realizes its goals of water conservation and water protection through a nationwide National Partner Network of 13 environmental nonprofits and additional research institutions. This network, representing a mix of national and local reach, is working to protect and preserve some of America’s most threatened water bodies from harmful algal blooms. In addition, network members conduct research and educate the public on improving outdoor water efficiency and reducing water waste.



## Committed to Clean Water

Nutrient pollution, caused mostly by excess phosphorus and nitrogen, affects water bodies in all 50 U.S. states. Excess nutrients feed algae, causing it to grow rapidly. The resulting harmful algal blooms are not just ugly; they kill aquatic life, poison drinking water and threaten human health through toxins that can affect our nervous system, liver and skin.\*

By far the most audacious project our Foundation has sponsored is a \$10 million global race to find a solution to these harmful algal blooms, once and for all. Teams of scientists from around the world are participating in the Everglades Foundation George Barley Water Prize competition. The winning team must present a solution to remove and repurpose phosphorus from freshwater that is effective, cost-efficient and scalable for widespread use. We are proud of our catalytic role as presenting sponsor for this unprecedented global competition.

\*<https://www.odh.ohio.gov/odhprograms/eh/HABs/algalblooms.aspx>



## Pollinator Promise

Our Company launched Pollinator Promise in 2015. This program is twofold: First, while the causes for pollinator declines are multifaceted, Ortho® stepped up to lead the industry by announcing its commitment to phase out neonic ingredients from its garden controls by 2021. We are investing in the development of neonic alternatives and actively educating consumers on how to use our products responsibly and avoid harming bees and other pollinators.

We realize the second aspect of Pollinator Promise through The Scotts Miracle-Gro Foundation. Working in partnership with respected nonprofit organizations like the Pollinator Stewardship Council, we encourage the creation of natural environments, backyard habitats and green spaces for pollinator species.

## Getting to Zero

“Today, less than 1 percent of our outdoor portfolio involves neonics. We’re working hard to get that number to zero. We’re proud to be the first to make this important transition.” –Tim Martin, Vice President and General Manager of Controls

# Community Enhancement

Our work at ScottsMiracle-Gro is to connect more people, in more places, to the life-enhancing benefits of gardens and green spaces. From edible gardens solving for food insecurity to green schoolyards providing natural places for children to learn and grow, we support all types of community-driven garden projects, especially programs that benefit young children in need. We focus our support of greenscape development through monetary grants, in-kind product donations, education and volunteer service.

## GRO1000

In 2011 we set a goal to support the creation of 1,000 community gardens in the markets we serve. Since then we've been finding neighborhoods in need of green spaces, communities in need of revitalization and schools in need of natural places to play. Wherever they are, GRO1000 is too.

## Community Garden Academy

We also support community gardens and public green spaces in our own backyard of Central Ohio through the ScottsMiracle-Gro Foundation Community Garden Academy fund at The Columbus Foundation. In 2017 this grant program marked its 14th year.



**\$947,000**

invested in monetary grants and product donations



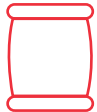
**30,300**

bags or 505 pallets of product donated



**\$269,500**

invested in monetary grants and product donations



**43,140**

bags or 719 pallets of product donated



**4,500**

associate volunteer hours given



**380**

gardens supported



**1,680**

associate volunteer hours given



**90+**

gardens supported



**150**

associate volunteer participants

## Youth Empowerment

Through individualized coaching, innovative learning experiences and educational opportunities, The Scotts Miracle-Gro Foundation, in partnership with The Hagedorn Legacy Foundation, is helping students unlock their inner potential to achieve their educational and vocational goals.



## The Legacy Project

The Legacy Project provides high school students with resources, innovative experiences and a network of support to move toward post-secondary education and career options—all with a focus on providing equal access to social mobility.

Through one-on-one, individualized coaching and mentor relationships, real-world internship opportunities and hands-on camp experiences, The Legacy Project develops the character, skills and innovative mindset necessary for students to successfully navigate the 21st century world. The program fosters the growth of key character traits while supporting developmental life skills and entrepreneurial thinking that enable students to achieve short-and long-term career objectives. These goals include college, technical/vocational education or entrepreneurial pathways to move into the workforce.

Students are provided with the following:

- Individualized coaching
- Chance to earn tuition toward post-secondary education
- Educational and career goal identification and setting
- Opportunity to learn from entrepreneurs and develop their own entrepreneurial thinking skills
- Community service and professional internship experiences
- Community mentors with whom to identify and learn from

These efforts are being launched formally in 2018, which marks the 150th Anniversary of ScottsMiracle-Gro. This is part of the legacy that ScottsMiracle-Gro is establishing for the future.

Program partners include The Ohio State University, The Mayerson Academy in Cincinnati and the Metro Institute of Technology.

# IMAGE GALLERY



Report produced by

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