



# CORPORATE SOCIAL RESPONSIBILITY REPORT

*Helping people express themselves on their own piece of the Earth*



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# ABOUT SCOTTMIRACLE-GRO

**Scotts Miracle-Gro**

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**SCOTTMIRACLE-GRO IS THE WORLD'S LEADING PROVIDER OF LAWN AND GARDEN PRODUCTS AND SERVICES. WITH APPROXIMATELY \$2.8 BILLION IN NET WORLDWIDE SALES, WE ARE THE WORLD'S LARGEST MARKETER OF BRANDED CONSUMER PRODUCTS FOR LAWN AND GARDEN CARE.**

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As of September 30, 2014 we employed over 6,600 associates. During peak sales and production periods, this number increases by about 2,000 associates as a result of seasonal and temporary labor.

Our brands are the most recognized in the industry. In the U.S., our Scotts®, Miracle-Gro® and Ortho® brands are market-leading in their categories, as is the consumer Roundup® brand, which is marketed in North America and most of Europe exclusively by Scotts and owned by Monsanto. In Europe, our brands include Weedol®, Pathclear®, EverGreen®, Levington®, Miracle-Gro®, KB®, Fertiligene® and Substral®. Our brands are sold through the world's leading home improvement retail companies and mass merchandisers. Other key channels include large hardware chain stores, independent hardware stores, garden centers, nurseries, greenhouses and food and drug stores. Additionally, we operate Scotts LawnService in the United States, which provides professional lawn and landscape care to consumers in markets across the U.S.

The Company traces its roots to its founding by O.M. Scott in Marysville, Ohio, in 1868. In 1995, Scotts and Stern's Miracle-Gro Products, Inc., which was formed on Long Island, New York, by Horace Hagedorn and Otto Stern in 1951, merged to create The Scotts Miracle-Gro Company, which is an Ohio corporation. For additional information, visit us at [www.scottsmiraclegro.com](http://www.scottsmiraclegro.com).



**Marysville, Ohio has been our company's home since our founding in 1868 by Civil War veteran O.M. Scott. The original retail storefront (and buggy repair shop) now serves as our Associate Store.**

## ABOUT THIS REPORT

This is ScottsMiracle-Gro's third Corporate Social Responsibility report, and second that was prepared using Global Reporting Initiative (GRI) Guidelines. This report was prepared to follow GRI's G4 Core Guidelines, with additional reporting on numerous Specific Standard Disclosures that we have identified to be the most material to the Company. Our materiality assessment was informed by the results of our stakeholder engagement efforts. This report covers our 2012-2014 fiscal years, which spans October 1, 2011 to September 30, 2014, against a fiscal year 2010 baseline. Our [previous corporate social responsibility report](#) was published on April 9, 2012, covering our 2010 and 2011 fiscal years.

We used operational control and/or significance of impacts to help define our reporting boundaries. The reporting of key environmental footprint indicators – such as energy use, waste to landfill, and greenhouse gas emissions – also includes our largest North American third-party manufacturing locations and our North American distribution network, unless noted otherwise. This third-party distribution system includes the transportation of finished goods from our operations to distribution centers, our transportation of finished goods from distribution centers to customers and the operation of the third-party distribution system. The operational and performance data also includes Scotts LawnService data that is carried forward from measurements taken in FY 2010, which demonstrated a *de minimis* amount of impact on our operations. Finally, while the operational and performance data includes all measurements from our various peat bog landholdings, those peat bog landholdings are counted as one facility within the Total Number of Operations (reportable) line in the Company Profile At A Glance chart on page 5. Further definitions are provided in the [Summary Data Table](#). Additionally, while this report does include our international operations, our intent is to continually increase international programming content in future reporting.

This report complements the financial performance detailed in our 2013 Annual Report. The consolidated financial statements include the accounts of Scotts Miracle-Gro and all wholly-owned and majority-owned subsidiaries. The Company's consolidation

criteria are based on majority ownership (as evidenced by a majority voting interest in the entity) and an objective evaluation and determination of effective management control. All entities included in the Company's consolidated financial statement are covered by this report.

View the externally audited consolidated financial statements of ScottsMiracle-Gro in our [2014 Annual Report](#), pages 50-115.

We intend to regularly update our electronically published corporate social responsibility report to share updated information to stakeholders and the general public on a timely basis. However, we may also publish a report update summary every two years.

A [GRI content index](#) is included in this document. This report was not externally assured. We invite you to send your questions, comments and suggestions to our Corporate Social Responsibility Manager at [sustainability@scotts.com](mailto:sustainability@scotts.com).

18  
COUNTRIES  
WORLDWIDE

WHERE WE WORK

## WHERE WE WORK

ScottsMiracle-Gro provides products to gardeners in 18 countries across the world, with 45 significant, company owned operations located primarily in:

Canada • France • United Kingdom • United States



## COMPANY PROFILE AT A GLANCE

	FY 12	FY 13	FY 14
Total Number of Employees	7,288	6,936	6,680
Total Number of Operations (reportable*)	67	77	78
Net Sales	\$2,770.5 (in millions)	\$2,773.7 (in millions)	\$2,841.3 (in millions)
Total Capitalization (in terms of debt and equity)	56.5%	44.5%	58.6%
Community Investment	\$8.09 (million)	\$5.188 (million)	\$5.503 (million)

ScottsMiracle-Gro lists its largest shareholders, including our percentage of ownership, in our Annual Report. In our [2014 report](#), this information is listed on page 13.

\*Our "reportable" operations include those operations that are within our operational control and/or have significant impact upon our company's operations. These facilities are further described in the About This Report section. Our comprehensive listing of operational properties, which includes all of the "reportable" operations and others where we do not have operational control or those that have *de minimis* operational footprint impact, can be found in our [2014 Annual Report](#) on page 15. For example, we have not included numerous leased office spaces in our "reportable" facility count, which do appear in our Annual Report's comprehensive operation property listing.

## CEO STATEMENT

GARDENING IS NOT ABOUT IMMEDIATE SUCCESS AND GRATIFICATION; IT IS ABOUT PATIENCE, COMMITMENT AND A BELIEF THAT YOUR EFFORTS WILL RESULT IN SOMETHING SPECIAL. THAT MAGIC RARELY OCCURS BEFORE YOUR EYES, BUT RATHER OVER TIME AND USUALLY WHEN NO ONE IS LOOKING. CORPORATE RESPONSIBILITY IS NOT MUCH DIFFERENT.

After years of building relationships with environmental partners, investing in our communities and improving our level of engagement with both our consumers and retail partners, I believe our commitment to corporate responsibility is manifesting itself in positive ways.

We have recently created our 500th major community garden, halfway to our goal of 1,000 such gardens by 2018. We are partnering with environmental groups in several parts of the U.S. that are committed to both water quality and conservation. We are educating our consumers to help them use our products responsibly and to help California homeowners do what they can to conserve water in the face of a historic drought.

Our associates are engaged in record numbers after our commitment to give each of them two paid days off every year to volunteer in their community. And we've committed hundreds of thousands of dollars to fund independent third-party scientific research on water quality to help determine the impact of our products on the environment.



**Jim Hagedorn,**  
CEO and Chairman of the Board

This report elaborates on these efforts and several others. It also describes the areas where we are committed to continued improvement. For example:

- We continue to invest in improved controlled release technology to minimize the potential impact of nitrogen runoff from lawn fertilizer. This is consistent with the decision we took several years ago to remove phosphorous from our lawn fertilizer products.
- We continue to focus on the safety of our control products. For 50 years, there has been a public dialogue about pesticide safety. While we have total confidence in the active ingredients we use, we are working with our scientific partners worldwide to find even better solutions. We also continue to improve our product packaging to ensure safety especially around kids and pets.
- We must do more to further improve our organic product offering. We took a major step forward in 2015 with the introduction of Miracle-Gro® Nature's Care®, a full-line of organic gardening products. Additionally, we created a subsidiary called The Hawthorne Gardening Company. One of Hawthorne's first actions was the acquisition and expansion of a business whose products are derived from food waste. It's a first step of an extended effort to provide for organic solutions to a wider array of consumers.

We are taking these steps and others not in search of praise. We do them because they are the right things to do.

Consumers rightfully expect the companies they do business with to be committed to improving society. People want the same out of their employer. Not only do we understand that expectation, we share it.

Yes, ScottsMiracle-Gro is a publicly traded company and we have an obligation to our shareholders to improve the value of their investment. And it's easy to improve short-term results by cutting back on anything that doesn't deliver an immediate bottom line benefit. But companies that drive long-term results operate much like gardeners ... they continue to invest and nurture their businesses over time, realizing that the long-term benefit will be even greater.

ScottsMiracle-Gro is focused on the long-term. In 2018, our company will celebrate its 150th anniversary. Such longevity is hard to find in today's global economy and hyper competitive environment. We are confident we will continue to grow and prosper long beyond this milestone, not just because of our commitment to our consumers, but also because of our commitment to society.

But we can't succeed in a vacuum. We need to be constantly challenged and more willing to listen to outside voices. I hope this report and website contribute to that process.

Regards,



**Jim Hagedorn**  
Chief Executive Officer  
and Chairman of the Board  
The Scotts Miracle-Gro Company



# MISSION & VALUES



## OUR VISION

» To help people of all ages express themselves on their own piece of the Earth

## OUR CULTURAL ATTRIBUTES

HOW WE ACT	WHO WE ARE	HOW WE GRO
PASSIONATE RESPECTFUL ETHICAL	ACCOUNTABLE EMPOWERED COLLABORATIVE FLEXIBLE	INNOVATIVE ENTREPRENEURIAL DIVERSITY OF THOUGHT

### OUR MISSION

ScottsMiracle-Gro is committed to helping consumers around the world by providing them with innovative solutions to create beautiful and healthy lawns and gardens. We will be responsible stewards of our planet. We will provide a dynamic workplace for our associates to succeed and grow their careers. In return, we will be rewarded with an improved market presence and profitable growth that enhances shareholder value.

### OUR CORE CONVICTIONS. WE MUST...

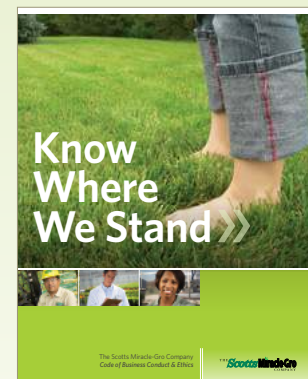
- Possess a deep understanding of our consumer and instill a love of gardening in every generation.
- Be stewards of our brands. They are the core of our business.
- Provide consumers with innovative and sustainable products that make gardening easier, more accessible and more enjoyable.
- Invest heavily in advertising because we know it works.
- Out-innovate, out-market, out-sell and outperform the competition.
- Be the lowest cost manufacturer in our industry.
- Develop confident and decisive leaders.
- Understand the facts of our business.
- Nurture effective long-term partnerships with our retailers with strong service and products, including private label.
- Recognize that every associate, every job, is important to our success.

Upon joining ScottsMiracle-Gro, new governance body members and associates are trained on the company's vision, mission, cultural attributes, core convictions and our code of business conduct and ethics. *Know Where We Stand* is our foundational document where these items are fully described, with contact information and example scenarios so that our governing body members and associates know where to turn and how to handle ethical challenges. Training for our Board of Directors and associates does require signing an ethics statement based on the principles outlined in *Know Where We Stand*. The company's Chief Ethics Officer, an Executive Vice President who also serves as the company's head of Global Human Resources, is responsible for ensuring our mission, values, and code of business conduct are adopted and adhered to throughout the company.

While we do not actively train our business partners on these items, we do actively encourage those we engage, whether internal or external to the company, that "when in doubt, reach out." If there is a discrepancy between the standard we hold ourselves to and actual conduct, we want to know about that immediately, regardless of the source.

We make business decisions based upon the best interests of the company. Know Where We Stand and our related policies prohibit offering or accepting bribes, kickbacks, or other illegal payments to or from our business partners or government officials. To ensure organizational compliance, we provide periodic anti-corruption training to our associates worldwide.

*Know Where We Stand* has been translated into different languages for the relevant users.



[Download Pdf](#)

## SUSTAINABILITY PRIORITIES

Since 1868, consumers have trusted ScottsMiracle-Gro brands and the organization behind them. That trust must be continuously earned, and it comes, in large part, from how we act as a corporate citizen. We strive to ensure that high standards guide how we develop products and services, interact with stakeholders, treat associates and business partners, operate the business and support communities.

That's why corporate responsibility, including sustainability, is an essential pillar in our business plans and vision for the future. We have challenged ourselves to continue to make a positive difference - to explore the steps we can take to further enhance and protect valuable resources while building our long-term future. We believe that operating with a sustainable development mindset strongly supports our strategy to grow

our business, to put our consumers first and to enhance shareholder value.

In particular, we are focusing on three key priority areas:

- **Water:** Water is a critical natural resource for gardeners to achieve success in creating their gardens and landscapes. Recognizing this, we have taken action to improve water quality, and have conducted additional work on water conservation. Achieving clean, abundant water supplies is a challenge much broader than what our company, and the lawn and garden industry, can solve for alone. However, we are taking responsibility for what we can control in order to contribute to positive outcomes for our consumers and the communities we work in.



- **Gardens and Green Spaces:** It is clear that maintaining and having access to natural areas improves our lives in many ways. Whether it is a public park, community garden, or other shared green space, these areas are an increasingly important part of the fabric of our urbanizing societies. Our company is committed to promoting and helping to sustain these spaces.
- **Responsible Use of Pest Controls:** Gardeners take great pride in caring for an endless variety of environments. However, pests ranging from plant diseases to harmful insects occasionally invade our natural areas and homes. If left uncontrolled, these invasions can degrade our quality of life by jeopardizing the very environments we enjoy caring for, and sometimes even the health of our families. Our company is proud of the product solutions we make available to help consumers safely control these pests, and we will continue to strive for product development advancements, including applicators, and responsible use education.

In order to achieve success in these key priority areas, and other fronts, we will work through the following pillars of our business:

- **Products:** We will help consumers create beautiful spaces, living landscapes and bountiful gardens through high quality, safe lawn and garden products. Our products meet consumer expectations for ease of use while helping them enhance or protect the environments in which they live.
- **Operations:** Our supply chain is committed to reducing our environmental footprint while enhancing the communities we work in. This includes working to lower our carbon emissions and waste generation, better understanding our water use, and giving back to organizations near the facilities we operate.

- **Consumer Outreach:** Consumers can trust our company for safe, quality products to help them express themselves on their own piece of the earth. This includes providing appropriate product use instructions and environmental stewardship best management practices.
- **Associates:** Our associates are knowledgeable, collaborative and passionate stewards striving to improve our communities and environment. We leverage the talents, skills and interests of our associates to bring sustainability ideas to life in their work, at home and in their community involvement.
- **Community:** Through strategic collaboration, we facilitate partnerships to solve for environmental, community, and industry challenges.



## SUSTAINABILITY CONTEXT

### PRINCIPLE DEFINITION

ScottsMiracle-Gro believes that humanity is at its best when gardens and green spaces are an intrinsic component of the communities and landscapes we inhabit.

Gardens and green spaces provide numerous environmental benefits: wildlife habitat, water filtering, greenhouse gas storage, and air temperature cooling. Communities that weave gardens

and green spaces into their fabric are more environmentally vibrant and resilient than areas dominated by engineered hardscapes.

But gardens and green spaces hold important social roles, as well. These are places where we go to reconnect with the outdoors and each other – an effective tool against “nature deficit disorder.” These are places where we develop scientific understanding of plants and agronomy – the building blocks of core academics. These are places where we grow fresh fruit and vegetables – providing healthy, locally grown nutrition to underserved communities in need or those seeking more than what the produce aisle offers. These are places we go to play – offering the soft footing for families to connect while running through the grass.

In these, and countless other ways, ScottsMiracle-Gro believes that gardens and green spaces are vital for sustainable communities.

With that belief, we are committed to developing lawn and garden products, programs and education that enhance these areas and functions with an improved operational environmental footprint.

## PRINCIPLE APPLICATION

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As the leading lawn and garden company, we have the responsibility to demonstrate that our products can be produced in an increasingly environmentally beneficial manner. While the real-world impacts of our operational changes may be small in a global or even regional context, it is important to be a part of the solution and to demonstrate to others within our industry that improvements can be made.

We have identified a series of actionable **sustainability priorities**. Taking action on these priorities will position our company to minimize external future risks such as greenhouse gas regulations and the limitations and costs of landfill disposal.

However, given our industry category, we have the ability to make a positive difference on behalf of communities and wildlife through the nurturing of public and private gardens and green spaces. There is much work to be done, but with a sustained presence and committed partners, we believe we can drive a better understanding of the benefits these spaces provide, and in turn, help communities take advantage of these benefits to meet their sustainable development goals.

From a business strategy perspective, it is critical that we help others understand, and where possible quantify the benefits that gardens and green spaces provide. Developing this understanding will help future consumers appreciate the role these spaces provide, and how consumers can derive benefit from nurturing those spaces. Without positive experience reinforcement, we risk losing a consumer base that has an increasing amount of recreational opportunities at its fingertips – and society risks losing future natural resource stewards.

## GREEN SPACE BENEFITS

The environmental and social benefits of gardens and green spaces have long been known, though perhaps underappreciated. Thankfully, academic research continues to advance our understanding of the important effects that greenery has upon our environment, our society, and personal wellness.

## NATURE DEFICIT DISORDER

Coined by Richard Louv in his book, *Last Child in the Woods*, “nature deficit disorder” refers to instances of children developing behavioral, health, and learning problems when outdoor experiences and learning opportunities are replaced by indoor, electronic-based experiences.

Here is an impressive list of some of the benefits that gardens and green spaces provide:

## ENVIRONMENTAL

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### **Prevents soil erosion and stabilizes dust**

Grass protects the soil from wind and water erosion. A good stand of grass stabilizes the soil with its roots. The roots knit the soil together preventing the movement of soil.

A dense cover of grass also reduces dust because the soil particles are not able to move with the wind. This ground cover provides a place for airborne dust to settle. Grasses in the U.S. trap as much as 12 million tons of dust and dirt a year.<sup>1</sup>

### **Absorbs rainwater**

Grass helps reduce runoff and prevents soil erosion, capturing and filtering rainwater to recharge our groundwater supplies. Grass leaves and stems cover the soil and intercept raindrops as they fall. Grass interferes with runoff flow, slowing it to the point where soil particles have a chance to soak it in.

In fact, water runoff from lawns is somewhat rare because the average 10,000 square-foot residential lawn in the U.S. can absorb more than 6,000 gallons of water from a rainfall event.<sup>2</sup>

### **Reduces glare and noise**

Since grass plants have a non-reflective surfaces, they act as a screen to soften glare from the sun. Grass, trees and shrubs also have the ability to absorb sound, while hard surfaces like streets reflect sound. Grasses and other plants can reduce noise levels by 20 - 30% compared to hard surfaces.<sup>3</sup>

### **Cleans the air**

Like with all plants, grass absorbs carbon dioxide and releases the oxygen back into the atmosphere. As a result, the average lawn outside of a home can provide most of the oxygen an individual breathes daily. In fact, a 50' x 50' grass area will provide enough oxygen for a family of four, day after day.<sup>4</sup>

Grasses also absorb other gases. An acre of grass will absorb hundreds of pounds of sulfur dioxide per year, as well as ground level ozone and other pollutants. The haze created by these pollutants can reduce the sunlight by as much as 15%.<sup>5</sup>

Similarly, other plants absorb carbon, odors, and toxins, and can reduce airborne mold spores and bacteria by 50-60%.<sup>6</sup>

Depending on species, age, and growing climate, a single tree can absorb up to 48 pounds of carbon dioxide annually.<sup>7</sup>

### **Cools the environment**

Grasses provide a substantial cooling effect to the environment. Summer air temperatures above a lawn will be up to 30° cooler than above a paved area.<sup>8</sup>

Eight average-sized lawns will have the cooling effect of 70 tons of air conditioning, compared to the average 4-ton home air conditioner. This means an average-sized lawn provides a cooling effect equal to the air conditioning from two houses.<sup>9</sup>

Neighborhoods with established tree shade can be three to six degrees cooler in the summer than treeless areas. Further, well positioned landscaping around a home - including trees, shrubs, and vines planted in the ground or in planter boxes - can save up to 25% of the energy a household uses by providing shade and acting as a windbreak.<sup>10</sup>

### **Improves and restores the soil**

Grass is a perennial plant, which means part of the root structure dies off during the winter and grows back the following spring. The dead roots of the plant break down and provide organic matter to the soil. Over time, organic matter improves the quality of the soil, making it more fertile and better able to filter air and water.

### **Provides wildlife habitat and attracts biodiversity**

Caring for green spaces provides a network of habitat that a variety of wildlife species benefit from, particularly in urban areas. As development fragments habitat, managed green spaces, even small ones, can provide needed refuge to sustaining locally native species.<sup>11</sup>



## PERSONAL WELLNESS

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### Healthy diet, reduced health risks

Children who grow their own vegetables, eat more vegetables, and have a healthier overall diet. Further, children who participate in a school garden develop life-long skills such as nutrition, leadership, and decision making. These school garden participants also demonstrate enhanced academic achievement and improved self-esteem and social behavior.<sup>12</sup>

### Improved mental cognition

Spending time in close proximity to green spaces and plants improves concentration and memory, and can soothe Attention Deficit Disorder symptoms.<sup>13,14</sup>

### Stress and anxiety reduction

Spending time in green spaces reduces stress and anxiety.<sup>15</sup>

### Faster recovery from surgery

Having plants in hospitals can reduce recovery time following surgery.<sup>16</sup>

### Stronger interpersonal relationships

People who spend time with plants have better empathy, compassion, and relationships with others.<sup>17</sup>

### Increased life expectancy

Every 10% increase in green space is associated with an increase of five years of life expectancy.<sup>18</sup>

## SOCIAL WELLBEING

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### Increased home value

Landscaping can add up to 15% to the value of a residential home.<sup>19</sup>

### Safer neighborhoods through lower crime

Green spaces do more than just beautify a neighborhood – they also reduce crime.<sup>20</sup>

### Greater productivity

Having plants in the workplace can increase productivity almost 40%, and increase employee wellbeing by nearly 50% and creativity by 45%.<sup>21</sup>

### Increased privacy and noise calming

Plantings can provide increased privacy by visually blocking different line of sights and reduce street noise pollution.<sup>22</sup>

### Increased traffic safety

Green spaces reduce a driver's road rage by providing a calming view prior to experiencing the stress of congested roadways.<sup>23</sup>

### Helping girls succeed

Girls raised in areas with views of and access to green spaces are better able to resist peer pressure and sexual pressure and perform better in academic testing.<sup>24</sup>

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# WATER QUALITY LEADERSHIP

As a company, our mission is to enable consumers of all ages to express themselves on their piece of the earth. We choose to work at ScottsMiracle-Gro because we love helping people grow more plants, enhancing the environment in countless ways. Gardeners literally hold the earth's soil in hand, appreciating the myriad benefits it provides to humankind and wildlife alike when properly cared for. We share that passion, and have worked for decades to cultivate caring stewards of our backyards and outdoor communal spaces.

As gardeners, we need clean waters to feed the plants we enjoy growing and know benefit our communities. In part, this is why we have identified water as a key natural resource for our company to help protect. Out of an abundance of caution, we have developed a comprehensive effort to protect water quality:

1. First and foremost, we have reformulated our lawn maintenance products to remove phosphorus – **meeting a goal we established in 2011**. The culmination of years of progressive research and action with environmental partners, this step ensures that lawn food is not a source of phosphorus loading, especially in freshwater systems where the nutrient has more of an impact. Instead, we advocate to consumers to recycle their lawn clippings back into their lawn to achieve the desirable amount of phosphorus necessary for grass growth.
2. Also on product formulation, we have included slow release technology for the nitrogen contained in our lawn maintenance products. This allows grass plants to slowly uptake the nutrient as they need it over a longer period of time, preventing the nutrient from overwhelming the plant and seeping through the soil and into groundwater.

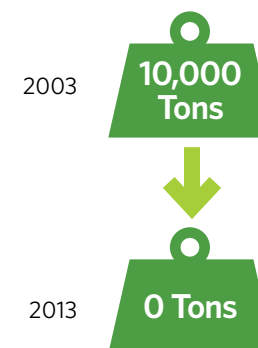
3. Beyond product formulation, we have innovated lawn food applicators that better help ensure the product is placed where it is needed (on the lawn) and away from where it could wash off into waterways (sidewalks, driveways, hard surfaces).
4. We have also made our lawn food packaging more explicit on how to be a good environmental steward while using the product.
5. Finally, we have partnered with organizations such as the **National Association of Conservation Districts** to conduct more direct consumer and homeowner education on proper application techniques to have a healthy lawn and protect water quality.

For background, every living organism on earth needs certain nutrients, such as nitrogen and phosphorus, to survive. However, when nutrient levels are elevated in waterways, they can pose problems. Specifically, the excess nutrients act as an abundant food source in water for algae species that cloud and color the water as well as sometimes produce toxins that are harmful to humans and wildlife when ingested.

"Harmful Algal Blooms," as they are often called, have unfortunately become increasingly more common throughout the world in recent years. There are many causes for this – but at ScottsMiracle-Gro, we are addressing nutrient issues through leadership in product design and consumer education, despite the widely available academic research demonstrating little negative impact from lawn food products.

Annually, we dedicate more than \$30 million (U.S.) to scientific research and development work at our state of the art facilities and through academic partnerships. Our scientists are experts in agronomy, biology, ecology, and entomology, among other disciplines. We intend to leverage this research investment and expertise to continue to explore additional ways we can be a positive influence in addressing water quality and nutrient issues.

## PHOSPHORUS CONTENT IN SCOTTS CONVENTIONAL LAWN FOOD PRODUCTS



### FOCUS ON FLORIDA

**Demonstrating our commitment to water quality improvement and stakeholder inclusiveness, we have dedicated \$5 million (U.S.) to water quality improvement initiatives in Florida.**

**In the summer and fall of 2012, we conducted outreach to better understand the issues affecting water quality throughout the state of Florida, and how our company could add value to the existing efforts to improve water quality. This outreach has led to new partnerships and enhanced consumer messaging. [Click here to read more.](#)**

# CORPORATE GOVERNANCE

Solid principles of corporate governance are a key part of our commitment to be a good corporate citizen. The Board of Directors is the highest governance body of The Scotts Miracle-Gro Company, and it has adopted strict corporate governance guidelines. These are aligned with the relevant requirements for New York Stock Exchange listed companies to promote the effective functioning of the Board, its committees and the company. The Board of Directors has adopted charters for each of the Audit Committee, the Compensation and Organization Committee, the Finance Committee, the Innovation and Technology Committee, and the Nominating

and Governance Committee. The Strategy and Business Development Committee is primarily responsible for decision-making on economic, environmental, and social impacts.

The Board of Directors has also adopted a [Code of Business Conduct and Ethics](#). These cover the members of ScottsMiracle-Gro's Board of Directors and associates of Scotts Miracle-Gro and its subsidiaries. Further information about our corporate governance and related disclosures are posted on [our corporate website](#).

# REPORTING PRINCIPLES

Since issuing our first GRI-based corporate social responsibility report in 2011, ScottsMiracle-Gro has continuously engaged its stakeholders regarding the report, requesting feedback and identification of areas where we could improve our programming or future reporting. While the overall stakeholder response to our 2011 GRI-based report was positive, stakeholders identified areas where we could do better, including: a more robust materiality assessment, deeper analysis of the role the company plays in larger trend issues, and, more programmatically, increased promotion of responsible water use through consumer education and marketing efforts.

This report attempts to build upon and update the activity we documented within the 2011 report and incorporate stakeholder feedback on that report for additional topic identification or deeper dialog. Utilizing that as the initial basis for this report, a cross-functional internal team developed and defined the report's content and collectively determined the report's Aspect Boundaries. The report content, including the chosen Topics and Aspect Boundaries, was further reviewed and approved by the Company's functional area executive leaders.

As stated in [About this Report](#), we used operational control and/or significance of impacts to define our reporting content and Aspect Boundaries.

# STAKEHOLDER INCLUSIVENESS

## PRINCIPLE DEFINITION

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ScottsMiracle-Gro's stakeholders include Company shareholders, associates, and Board members; customers (for example, retail outlets) and consumers; suppliers; elected and administrative officials at the national, state/provincial, and local level; academic; and non-governmental organizations (for example environmental, social, and wellness non-profit groups, industry and trade organizations).

## PRINCIPLE APPLICATION

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As a publicly traded company, we host quarterly Board and shareholder meetings to provide an overview of the business, outline future growth and development forecasts, and answer questions. While our corporate social responsibility efforts are generally not a primary focus for these discussions, many of our operational sustainability initiatives are inherent in our reports to these stakeholders. From product packaging to product delivery, how we operate our business aligns with our corporate social responsibility goals.

For our associates, we have built an award winning intranet site to share on a daily basis company news, associate accomplishments, and timely personnel information and benefit opportunities. The site's format enables associate feedback and reaction to any posting to help generate online, cross-company dialog. We have utilized the site to empower associates to share their ideas on how the company or individuals could use less water or less energy in their daily activities. In addition, we share best sustainability practices between our global manufacturing operations, and reward our facilities that have made the most progress on sustainability metrics.

We meet with our customers throughout the year, sometimes in routine meetings such as an annual review of new products, and sometimes less formally as required, depending on the preference of the customer. Similarly, some of our customers request an annual update on our corporate social responsibility efforts, while others prefer to discuss the specifics of a particular product or process as they address their own corporate social responsibility initiatives.

For our consumers, we maintain multiple opportunities to discuss our company, products and corporate social responsibility initiatives through a number of means, including online and through our [consumer help center](#), which receives nearly 1 million calls annually, and now features an online chat function for real time help.

Our company will interact with dozens of non-governmental organizations (NGO) throughout the course of the year. Some will be routine interactions, such as quarterly industry trade group meetings where we have the opportunity to discuss our company's corporate social responsibility efforts with peer companies and learn from others.

However, most of our NGO engagement is particular to the different organizations we engage with, usually in direct, ongoing dialog. That said, we have developed a process to conduct outreach when developing our work in a particular geographical location or on a particular issue. In sum, we identify a number of organizations who have an interest in the subject matter, solicit their input on the subject, and seek out opportunities to work with them or their recommended peer organizations.

We periodically bring our suppliers together to a conference to review best management practices, changes to our operations, Scotts' corporate social responsibility priorities and updates, and any questions they may have. This process has been critical to the participation and adoption of our [Supplier Scorecard effort](#).





The academic community is a key constituency for enhancing our ability to offer continuously improved products for consumers. Independent research by universities as well as academic research partnerships drive our understanding of how our products operate in the environment and what improvements could further be made to products from a social or environmental profile standpoint. We strategically engage with institutions or individual academic researchers who are conducting work on issues of relevance to our company on issues ranging from fire ant control products to the most effective nutrient runoff practices.

Finally, our company now also maintains a government relations team in North America to respond to elected and appointed officials who often have policy or constituent based questions about our company operations or products. We strive to be as responsive as possible, knowing that consumers and other stakeholders might reach out to their elected officials in search of desired information without knowing how to directly contact our company for that information.

Through these inputs, we have developed an understanding of what different groups of stakeholders consider as material issues for our company, whether it is process, programmatic, or product related. Accordingly, we have reported on the Aspects that at least one of these stakeholder groups has raised with us in the past, or that we could reasonably expect one of these groups to have an interest in. As with our previous report, we look forward to actively soliciting feedback on this current report from all of these entities.

# MATERIALITY

## PRINCIPLE DEFINITION

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As a consumer product company that provides items for active use in the environment, our stakeholders have emphasized that items within the Economic, Environmental, Society, and Product Responsibility categories have elevated value for transparency into our company. As a result, we have focused efforts in these areas to provide additional information.

Conversely, stakeholders have not raised items within the Labor Practices and Human Rights categories as areas of interest pertaining to our company. This may be a result of our relatively small involvement in geographic areas where these items may generate additional interest. We have still attempted to provide transparency in these categories, but have not emphasized them in this report.

## PRINCIPLE APPLICATION

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As noted in [Sustainability Priorities](#), we believe that it is important for ScottsMiracle-Gro to be engaged on water quality and quantity issues, expanding green spaces, and helping gardeners control pests responsibly. Our stakeholders have agreed these are areas they would like to see us concentrate on, with a special emphasis on our ability to address water challenges.

Our experience leads us to believe we have the capacity to achieve meaningful success on water issues and expand our role into being a solution-oriented leader in meeting society's need for clean and readily available water resources.

Two specific examples demonstrate how our company has directly engaged on water issues:

1. North America's waters are witnessing a resurgence of algal blooms. While every living organism requires certain elements such as nitrogen and phosphorus for nourishment, they can become problematic when they are found in excess in waterbodies. Different algae species use the abundant nutrients as a food source, and grow into thick masses that cloud water quality and sometimes produce toxins harmful to humans, pets, and wildlife. While lawn food products, which traditionally contains nitrogen and phosphorus, is generally recognized by academic studies to contribute less than five percent of the nation's nutrient load, we have taken a **comprehensive approach** on product formulation, spreader technology, packaging instructions, and consumer education to drive that nutrient runoff figure as low as possible while still maintaining the environmental benefits of healthy lawns.
2. While water availability issues have been a way of life for many parts of the world, the state of Texas has experienced a deep, multi-year drought. This has led local officials and water managers to issue strict water use policies throughout the state, particularly during summer months. Recognizing this reality, starting in the 2012 growing season, ScottsMiracle-Gro assembled public and private partners to establish the Texas Water Smart coalition, which continues to drive water conservation programs. Utilizing our company's expertise in reaching consumers, we helped the coalition build a statewide education campaign on how residents could easily use less water on their lawns and gardens while still maintaining beautiful landscapes. Post-campaign testing demonstrated that 80% of Texans were aware of the campaign, and of those

that were aware – 81% met or exceeded the campaign's 10% water use reduction goal. This provided water managers flexibility to address the drought while maintaining service to their residents. In addition to the actual water savings realized, the coalition successfully built relationships where none had previously existed – retailers, consumer product companies, water management districts, and local and statewide elected officials were dedicated to delivering beneficial results. This teamwork enabled the coalition to take additional actions in 2013, including successfully advocating for the state's increased financial backing in water conservation messaging, which water conscious agencies had previously struggled to achieve in previous legislative sessions.

We anticipate building off of these efforts into the future to address the risks to our business that water issues present and identify ways our business can draw on our corporate strengths to proactively achieve water quality improvement and water conservation results.

In order to be successful in these efforts, we will need to engage a broad array of stakeholders, particularly those that our industry has not traditionally had an open dialog with.

We will rely upon our core competency of helping consumers develop and maintain their lawns and gardens to the extent they desire. As academic research continues to demonstrate, lawns and gardens provide tremendous environmental and social benefits when they are properly maintained. We have found that working with partners with different backgrounds helps to maximize these external benefits.



# CHANGES & RESTATEMENTS

## SCOPE EXPANSION

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This report represents an expansion in Scope from previous reporting for ScottsMiracle-Gro. Having issued our first GRI-based report in 2011, based on G3 Guidelines, that effort was a “B level” report. Under this report, additional Indicators were added, namely within the Reporting Principles, and increased Stakeholder Engagement, Ethics & Integrity, and Economic Performance information. In addition, more depth and detail has been added to the reported Aspects in order to provide increased transparency.

In addition, we strive to drive continuous improvement and ensure that we accurately capture our total company footprint. In this reporting period, we’ve continued to expand the scope of our reporting to include additional facilities. Where applicable, baseline year data has been restated to account for these additions to reporting:

- Waste and emission amounts have been restated due to the inclusion of additional warehouse facilities.
- Emission amounts were adjusted to reflect the expansion of additional reporting around business travel.

## OPERATIONAL CHANGES

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The Texas growing media market (potting soil and mulch) has grown rapidly, from \$30 million 15 years ago to \$100 million now. During the reporting period, our company expanded our operations to keep up with this growing demand. Rather than impact openspace with a new building, our company purchased 600,000 square feet of a former Goodyear Plant in Tyler, Texas. We refurbished the space to use for production and bagging operations, and warehousing, loading, and shipping our growing media products such as our premium Miracle-Gro potting soils and Scotts Naturescape Advanced colored mulches. This new facility has added 17 full time associates to our workforce and the local economy. Wood chips and other raw materials for manufacturing will be sourced from local area saw mills and municipal yard waste.

Our growing media facility in Jackson, Georgia saw a great deal of change during the reporting period. Early in 2012, the company celebrated the transformation of an unused half-acre field at the plant to install the company’s first solar energy array. This new source of electricity will offset 110 tons of annual greenhouse gases. In addition, in 2013, the facility became the first in our North America network to implement a process we first developed at our United Kingdom facilities to offset up to 30% of our peat use while manufacturing potting soil products.

A broader supply chain change we began to make during the reporting period was to transition away from third party suppliers of the processed wood chips used in creating our mulch products, to processing and coloring the wood chips in house. Where we have implemented this change, primarily Michigan and Connecticut, this has altered our supplier focus from semi-finished wood chip providers to raw material timber providers. These changes will enable greater control over the quality of our finished mulch products, as well as ensure the

raw material timber is locally sourced to our closest manufacturing facilities. The majority of these raw materials that we use are forestry waste materials from the timber industry. This manufacturing process change will also affect our greenhouse gas emission reporting. From an overall emission standpoint, internalizing the wood chip manufacturing process will be a net neutral change, as our emissions will rise but our suppliers' emissions will fall. In fact, over time, this might prove to be a net positive in overall emission reduction as we identify ways to reduce raw material shipping to our facilities through local purchasing contracts. Regardless, for emission reporting purposes, our Scope 2 emissions will reflect an increase from prior year reports, given that we have internalized the electricity used to grind raw timber material into wood chips. As we execute this strategic change, we will need to evaluate whether our corporate emission reduction goal is still achievable as originally stated.

During the reporting period, five of our production facilities became 'zero waste to landfill' sites: Palmdale, Florida; Medway, Maine; Bourth, France; Gretna, United Kingdom; and Hatfield, United Kingdom.

Finally, in March 2014, we sold our wild bird food business to Global Harvest Foods, Ltd. As a result, we have restated our financial figures accordingly. Prior to the sale of this business, we converted our Honea Path, South Carolina facility from a wild bird food production facility to a pest control product production facility, due to the increasing Southern U.S. consumer demand for those types of products. This conversion also put our production closer to the site of customer demand, reducing miles traveled.

## MEASUREMENT METHOD CORRECTIONS

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We strive to ensure that our reporting data is accurate. When we do become aware of an error, we correct and restate that data. Three items have been corrected from our 2011 report:

- Carbon dioxide emissions were adjusted to reflect the exclusion of emissions from total waste generated.
- In our 2011 corporate responsibility report, we indicated that 57% of our suppliers had scored in the "green" or "yellow" category on our 2010 supplier sustainability survey. Upon further review after publishing the 2011 report, that figure should have been reported as 41%. That correction is made in on our [Supplier Environmental Assessment page](#) (G4-12) of this report.
- Emission amounts were adjusted to reflect changes to electric emissions due to using a country/province/region specific emission factor.
- Some minor adjustments have been made to account for errors in data entry.



# WORKPLACE

**Scotts Miracle-Gro**

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THERE ARE FEW COMPANIES WITH A HERITAGE AS RICH AS OURS.

OVER THE YEARS, THOUSANDS OF DEDICATED ASSOCIATES BUILT SCOTSMIRACLE-GRO INTO AN INTERNATIONAL MARKETER OF INDUSTRY-LEADING BRANDS. WE BELIEVE THAT EVERY ASSOCIATE AND EVERY JOB IS IMPORTANT TO OUR SUCCESS.

We come to work every day so that we can help people of all ages express themselves on their own piece of the Earth.

We know that if our company is to reach its full potential our associates must always focus on the consumers who trust us to deliver on the promise of some of the most recognized brands in the world. In return, ScottsMiracle-Gro is committed to providing a safe, inclusive and productive workplace built on a foundation of shared responsibility and mutual respect.

Our company was founded in the small town of Marysville, Ohio in 1868, and we are based there yet today. We are proud that generations of families have worked at ScottsMiracle-Gro, and that some still do today, not only in Ohio, but in locations around the world.

We have a high-energy and dynamic culture in which associates share a feeling of family that is increasingly rare in today's marketplace.



# SMG ASSOCIATES

## HEALTH & SAFETY

Safety is among our highest priorities, and ScottsMiracle-Gro's unwavering goal is to have an injury-free workplace. An extensive range of safety programs and activities are in place to protect our associates. These include management involvement at all levels and, at our locations, cross-functional safety committees, cardinal safety rules, safety audits, and ongoing safety training and communications.

Consistent with common U.S. industry practice, we monitor, analyze and report Total Recordable Injury Rate (TRIR); Lost Time Accident (LTA) rate; and Days Away, Restricted, or Transferred (DART) rate.

We are pleased that for the fourth straight year (FY2011 through FY2014), we experienced no fatalities.

Fiscal Year	Injury Rate	Occupational Diseases Rate	Lost Day Rate	Work Related Fatalities
2012	3.6	0	1.3	0
2013	3.4	0	1.1	0
2014	3.2	0	1.0	0

## DIVERSITY

Our consumers are diverse, and we are committed to fostering and maintaining diversity of ethnicity, culture, gender, sexual orientation and age among our associates.

To this end, we support and invest in relevant personal and professional development initiatives. We partner with the **Ohio Diversity Council**, a member of the National Diversity Council, to strengthen our diversity outreach. Our partnership includes increasing access to diversity consulting, enhanced recruiting opportunities and women's leadership symposiums. Through this partnership, as well as our internal **GRO University**, we strive to provide associates from a diverse background with appropriate education, career advancement, and networking opportunities to flourish with our company.

Additionally, ScottsMiracle-Gro proudly supports a variety of diversity outreach initiatives aimed at developing women in the workplace. These include:

- Supporting the ScottsMiracle-Gro Women's Network and Operations affinity group, which has brought numerous outside experts to our company for educational seminars, as well as provided off-campus learning opportunities;
- Platinum Sponsor for **Women for Economic and Leadership Development (WELD)**, whose mission is to develop and advance women's leadership to strengthen the economic prosperity of the communities they work in. WELD provides women with tools to enhance their individual economic status, and administers programs, events, and a community to support female leadership development and business growth;
- Sponsoring The Ohio State University College of Engineering's **Women in Engineering Program (WiE GROW)**, including hosting activities on our world headquarters campus. WiE GROW provides middle school girls summer education activities and encouragement to pursue science and engineering careers; and
- Participation and membership in the Ohio Women's Bar Association leadership program.

## SEASONAL AND EXTERNAL WORKFORCE FLUCTUATIONS

The lawn and garden industry undergoes considerable seasonal variation throughout a calendar year, and our workforce numbers reflect that. While we maintain an average base of approximately 5,000 associates throughout the calendar year, that figure will grow to over 6,500 associates as production and sales activity escalates in the Spring season.

In addition to our associates, our company often engages specialized external firms or institutions to help accomplish our work. This includes a wide range of activities that include the development of creative marketing pieces, electronic data warehousing, or academic research and product testing.

Sept 30th	FY12		FY13		FY14	
	Female	Male	Female	Male	Female	Male
Full Time	1,290	4,006	1,273	4,008	1,273	4,315
Part Time	336	1,656	255	1,400	195	897
<b>Total</b>	<b>1,626</b>	<b>5,662</b>	<b>1,528</b>	<b>5,408</b>	<b>1,468</b>	<b>5,212</b>

## EMPLOYEE RETENTION & TURNOVER

Hire Actions	FY12	FY13	FY14
Global	4,741	4,704	5,779

Voluntary Turnover	FY12	FY13	FY14
Global	2,325	2,644	3,100

## LEGACY ISSUE: ASBESTOS FROM LIBBY, MONTANA, VERMICULITE

In 1976, during our annual health screening program, we detected lung abnormalities in several plant associates. We voluntarily reported these findings to the U.S. EPA; however, neither that federal agency nor the Occupational Safety and Health Administration (OSHA) could find a cause for the abnormalities.

Consequently, we asked the University of Cincinnati to study the plant associates to determine the cause of these abnormalities. That study, conducted by epidemiologist Dr. James Lockey in 1980, indicated pleural plaques, an abnormality of the lungs that indicates asbestos exposure but not necessarily disease, existed in 4% of the associate participants. Eventually, a link was established between these abnormalities and exposure to raw vermiculite purchased from the Libby mine, which was contaminated with a form of asbestos.

Scotts stopped using Libby vermiculite in 1980, and to this day we continue to work to help our associates understand the risks associated with their exposure to this contaminated material. As we have done for decades, we continue to provide them with thorough health screenings, counseling and access to the professional services needed to deal with this issue.

At the same time Scotts was addressing employee health issues, we hired outside experts to test consumer products containing vermiculite to confirm they did not contain asbestos. Product application tests performed by Scotts, third-parties and the federal government have consistently shown that consumers were not exposed to asbestos through any Scotts' products.



# EDUCATION

During the reporting period, we enhanced our associate development opportunities by creating an online learning destination named GRO University. GRO University builds upon our previous associate education and personal development programming, by providing access to a widely expanded set of skill development tools – including internal and external learning opportunities.

Within GRO University, associates can tailor their career development sessions to build their individual strengths and hone their professional acumen. GRO University offers videos, online and face to face training, development suggestions, research reports and best practices that associates can use to expand their knowledge about our company and products or build the business skills needed to take the next step in their career. GRO University is also the first stop for an associate looking to develop specific skills from outside partner organizations such as Toastmasters and Rosetta Stone.

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## GRO UNIVERSITY ALLOWS ASSOCIATES TO CREATE PERSONAL DEVELOPMENT PLANS AND TO TAKE OWNERSHIP OF THEIR CAREERS.

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Beyond this online center, we also offer a tuition-reimbursement program along with flexible working arrangements to provide associates with time to attend classes and training sessions. To help associates stay current within their existing career discipline, we conduct thousands of training events throughout the year.

# BENEFITS

ScottsMiracle-Gro is equally serious about the health and well-being of our associates and their dependents. Since 2005, we have proactively embraced and invested in a comprehensive wellness approach – physical, financial and personal – through our **LiveTotal Health** initiative.

**LiveTotal Health** encourages associates to use our wide range of programs and benefits to stay well, prepare for retirement and maintain a balanced work and personal life. This holistic approach represents a significant investment in improving our associates' quality of life while managing health costs for the long-term.

Our **LiveTotal Health** program has had many success stories. Associates and spouses have taken advantage of coaching programs, online tools, health screenings and other resources to educate themselves on health issues and take steps to improve their health and financial well-being. The percentage of associates who have participated has been exceptional – higher than what most other employers see. And we've had good results to show for it:

- Associates who use tobacco have decreased, from 28% to only 6% of our total associates.
- Our health care cost increases have been less than the national average.

Our wellness center located on our world headquarters campus is a 24,000-square-foot facility and offers state-of-the-art fitness and medical services, along with an onsite pharmacy. The facility provides our associates and their families with the opportunity to proactively

Within our GRO University system, we provide our service technicians with our Scotts LawnService Training Institute curriculum to stay updated on program offerings, customer interaction, and our best application practices.





manage their health, and it's a valued benefit for our associates. Some statistics on services offered at the wellness center include:

- More than 12,000 medical services visits per year, which includes primary care, occupational health, physical therapy and nutrition counseling through a dietician.
- Many wellness programs, competitions and educational classes, as well as a "Farmers Market" once a week during the summer where a local farmer sells fresh produce.
- More than 41,000 visits to our fitness facility per year. More than half of associates are members.
- More than 50,000 prescriptions are filled per year, along with proactive counseling on medications.

Our program takes a comprehensive approach to total health, focusing not just on physical health, but also personal and financial health. Some examples in those areas:

- We provide an adoption assistance benefit, and have previously been named one of the best adoption-friendly workplaces by the [Dave Thomas Foundation](#) for Adoption.
- Through routine promotion, participation in our 401(k) program now stands at 89% for our targeted group of associates. We provide our associates with up to a 7% salary contribution match.

Finally, we also offer associates a flexible work benefit. The premise of the benefit is simple: work is what you do, the results you get, and not where you sit. The benefit reflects our strong commitment to helping associates and their families live healthier, more productive lives. Workplace flexibility also supports the development of a stronger, more engaged workforce.

A full description of the benefits available to our full-time United States-based associates can be found on our [Benefits & Wellness page](#), including health and life insurance, disability coverage, retirement plan and other items.

#### DEFINED BENEFIT PLAN

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Scotts Miracle-Gro does sponsor defined benefit plans, as described in our annual 10-K filing. Specifically, our defined benefit plan information can be found under "Note 8: Retirement Plans" that starts at the bottom of page 66 and goes through page 72 of our 2013 Form 10-K, located [here](#).

#### MINIMUM WAGE

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Scotts Miracle-Gro adheres to all federal and state/provincial minimum wage standards in locations we operate for our non-exempt associates.





## ASSOCIATE BOARD

Aside from the traditional benefits of working for our team, ScottsMiracle-Gro encourages associates to become involved with different internally run groups that are dedicated to helping associates learn, engage with one another, and do good in the communities where they live and work.

The ScottsMiracle-Gro Associate Board provides opportunities for associates to engage in educational, social and philanthropic activities. The ScottsMiracle-Gro Associate Board is made up of appointed associate volunteers that contribute to a wide variety of projects benefiting the community.

In 2014, the Associate Board provided over \$27,000 in assistance to 17 Scotts' families with needs ranging from funeral expenses, medical bills above insurance costs, flood victims, fire victims, storm damage victims, and accidents. Since 2006 when the Associate Board was founded, more than \$160,000 has been provided to more than 110 families in need. These funds are collected through various fundraisers, most notably the "Green for Jeans" fund (GFJ). Associates have the opportunity to contribute to the fund for the privilege to wear jeans throughout the work week. In return, they are able to help contribute to associates who have extreme cases of need.

ScottsMiracle-Gro associates who encounter a hardship or have an extreme need for financial assistance can complete an application for Associate Support Fund Assistance and submit it to the President of the Associate Board. Most requests the Associate Board receives are from our associates on behalf of another associate. All requests are handled in a confidential manner to the maximum extent possible. All Scotts' regular full-time and part-time associates located in the U.S. are eligible for donations from the GFJ fund. The Associate Board considers all requests submitted for financial assistance by associates in hardship or extreme cases of need.

THROUGHOUT THE YEAR, THE ASSOCIATE BOARD ALSO SPONSORS FAMILY ORIENTED EVENTS FOR ASSOCIATES TO PARTICIPATE IN FOR FREE OR AT GREATLY REDUCED COST. DURING THE REPORTING PERIOD, THESE INCLUDED:

- associate day events at amusement parks and children's centers outside of Cincinnati and Columbus, Ohio,
- Autumn family outings to local pumpkin patches and orchards,
- free movie nights at various theaters,
- admission to the Ohio State Fair,
- quarterly Red Cross blood drive participation events
- Spring holiday-oriented gift and discount packages
- on-site book fairs
- discounted admission to locations such as the Columbus Zoo & Aquarium and events like Columbus Blue Jackets NHL games, Cirque du Soleil, and Columbus Crew games
- discounted merchandise and memberships at retailers such as Eddie Bauer, Costco, and Sam's Club, and personal vacation locations
- annual silent auction to benefit the United Way
- personal/home waste shredding services free of charge
- holiday gift and care package donation opportunities for disadvantaged youth and military family members

## GREEN TEAMS

Our Green Teams focus on enhancing our sustainable practices and our associates' overall awareness of the importance sustainability plays in both their work and personal lives.

Reduce, reuse, recycle – that's the approach our Green Teams are taking to make our environmental footprint smaller. As change agents, the Green Teams are educating associates to drive greater understanding of their individual environmental impact and the benefits a sustainability mindset can bring to our organization.

Through their efforts, improvements have been made in reducing the amount of waste going to landfills, reducing energy and water consumption and encouraging the use of fuel-efficient vehicles. We are also encouraging these teams, and all of our associates, to contribute their insights in the areas of supply chain, packaging and product innovation.

One of the major projects our Green Teams previously implemented is a food waste composting program at our headquarters campus in Marysville, Ohio. During the reporting period, this activity diverted over 56 tons of material from the landfill and towards a beneficial reuse. To date, this program has diverted over 149 tons of food waste from being landfilled.

The company's headquarters is now generating so little landfill waste that we removed a large trash compactor from our corporate campus in favor of a much smaller dumpster, which has provided greater maneuverability in our loading dock area.



To aid that effort, the Green Teams conducted an education and awareness campaign in 2013 that included a waste audit, endearing videos with company leadership, and signage for associates to “Think Before You Throw.” This educational push has reduced contamination of our composting and recycling collection bins.

The Green Teams also sponsored a number of guest speakers over the reporting period for associates to gain exposure to environmental thought leaders and practitioners, including:

- Stewart Brand, author of Whole Earth Discipline, among other major works
- Corey Hawkey, Sustainability Coordinator, The Ohio State University
- Mehrdad Nazari, Corporate Social Responsibility Consultant, Prizma Solutions
- Dan Weisenbach, Founder, Weisenbach Recycled Products

The Green Teams also sponsored off-site volunteer engagement activities with our partners during the reporting period, including a day cleaning Cleveland's Edgewater Beach with the Alliance for the Great Lakes, delivering gardening products to established community gardeners with Franklin Park Conservatory for Earth Day, and hosting a compost bin and rain barrel sale for associates with the Mid-Ohio Regional Planning Commission's Center for Energy and Environment.

Finally, the Green Teams conducted interactive education campaigns for our associates on water and energy conservation techniques at the home and office during the reporting period. The water conservation campaign was one of the most highly interactive internal engagement efforts conducted by the company through its digital media channels.



## ASSOCIATE GARDEN DONATIONS

Since 2009, our associates have maintained vegetable gardens on company property, utilizing our various growing products. The produce grown at these gardens is donated to local food banks to provide to those who lack access to fresh vegetables for healthy meals. To date, our associates have donated 21,000 pounds of produce from these gardens — 12,000 pounds in the reporting period.





Scotts Miracle-Gro

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# OPERATIONS

Our World Class Operations initiative was introduced in 2009, with a vision that every supply chain associate must have a passion for continuous improvement and the pursuit of excellence. This focused improvement will drive our world class operations team to support our world class brands.

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**WE WILL ACHIEVE OUR WORLD CLASS OPERATIONS GOALS BY FOCUSING ON FIVE KEY INITIATIVES, OR PILLARS, TO DRIVE IMPROVEMENT: DELIVERY, QUALITY, PEOPLE, SAFETY, AND COST.**

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THESE PILLARS ARE SUPPORTED BY A FOUNDATION THAT INCLUDES:

- **Best Operating Practices** for standard operating procedures and maintenance.
- **Freedom to Operate** for risk management, strategy, and sustainability. Our Scotts Miracle-Gro supply chain mission is to drive sustainability into all of our global operations through a focus on reducing our environmental footprint.

In FY 2012, we more fully incorporated Sustainability into our World Class Operations initiative, including it in the Freedom to Operate foundation. We developed metrics to track the progress of each facility towards our corporate goals, and awarded our first sustainability awards for performance starting in FY 2012 at our annual conference in November.

In FY2013, our growing media manufacturing location in Oxford, PA won the Sustainability Gold Award. Oxford won this award by achieving a 69% reduction in total waste to landfill and a 51% reduction in total waste generated - all compared to their baseline year of FY 2010, and normalized on production volumes.

Other winners in FY 2013 include growing media locations in Maricopa, AZ (silver award) and Linden, CA (bronze award). In addition, sustainability metrics factor into our plant of the year award criteria, which was awarded to our Delhi, Ontario location for FY 2013 performance across multiple dimensions of our World Class Operations initiative.

In FY2014, the following plants received our highest award for Sustainability - the World Class Elite Award: Sutton Bridge, UK; Hautmont, FR and Shafter, CA.

We also awarded a Sustainability World Class Award to our plants in: Temecula, CA; Gretna, UK; Lawrenceville, VA; Linden, CA; Medway, ME; Germantown, WI and Oxford, PA.

Finally, our Temecula, CA location won our plant of the year award in FY2014.

Our Scotts LawnService business is based on delivering a service directly to customers' homes and businesses. In order to limit our emissions while traveling between customer properties, we optimize our routes through onboard GIS shortest route navigation and have installed engine idle limiting devices on our entire Isuzu-based service vehicle fleet. These actions, and others, have helped our Scotts LawnService business reduce fuel use by 30%.

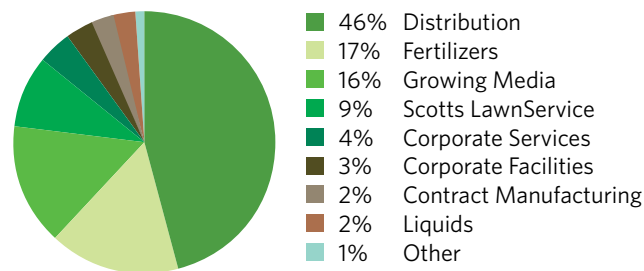
## ENERGY & EMISSIONS

Our goal is to achieve a 20% reduction of greenhouse gas emissions by FY 2018 (from a 2010 baseline, normalized by net sales). To better understand and manage our energy and carbon emission footprint, we rolled out an online database and data collection process in FY 2010. This initiative was not only motivated by our environmental stewardship drive, but also by customer expectations. We also recognize that rising energy costs, along with adverse weather conditions and regulatory response to climate change concerns, can adversely impact our financial performance. In the United Kingdom, which has introduced a mandatory program aimed at improving energy efficiency and reducing emissions, we submit an annual Energy Footprint Report for our U.K.-based operations.

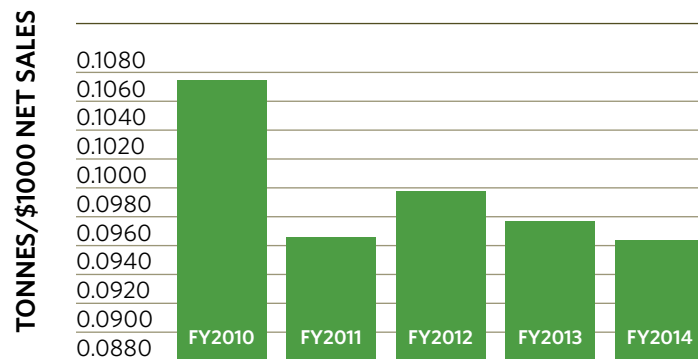
Our total amount of carbon dioxide (CO<sub>2</sub>) emissions in FY 2014 was 273,426 metric tonnes, representing an 11% decrease, on a normalized basis, from our FY 2010 baseline.



**FY 2014 CO<sub>2</sub> EMISSIONS BY BUSINESS UNIT**  
(% of total tonnes)



**TOTAL CO<sub>2</sub> EMISSIONS**



# CLIMATE CHANGE

It is difficult to forecast whether, and how, climate change will affect our business. Impacts to average rainfall and water supplies, as well as impacts to our supply chain planning - particularly during our peak sales season - are probably the two largest ways in which climate change might impact our Company.

## WATER AVAILABILITY

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Climatic change from historical norms is likely to impact overall, and regional, availability of water resources, especially rainfall patterns. This presents both a challenge for our company, as well as an opportunity. While water is obviously a necessity for growing healthy plants and landscapes, we have aggressively pursued and incorporated water conservation technologies into our products and implemented consumer outreach programming to achieve water use savings. For example, our WaterSmart product line makes more efficient use of the available water resources to aid plant growth. This product line should be well positioned to respond to climate change driven disruptions to water supply availability.

## SUPPLY CHAIN

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While we have developed a diverse portfolio of consumer products for indoor and outdoor use, our core business can be affected by weather conditions in the geographic markets we serve. Though our supply chain is capable of addressing fluctuations in seasonal weather conditions, in general, the more predictable climatic conditions are, the easier it is for our company to deliver products in a timely manner to meet different geographical consumer demands. Conversely, less predictable climatic conditions make it more difficult to provide appropriate products to appropriate markets in time to meet consumer demand.

## ECONOMIC IMPLICATIONS

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Though we have not attempted to quantify the economic implications to our company for changes in agronomic zones or water availability due to climate change, we anticipate there will be different economic tradeoffs on a regional basis. Overall, we do feel confident in our ability to develop relevant products for consumers to achieve success in maintaining their landscapes, should their agronomic zones and rainfall patterns change.

## OUR COMMITMENT

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For our part, we have established a **goal to reduce our company's emissions by 20%** by our company's 150th anniversary in 2018, measured from a 2010 baseline. This will be a challenging goal to meet, but we feel it is important to set aspirational goals to lead our industry sector forward in an attempt to help maintain as much climatic stability as possible. We are not currently affected by regulations associated with climate change, but we have previously publicly reported our activities in support of our voluntary emissions reduction goal, and plan to continue that reporting into the future.



# WASTE

Our goal is to achieve a 50% reduction of waste to landfill by FY 2018 (from a 2010 baseline, normalized by net sales). For facilities under our operational control, the total amount of waste generated in FY 2014 was 23,299 metric tonnes. The majority of waste was generated by our 35 global growing media facilities, where lawn and garden soils, potting mixes and mulches are produced. We have audited the waste streams at these facilities, in order to better identify how to reduce the production of waste and recycle or find beneficial reuses of the waste. As a result of that waste audit, we installed 15 new vertical balers at our facilities in 2013 to capture more material for recycling. In FY 2014, those balers helped us divert 1,270 metric tonnes from the landfill.

Although we have no stated goal for recycling, we recognized early on that increasing our recycling rates was a key way to support our waste to landfill reduction initiative. In FY2014, we recycled 10,612 metric tonnes, which was 45.5% of our total waste generated.

## WASTE TO LANDFILL

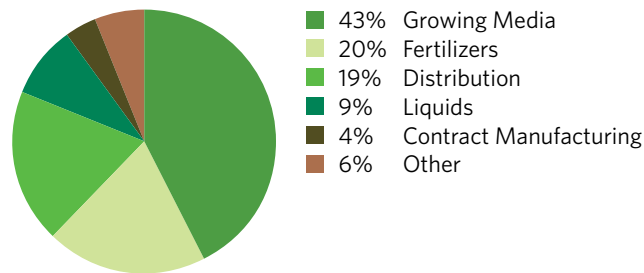
Our total amount of waste sent to landfill in FY 2014 was 5,874 metric tonnes, representing a 41% decrease in waste to landfill on a normalized basis, versus our FY 2010 baseline.

# -41%

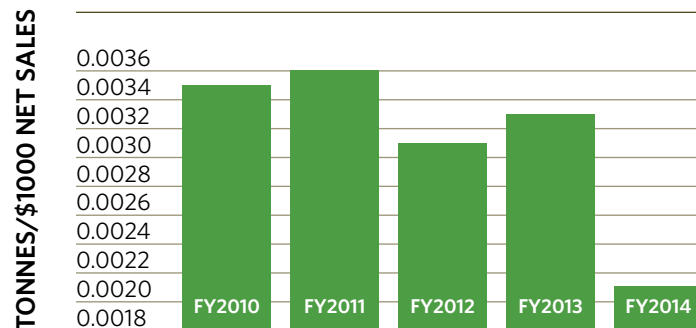
REDUCTION OF WASTE TO LANDFILL



**FY 2014 WASTE TO LANDFILL BY BUSINESS UNIT**  
(% of total tonnes)



**TOTAL WASTE TO LANDFILL**



## TEMECULA PLASTIC RESIN RECYCLING

At our Temecula, California operation, where Scotts lawn spreaders are manufactured, we strive to use recycled plastic resin in producing our products, and we also turn our scrap plastic into reprocessed resin.

We use more than 3 million pounds of reprocessed resin each year - enough to keep 12,000 55-gallon drums of resin out of landfills.

- 99% of the plant's scrap resin is reused by the plant, and the remaining 1% is sold to a scrap processor.
- 33% of all resin used in our spreaders is from a reprocessed source - with our ECO spreaders made from more than 90% reprocessed resin, and product display racks made from 100% recycled resin.



## ZERO WASTE TO LANDFILL FACILITIES

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Since FY2012, we have brought five more of our facilities into 'zero waste to landfill' status. In total, we now have nine facilities meeting this designation:

- Lebanon, Connecticut
- Medway, Maine
- Groveland, Florida
- Palmdale, Florida
- Carrollton, Kentucky
- Bourth, France
- Hautmont, France
- Gretna, United Kingdom
- Hatfield, United Kingdom

## FOOD COMPOSTING

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At our Marysville, Ohio, headquarters campus, which includes our largest manufacturing plant, a food composting program was implemented in August 2010. Since then, 149 US tons of food waste has been diverted from landfills through September 2014.



## REDUCING EXTERNAL WASTE STREAMS

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As described further on our [Recycling page](#), we are a leader in identifying new beneficial uses for other waste streams. While we work to reduce our own waste, we annually recycle five billion pounds of green waste from other sectors back into our products. This drives down the overall amount of waste released to the environment or landfilled in our communities. The sources of these waste streams include municipal yard waste as well as the silviculture and agriculture industry. Often, our investment in these waste streams helps address larger environmental issues, such as removing nutrients from reaching sensitive water bodies and causing algal blooms. In addition, our use of these materials often provides an added economic value to local communities, as our procurement activity supports local businesses that compost and process the raw material waste streams into a usable format for our products.

## HAZARDOUS WASTE

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As a result of our operations, we do generate hazardous waste at our facilities. Most nations, particularly the United States, require this waste to be transported to and disposed at licensed incineration sites, in order to mitigate potential future risks. We work with third party waste disposal contractors to ensure that the waste is transported safely to the licensed and regulated incineration site.

Currently, we only aggregate the hazardous waste figures generated at our facilities in the United States. These figures do not include contract manufacturers, but do include warehouses managed by third parties (3PLP).

Given these parameters, on average, we generate approximately 5.8 million pounds of hazardous waste annually. This amount is roughly equivalent to one-half of one-percent (0.55%) of the amount of [hazardous waste produced by U.S. households](#) annually.



# WATER

As noted throughout this report, water is a critical resource we strive to manage responsibly, whether through use of our products by consumers or within our manufacturing operations. We are proud that our operations have not experienced a significant material spill affecting water resources during the

reporting period. In addition, we are not aware of any current operations that have water discharges that are significantly impacting water bodies or related habitats, as defined within the GRI G4 criteria.

# WILDLIFE HABITAT

Our facilities are permitted through regulatory agencies for operation at the local level, and when necessary, at the state/provincial and national level. Through this permitting process, our operational impact upon wildlife habitat is reduced, as we establish ways to address our construction, site runoff, and any associated emissions with approval of appropriate government agencies.

Within our products, from an agronomic standpoint, peat is a critically important material for soil products. It provides a rich, organic supplement to grow healthy plants. Further, its properties allow it to hold water for long periods of time, which greatly benefits plant growth by allowing roots to take up water as the plant needs it, and reduces the amount of water a consumer needs to apply to maintain a healthy plant.

Often, though, peatlands provide a complex habitat system for a number of species from unique bog plants to large bird species. Therefore, it is important that peat is harvested appropriately and restored in a manner that minimizes impact to wildlife habitat.

We have ongoing peat mining and restoration activities in the United States and the United Kingdom. Annually, we also purchase approximately 1.25 million cubic meters of peat from Canadian-based vendors. We applaud the efforts of the Canadian peat mining industry for establishing a third-party certification program that requires more sustainable practices in peatland management and reclamation, and for working with **leading academic experts** to continue to improve harvesting practices to protect habitat. Most major Canadian suppliers are now certified. We have also increasingly utilized alternatives to peat, particularly in the United Kingdom, where our product labels prominently display peat content.

When we have conducted peatland harvesting activities on properties that we own, we have worked hard to restore and protect the site with external experts and partners. Sometimes, this has included turning the property over to be managed as openspace for public enjoyment and wildlife habitat protection purposes.



### **Lafayette, New Jersey**

Peat mining operations in Lafayette, New Jersey, ceased in 1991. We have taken responsibility for monitoring activities to ensure native wetland species are reestablishing themselves. As part of our commitment to the state, we sold the 1,000-acre site to New Jersey's Green Acres program and provided \$125,000 for habitat management of the area. In January 2011, we were notified that we have achieved our restoration commitments and the site is fully operated by New Jersey's Green Acres program. The wildlife characteristics of the site are described more fully by [Ducks Unlimited](#).

### **Shreve, Ohio**

Permits were received to harvest soil from wetlands in February and March 2013 near our Shreve, Ohio facility location. Due to a wet spring, dewatering activities did not commence until June with harvesting activities following in September. In total, 10,100 cubic yards of soil were harvested in September and October. At the close of 2013, the required 1:1 mitigation ratio had not been met, but in April 2014, work began on an adjacent former farmland area which is being converted to wetlands. Due to this area being located topographically higher, this

conversion will allow us to meet the mitigation ratio quickly. In addition, our current permit is being modified to allow us to retrieve clay from deep water sections of the Kiser Ditch and use it to create wetland areas as opposed to placing soils back into the areas.

### **Hatfield, United Kingdom**

In April 2002, we reached agreement with English Nature to transfer our interests in the property and for the immediate cessation of all but a limited amount of peat extraction at the Hatfield Moor location in the United Kingdom. A significant portion of the land is now part of the [Humberhead Peatlands National Nature Reserve](#), which opened in October 2005. Prior to the Reserve opening, ScottsMiracle-Gro made significant investments to help restore the bog wilderness land. While we continue to own a freehold site of approximately 74 acres on Hatfield Moor, no peat extraction is being conducted. With permission from the area planning commission, we do maintain the right to extract peat from this location in the future. Additionally, there are no peat extraction activities taking place at the National Nature Reserve.

## SUPPLIERS

Our suppliers are important partners in ScottsMiracle-Gro's success and in our sustainability journey. We maintain a large number of suppliers within our company's supply chain who provide a diverse amount of products and services. While many of our suppliers provide raw material ingredients or packaging for our finished consumer products, many others are contractors who help deliver our product to market, or provide the tools and services we need to maintain our corporate headquarters and manufacturing facilities.

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WE EXPECT OUR SUPPLIERS TO SHARE THE SAME VALUES AS WE DO IN CONDUCTING BUSINESS IN A SOCIALLY RESPONSIBLE WAY. OUR STANDARDS ARE COMMUNICATED TO SUPPLIERS DURING THE ENGAGEMENT AND CONTRACTING PROCESS, SUPPLIER MEETINGS AND VIA MONITORING.

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These standards require that suppliers conduct business with the highest level of integrity. Any and all forms of corruption, extortion and embezzlement are strictly prohibited. Bribes or other means of obtaining undue or improper advantage are not to be offered or accepted.

We require our suppliers to comply with U.S. laws and regulations as well as their local laws and regulations and international labor and human rights standards. These include our expectations that suppliers must not be involved in human trafficking or use child, forced, bonded, prison, military, compulsory or slave labor. The geographic distribution of our, and our suppliers', operations further limits the potential these labor conditions, as most nations we work within have strict regulations and enforcement of such activity. Further, we expect that all people who work for ScottsMiracle-Gro and our suppliers work under safe, fair and legal working conditions.

ScottsMiracle-Gro strives to operate in the most environmentally responsible and efficient manner possible, to comply with all applicable environmental laws and to demonstrate continuous improvement of our sustainability efforts. We expect our suppliers to act similarly with regard to environmental stewardship.

## ENVIRONMENTAL ASSESSMENT

We are committed to working with our suppliers to both continually improve their sustainability practices and support our sustainability initiatives. To accomplish this, we have developed a survey of our suppliers' environmental sustainability

performance. This survey is modeled on other successful surveys conducted by our retail partners. The survey outlines 13 areas for our suppliers to report on, which generates a three tier score: "green," "yellow," and "red," from highest to lowest. Our goal is to help 90% of our suppliers achieve either a "green" or "yellow" score in our survey by 2018 through their environmental sustainability efforts.

41% of our suppliers rated within the "green" or "yellow" categories through our initial 2010 survey. As a first step to help improve that figure, we conducted sustainability education sessions at our supplier conference as well as one-on-one discussions with select suppliers. We conducted a second survey in 2012. The survey results demonstrated increased awareness and achievement of sustainability targets by our suppliers, with 63% scoring in the "green" or "yellow" categories. Our 2014 survey demonstrated further progress, with 71% of our suppliers meeting the 'green' or 'yellow' score threshold.

We intend to continue to educate our suppliers on our corporate sustainability goals, how their efforts fit within our program, and learn from them how we can best facilitate their success in achieving their sustainability goals. Further, we intend to issue our next supplier survey in 2016.

Survey Year	# Surveyed	# Responses	# Response Percentage	Procurement Spend % of Respondents	Green/Yellow Achievement Rate
2010	449	264	59%	83%	41%
2012*	152	111	73%	80%	63%
2014	162	116	72%	81%	71%

\*The 2012 survey was narrowed in scope to the top 90% of our North American, direct material suppliers, including all suppliers with \$1MM or more in spend. The 2014 survey used 2012 spend parameters.

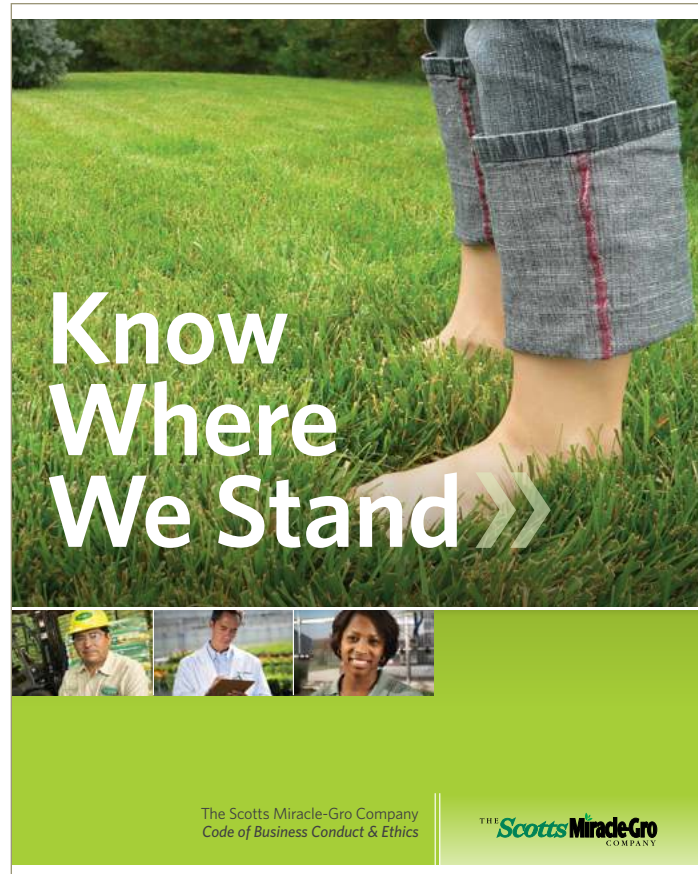


# HUMAN RIGHTS

At ScottsMiracle-Gro, we strive to follow all applicable safety and employment laws and regulations in the places in which we do business. We expect that everyone who works for us, and our business partners, works under safe, fair, and legal working conditions.

Further, we endeavor to treat our associates fairly and prohibit discrimination. We strive to maintain a diverse workforce and an inclusive work environment. To this end, we have established policies against discrimination in the workplace, and take appropriate disciplinary action if we determine that a policy has been violated.

*Know Where We Stand* further outlines our code of business conduct and ethics throughout our global operations.



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# PRODUCTS

**Scotts Miracle-Gro**

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WE MUST NEVER FORGET THAT WE ULTIMATELY WORK FOR THE CONSUMERS WHO TRUST US TO DELIVER ON THE PROMISE OF SOME OF THE MOST RECOGNIZED BRANDS IN THE WORLD.

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CONSUMERS PLACE TRUST IN OUR COMPANY'S PRODUCTS OR SERVICES AND SHOULD BE ASSURED THAT WE ARE COMMITTED TO MEETING THEIR EXPECTATIONS FOR EASE OF USE, HELPING THEM ENHANCE AND PROTECT THE ENVIRONMENT AROUND THEM, AND THAT OUR PRODUCTS WILL WORK.

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As science and technology evolve, it is a business imperative that we stay ahead of the curve. In our research and development, we focus on how grass and other plants benefit the environment and what role our products, as well as consumers' use of our products, play in soil and water quality. Our product formulations and packaging are designed with environmental stewardship and consumer use in mind, and we use consumer and academic research to guide this process. In fact, we work with many of the world's **leading academic institutions** and rely heavily on their expertise and counsel in efforts to transform leading scientific discovery into consumer satisfaction.

# PRODUCT MATERIALS

Product innovation at ScottsMiracle-Gro begins with a thorough understanding of consumers' emerging interests, lawn and garden habits, and unmet needs. That leads to a robust development process that combines those insights with the most advanced research and development capabilities in the business to create products that are simple and safe to use.

Annually, we invest over \$30 million in research and development, whether at our state-of-the-art research facilities or with external academic partners. Our history is full of examples of where this approach has led to breakthrough products that have changed the category and excited consumers - from innovative formula developments to advanced applicator technology. We are also increasingly searching for opportunities to further enhance the environmental sustainability aspects of our products, active ingredients and raw materials. These efforts range from eliminating phosphorus from our market-leading Turf Builder lawn maintenance products, to decreasing the amount of raw material needed to package our products.

## OUR PRODUCTS INCLUDE MANY ENVIRONMENTAL BENEFITS AND CHARACTERISTICS:

- Our growing media - potting mixes, soils and mulches - are mostly composed of organic waste from forestry, farming and food processing, such as bark, manure, rice hulls, compost and landscaping green waste. Approximately 5 billion pounds of this material a year are used in our growing media products. In addition to keeping these materials out of the waste stream, these ingredients help consumers enrich their native soil and grow healthy plants.
- We incorporate moisture-control and water-saving characteristics in our premium grass seed and growing media to help consumers use less water, while achieving improved results.

- Our Scotts® Snap® lawn care system delivers environmental and convenience benefits. Consumers simply snap enclosed product packs into the spreader, eliminating the pouring of product into the spreader and possible spills. The pack's contents remain enclosed, even when it is stored. The entire system also folds up for easy storage.
- Our EdgeGuard® lawn spreaders are designed to prevent product from being applied off-target onto sidewalks and driveways.
- Our packaging instructs consumers that fertilizer, grass clippings and leaves should not be left on hard surfaces because a rainfall could wash the materials into the sewers and waterways.
- We are a pioneer in ready-to-use formulations. These products are simple to use, require no mixing and are easy to apply.
- Our product applicators are continuously being improved to help consumers apply the product correctly and on-target.
- We are focused on reducing packaging and using more recycled content in our product packaging.

## CUSTOMER SATISFACTION

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Through FY14, we tracked customer satisfaction on a monthly basis, using brief survey interviews with our customers and our internal associates assigned to work directly with our customers. These survey interviews focused on our product offerings, our ability to appropriately deliver those products to the customer, and our ability to support the products through everything from general advertising to individual on-site merchandising help. In addition to those monthly surveys, customers provided feedback to ScottsMiracle-Gro in a variety of ways, but primarily through staff we have assigned to work directly with customers. By having dedicated staff for our customers, we can more effectively address each customer's needs as they arise. Customers also

provided feedback directly to ScottsMiracle-Gro's executive leadership, during annual reviews of product offerings, and through our regional office staff located throughout the United States and numerous foreign nations. Beginning in FY15, we will change to a quarterly survey format, as we have not witnessed much movement in monthly survey trends.

Overall, our customer satisfaction surveys demonstrated a stable amount of customer support through FY2014 for ScottsMiracle-Gro as a company, as well as our major products, from our FY2012 customer survey levels. On the whole, ScottsMiracle-Gro as a company continued to meet customer expectations, as we scored exactly the same in overall customer satisfaction in FY2014 as we did in FY2013 and FY2012. Our surveys are based on a 10 point scale, with 10 being the highest rating. According to the FY2014 survey results measuring overall satisfaction with our products, our Miracle-Gro® garden products averaged a score of 8.9, our Scotts® lawn care products and Ortho® pest control products both averaged a score of 8.2, and our Roundup® products scored an 8.4. We do not survey customers based on our locations of operation.

## PACKAGING

### BACKGROUND

ScottsMiracle-Gro prides itself in offering high quality packaging that protects our lawn and gardening products in a wide range of environmental conditions and consumer uses. Consumer safety and durability are top priorities in our packaging design and selection.

Our products are used outdoors and often placed outdoors at retail stores. Our packaging must withstand various weather and temperature conditions and protect the stability of the product in these environmental conditions. We perform extensive environmental, distribution and performance testing on our packaging to ensure its integrity.

In making packaging decisions, we prefer to select optimum materials that contain recycled or renewable content, and meet the preferences of our retail partners. We have gathered baseline data and are adopting industry standards and tools to further improve material efficiency in our packaging, which will help us to better understand packaging options and identify further opportunities.

### GOAL ACHIEVEMENT

We have exceeded our goal to utilize 30% recycled and renewable content in our packaging by 2018. In FY2013, we attained 31% recycled and renewable content in our packaging, which was largely driven by our procurement choices related to bottles, pallets, and corrugated paper and cartons.

Perhaps more importantly, since 2012, we reduced our overall use of raw materials for our packaging by four million pounds. We will continue to look for ways to reduce the raw materials necessary for bringing our products to the consumer.

### INDUSTRY CHALLENGES

A lack of clearly recognized and endorsed industry standards on a global basis presents challenges, and can cause difficulties in long-term investments in packaging technology if what is considered sustainable packaging today will be considered differently in the near future. As we move forward, we will leverage the framework and metrics established in the [Global Packaging Project](#) and will continue to utilize a comparative packaging assessment process as we focus on improving the material efficiency of our packaging.

Another challenge we have experienced in using more post-consumer materials in our product packaging is the performance of those materials. For example, we developed HDPE bottles that contained up to 97% post-consumer resin. Unfortunately, during testing, these bottles cracked, which could have led to product leakage if we had implemented this packaging. As a result, we could not introduce these bottles to the market. However,

through this testing process, we were able to achieve a bottle that could withstand shipping and handling pressures that contained 50% post-consumer recycled resin – doubling the amount that our bottles previously contained.

Further, we are beginning to apply this success more broadly to our other plastic product containers, which currently contain approximately 25% post-consumer recycled resin. We are actively working with our suppliers to apply the learnings gained from our HDPE bottle experience to pursue more comprehensive sustainable packaging options, while safeguarding overall packaging performance.

## APPLICATORS

Making it easy for consumers to apply the right amount of our product to the right location is a top priority for our company. This has led to numerous innovations in our applicator technologies, which we continue to evaluate and modify based on actual consumer use research.

For our pest control products, we have introduced handheld wands that bring the product closer to the target for best application and to minimize any accidental product drift. We have developed hose-end spray applicators for a number of products, including plant food, which efficiently cover large and hard to reach areas. And we have created a range of lawn product spreaders to fit different consumer needs.

## SPREADERS: BACKGROUND

Our spreader line is designed to dispense grass seed, lawn food, pest control, and ice melting products. Our consumers also find them useful for a wide range of other products, though that is not their intended use. Thus, our spreaders need to be durable enough to withstand years of outdoor use and storage, varying weather and temperature conditions, and a mix of use purposes. In order to meet these demands, we perform extensive environmental, distribution, performance and life cycle testing on our spreader products to ensure their integrity.

Historically, we have and will continue to optimize the design of our spreaders for increased consumer and environmental benefits. A stand-out among many innovations is our patented EdgeGuard® technology, which helps ensure the product is only applied where intended and blocks it from contacting non-target areas such as hard surfaces like driveways or sidewalks. Our Snap® spreader technology goes further by automatically providing the correct application rate for each product being applied. This simplifies the setup process and provides more accurate results. The spreader utilizes sealed product cartridge refills, which prevent product spills and simplifies storage between uses.

In addition to these design changes, we have worked hard to improve the environmental profile of the materials used to construct them. When possible, we prefer recycled material or material that can be recycled while maintaining their necessary durability.

## SPREADERS: ACHIEVEMENT

Across our spreader line, our products now average 32% recycled plastic content. Our Scotts DLX ECO spreader is leading the portfolio with over 91% recycled plastic content.

Annually, we use over 2.1 million pounds of recycled plastic in our spreader products. We obtain this material from both external (purchased) and internal sources. Internally, in cases where plastic spreader components do not meet proper specifications, we regrind and recycle that component and use the material in a new spreader.

## SPREADERS: CHALLENGES

As a consumer products company, we must ensure that the appearance of our products is attractive and worthy of our premium brands. The use of recycled plastic in our spreaders creates manufacturing challenges in this regard. For example, recycled plastic, if not handled correctly in the manufacturing process, can create unsightly blemishes on the surface of parts

SCOTTS DLX ECO SPREADER



**91%**  
RECYCLED PLASTIC  
CONTENT



made from them. We prevent this by carefully monitoring and adjusting manufacturing processes as necessary, as we receive different shipments of recycled plastic materials.

Additionally, with extensive use of recycled plastic within a product, it is difficult to provide much color variation throughout the parts that make up that product. This is because the origin of most recycled plastic sources are a mix of many different colors. So, in order to provide consistently colored parts from recycled material, we typically need to color them black. This explains why our ECO line of spreaders, which have the highest recycled content, are mostly black in color. Our spreader parts must also be free from any outside contaminants, such as food or chemicals, so this further limits the types of recycled plastics we can use.

Despite these challenges, we continue to seek out new recycled material types and sources which can be used successfully in our products.

## SERVICE APPLICATIONS: BEST PRACTICES

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In addition to the innovative applicators we develop for consumers to have success using our products, our Scotts LawnService (SLS) program has developed a series of best application practices:

### CHILDREN, CUSTOMERS, NEIGHBORS & BYSTANDERS

- **Children:** No applications of any materials shall be done if a child or other person is present on the lawn or landscape. It is the responsibility of the applicator or SLS associate to direct the child or person to move at least 20 feet away from the area.
- **Customers:** If a customer approaches an SLS associate during an application, the application shall be halted prior to engaging in conversation.

- **Property Boundaries:** Prior to beginning the application, property boundaries are clearly identified. If an associate is unsure, the customer will be asked to identify the boundary line and treatment area.
- **Neighbors:** Prior to beginning any application, the property is scouted to note the location of people, open windows or objects in the yard. Applications are not performed on a property if the adjacent neighbor is entertaining guests or picnicking outdoors.
- **Public Access Property:** At the time of sale the contracting party is asked for a listing of preferred application hours for services sold to restaurants, private amusement parks, and other commercial property, at the time of the sale. All applications will be made during these hours.
- **Schools, day care centers, playgrounds, athletic fields and churches:** Applications may not be made to these properties or to adjacent properties from one hour prior to one hour after the institution is in session, or any time that children are present on the grounds.
- **Family Personal Effects:** If toys, wading pools, laundry or other family objects are present on the lawn, they are removed from the area prior to application.

### ANIMALS, PETS, AND WILDLIFE

- **Birds:** Applications are not performed under bird feeders or to ground where birdseed is present. Similarly, landscape applications are not performed where there are active bird nests. The SLS technicians are instructed to empty and turn over birdbaths less than three feet tall on the property when there is the possibility of contact with any application.
- **Pets:** Applications are not performed if a pet of any species is in the yard. When necessary, an appointment is made to care for the property when the customer is home so that the customer may keep pets out of the area. Feeding bowls, water dishes and pet toys are moved to an area away from the application.

- **Orchards, Farms, and Pasturelands:** Applications to areas where food crops are grown, animals graze or pasture are not permitted. Services such as these are outside the scope of operations.

### LANDSCAPE PRECAUTIONS

Prior to beginning each application, SLS technicians survey the surroundings. Weather conditions, landscape conditions and the presence of bodies of water, pools, open windows and gardens are all noted. SLS always maintains a three-foot buffer zone from the water's edge, unless the product label or state regulations require a greater distance.

- **Drift:** Applications are not performed where drift cannot be controlled or where drift would enter a sensitive area such as bodies of water, customer windows or result in accidental exposure by customers, children, bystanders or pets.
- **Driveways, sidewalks, streets, decks, patios:** Application patterns are adjusted so that overlap onto any driveways, sidewalks or streets does not occur. After making a dry application, all granules must be swept or blown off driveways, sidewalks or streets and back onto lawn areas.
- **Swimming pools:** Be aware of pools on a customer or adjacent property. Always maintain a three-foot buffer zone from the water's edge.
- **Water, well casings and wellheads:** A buffer zone of at least three feet around the perimeter of any body of water, well casing or wellhead must be maintained.

## RECYCLING

Every gardening season, consumers purchase more than 250 million bags of our market-leading soils and mulches because of their superior performance and quality. In doing so, these gardeners are working as our partners in what may be one of the world's largest recycling efforts.

On an annual basis, ScottsMiracle-Gro uses approximately 5 billion pounds of reused material – like compost made from the leaves and brush trimmings – much of which would have been destined for the waste stream. In our soils and potting mixes, we use byproducts from forestry, dairy farming, poultry farming, wine-making, rice processing, coconut harvesting and mushroom farming. The use of these products not only allows consumers to grow beautiful and healthy plants, but also enhances the environment.

This means that a substantial portion of our current growing media production is made from recycled organic material. Additionally, the vast majority of the waste materials are sourced locally, within 100 miles of our operations, which minimizes the impact of transportation. The materials also are carefully screened to meet high quality standards.

Most importantly, millions of consumers and their yards gain from the environmental benefits of our growing media. That's because the green waste materials in our growing media products promotes plant growth, holds water and nutrients, and makes the soil richer and more fertile.

## RECYCLING: TURNING WASTE INTO GROWING MEDIA



5 Billion  
Pounds Recycled  
Waste

ScottsMiracle-Gro uses 5 billion pounds of beneficially reusable materials each year – stacked on a regulation football field, it would be over a mile high.

# LABELING & MARKETING

Product labels are the most direct manner to communicate to consumers about what a product is, its purpose, and how to properly use it. We also often include best stewardship practices on our product labels, indicating how consumers can best protect natural resources while engaging in activities associated with our product's use.

All ScottsMiracle-Gro products that contain active ingredients list the active ingredient, its amount, and directions on how to safely use the product on our packaging. Similarly, our lawn and plant food products have a guaranteed nutrient content analysis and safe product use directions on the product packaging. Generally, we do not list the specific ingredient sources for our products, as they can vary depending on geographic location, particularly within our growing media products that include locally sourced materials near our production facilities.

Packaging Label Element	ScottsMiracle-Gro Products
Product component sourcing	No
Content listing (esp. substances with an environmental/social impact)	Yes
Safe use directions	Yes
Disposal of the product	Yes

In FY2012, we settled a case concerning product responsibility and labeling incidents that occurred in 2008. More details are provided [here](#).

In FY2012 and FY2013, we did not experience any customer privacy or data breaches. However, in FY2014, we learned of a data security incident at a third party vendor that supported our Gro-ables Seed Pods website. We quickly addressed the situation and closed off external access to the site. The site has since been taken down.

# DISPUTED PRODUCTS

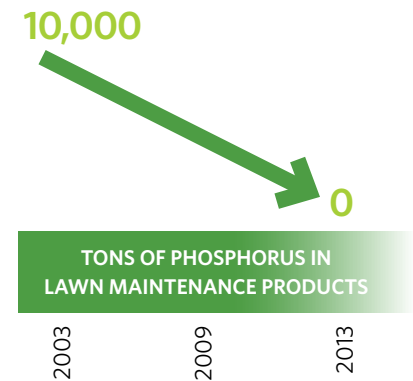
## LAWN FERTILIZER

Over the past decade, the number and intensity of harmful algal blooms have been increasing in waterways across the globe. A key driver of algal bloom growth is the amount of available nutrients, such as phosphorus and nitrogen, which act as a food source for algae. As a result, communities are looking to reduce the amount of nutrients running off of land into waterways from nonpoint sources.

This has led some to consider lawn fertilizer a potential contributor to nonpoint source runoff, as it has traditionally contained phosphorus and nitrogen to feed grass plant growth. While academic research has consistently demonstrated that a properly fed lawn retains more nutrients from running off than an unfed lawn does, our company understands the motivation to address any and all potential nutrient sources.

As a result of engaging stakeholders in the Chesapeake Bay, Great Lakes, and Barnegat Bay watersheds, we have taken a comprehensive approach to reducing any potential nutrient runoff from lawn fertilizer use, and maximizing the environmental benefits that lawns provide.

First, as we committed in 2011, we have reformulated our lawn maintenance products to **remove phosphorus**. Just over a decade ago, these products contained over 10,000 tons of phosphorus. Today, that number is zero. Through academic literature reviews, consumer behavior surveys, and our own internal research, we determined that most lawns either already contain sufficient phosphorus to spur new grass growth, or management practices such as mulching leaves and clippings back onto the lawn provide a sufficient supply of phosphorus that more would not need to be added through our products.



Similarly, we have calibrated our nitrogen content to match the application rate recommendations from leading research universities such as Cornell University, Michigan State University and the University of Florida. This reformulation has included boosting the amount of slow release, which allows for a longer feeding time frame for the grass plants. Primarily out of concern for the Barnegat Bay's water quality, New Jersey established the highest statewide minimum for slow release nitrogen content by requiring 20% of the nutrient in slow release form. Nearly all of our national product offerings exceed that threshold, with some of our lawn maintenance products containing 30% slow release nitrogen.

Second, we have studied how consumers apply lawn fertilizer, and have developed new tools to make it easy for on-target application. These include **EdgeGuard®** and **SNAP®** – both of which block product from reaching hard surfaces where the fertilizer could more easily runoff into storm sewers or surface waters. **SNAP®** goes further in providing a closed loop applicator that automatically clicks to the appropriate setter spreading and foregoes the need to open the product packaging, preventing the potential for spilling onto hard surfaces.

Third, we have modified our packaging instructions to explicitly state best management practices to reduce the potential for nutrient runoff. Our product packaging is our most direct opportunity to communicate to our consumers. We feel it is important to dedicate significant space to these stewardship tips to help our consumers be good land stewards.

Finally, we have increased our consumer education efforts, working with partners like the **National Association of Conservation Districts** to reach audiences that we would not be able to reach on our own.

During the reporting period, this issue continued to develop in Florida. While the state regulatory agency and academic recommendations for lawn fertilizer use have been tailored to account for the state's unique soil and precipitation rates, some local counties and municipalities have developed lawn fertilizer

regulations that are more restrictive and contrary to the state agency and academic recommendations.

This has led to a confusing patchwork of regulations across Florida that are not based on the best available scientific data. However, we recognize the need to continue to engage in dialog to find ways to be part of Florida's water quality solution. While our efforts in product innovation and consumer education are described above, we did engage a number of stakeholder entities across Florida during the reporting period to better learn what more we could do. Our updated efforts, based upon those stakeholder engagements, can be found at [www.scotts.com/florida](http://www.scotts.com/florida).



#### FOCUS ON SCOTTS LAWN SERVICE

Despite the well-known ability for warm season grasses, such as St. Augustine, to process nutrients most efficiently when they are growing during the summer, some communities in Florida have restricted the use of lawn care products that contain nitrogen during the summer months. This can leave residential grasses in need of nutrients when they are most needed.

In order to help grass retain its environmental and recreational functions through the summer months in these locations, our Scotts LawnService has developed a new, certified organic product for summer use.

**SEA™ (Scotts Environmental Alternative)** is an exclusive product that stimulates naturally occurring soil microorganisms to produce the essential elements grasses need to stay healthy in the summer heat. Based on deep ocean-collected seawater, SEA™ is locally produced in Fort Pierce, Florida.

While it is not a substitute for nitrogen, which is a key nutrient for grass health, SEA™ can provide the necessary bridge for grass to thrive under the summer sun when nitrogen products are not an option.

## PEST CONTROL PRODUCTS

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As our consumers seek to control pests in and around their homes, we believe we must work to ensure that our products can be used successfully – and responsibly – in a variety of environments. Because of this belief, we are committed to selecting high-quality ingredients for our product formulations, producing end-use formulations that adhere to appropriate laws and regulations and offering products that are easy to use and effective with continuously improving environmental and human toxicity profiles.

In selecting ingredients, several factors are taken into consideration, including efficacy, interaction with other ingredients as well as with the product packaging, safety to humans and animals, and impact on the environment. We also strive to use the lowest active ingredient rate to meet the minimum effective dose necessary for the product to be effective. In addition, we formulate our pest control products to at least double the regulatory agency's recommended safety tolerance rate.

In evaluating the ingredients in our formulations, we use the WERCSmart™ screening software tool to assess product formulations. This tool, which helps identify how product formulations impact human health and the environment, is used by many of our large retailers in their supply chain.

Our formulation stewardship pledge goes beyond ingredients available in the marketplace today. We are committed to working with manufacturers, universities and research centers in efforts to develop and produce ingredients that have improved efficacy and human and environmental health profiles. This includes a research and development agreement with Marrone Bio Innovations, a leading global provider of naturally derived products for pest management in the agricultural and water treatment markets. The focus of this agreement is to collaborate on adapting their agricultural biopesticides for consumer markets.

## ENHANCED TURF GRASS

### TURFGRASS INNOVATION TO IMPROVE THE ENVIRONMENT

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ScottsMiracle-Gro has been helping Americans love their lawns since 1868. Whether a private lawn, a community garden or a sprawling public park, these landscapes are an integral part of our societal fabric – even as our global population grows increasingly urbanized.

As a company, our mission is to empower gardeners of all ages to express themselves as they care for their piece of the earth. While we at Scotts love our lawns, we understand they are part of a global ecosystem where every inhabitant must do their part for environmental stewardship. That means using only the resources necessary to maintain plant health, and recognizing the importance of access to abundant clean water.

As industry leaders, it is incumbent upon us to serve as good environmental stewards. We have been the gardener's best friend since our founding; we share their passion, and will continue to deliver the safe, high-quality products that gardeners expect. In fulfilling our mission, we are bringing a commitment to education, research and sustainability that will carry our love of lawns well into the future.

### SUCCESSES IN TRADITIONAL BREEDING EFFORTS

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Our seed variety development program is focused on providing lawn grasses that grow durable and functional plants that require less water, fewer nutrient and control inputs and, very importantly, consumers' time. Our plant scientists search the world and collaborate with other experts at universities, government organizations and private companies to collect grasses to test under harsh stresses that include drought, heat, shade and traffic.

We have experienced significant success in the development of drought-tolerant grasses. Our 'Thermal Blue' is a bluegrass that is a cross between native Texas bluegrass and Kentucky bluegrass for improved heat tolerance with soft, dense turf, like Kentucky bluegrass. We have also created 'Hampton' Kentucky bluegrass, which produces more and deeper roots for improved drought tolerance, as well as 'GreenStar' Kentucky bluegrass that stays greener longer during drought. Our 'Dynamic II' tall fescue excels in heat and drought conditions due to its deep root system.

Once we identify and develop improved varieties, we then formulate mixtures of complementary varieties and species to improve lawn adaptability. Consumers increasingly have less time to care for their outdoor spaces, and providing lawn seed mixes with grasses that require less care and adapt to diverse and harsh environments helps achieve their desired results while also improving environmental performance.

### ADDITIONAL PROGRESS THROUGH GENETICALLY MODIFIED GRASS

For nearly 150 years our company has been at the forefront of innovation. To complement our efforts in traditional grass breeding, we are testing advanced technology to develop grasses with even more sustainable qualities, such as:

- Up to 50% less mowing is required, which means lower fuel emissions and a healthy lawn in less time.
- Shorter leaves that retain traditional chlorophyll amounts (i.e., stay green), thus reducing need for nitrogen fertilizer.
- Resistance to herbicides with a better environmental profile than those traditionally used to control lawn weeds.
- Lowered water consumption needs.

Testing of these new grass varieties by our researchers, as well as independent researchers from across the country, is already yielding positive results. Once ready, we believe these grass varieties will bring significant benefits to society and consumers, including reduced air emissions from lawn mowers, less nitrogen that might reach waterways, reduced herbicides being applied in the environment, and conserving water as that resource becomes increasingly scarce.

Our commitment to success in the development of these new grass seed products is steadfast, and we look forward to the day when consumers, and the environment, can experience the benefits they will provide.

**SCOTTS ENHANCED TURF QUALITY**  
 With further development, this product may achieve significant environmental advancements.



Has potential to thrive  
**USING LESS WATER**  
 reducing water waste and runoff



Shorter and darker green grass blades  
**NEED LESS FERTILIZER**  
 to maintain plant health



Denser turf growth means  
**LESS WEEDS AND FEWER HERBICIDES**  
 needed to control weeds



Can be  
**MOWED HALF AS OFTEN**  
 Results in up to 50% less carbon emissions from lawn mowers



# COMPLIANCE

The lawn and garden industry is regulated by national, state/provincial and, sometimes, even local governments. This regulation is designed to ensure that products found on store shelves contain the proper use instructions and precautions to support the safe use of the product. Similar regulations exist in other global markets.

ScottsMiracle-Gro is committed to ensuring that our products comply with government agency standards, which include the products' impact to humans, animals and the environment. At the same time, we are dedicated to developing products that consumers regard as effective and easy to use to help them to be successful in their lawn care and gardening experiences.

Once we have a new product idea, we begin researching that idea in the laboratory and in real-world growing conditions, or field trials, refining the product to make sure it will be effective and appropriate for use. Many of our products must be approved for registration by a federal or state government agency in the U.S. and in some cases by both. To obtain registration, we submit labels, efficacy data and/or formula information about the product to the proper regulatory agency.

The regulatory agency reviews this data and information about our product, and may conduct additional testing on the product. If the regulatory agency believes the research data indicate the product meets their regulations, it will approve the product for registration, which allows entry into consumer markets. Also, in some cases, the regulatory agency will review label claims to ensure they are truthful and supported by data.

## REGULATORY APPROVAL PROCESS



**The U.S. Federal Insecticide, Fungicide and Rodenticide Act (FIFRA)** provides for federal regulation of pesticide distribution, sale, and use. All pesticides distributed or sold in the United States must be registered (licensed) by the U.S. Environmental Protection Agency (EPA) under this law. Before EPA may register a pesticide under FIFRA, the applicant must show, among other things, that using the pesticide according to specifications "will not generally cause unreasonable adverse effects on the environment." FIFRA defines the term "unreasonable adverse effects on the environment" to mean: "(1) any unreasonable risk to man or the environment, taking into account the economic, social, and environmental costs and benefits of the use of any pesticide, or (2) a human dietary risk from residues that result from a use of a pesticide in or on any food inconsistent with the standard under section 408 of the Federal Food, Drug, and Cosmetic Act." Similar law exists in nearly every nation we operate in, and the European Union provides additional regulatory oversight beyond the individual country regulations throughout the European continent.

In the United States, pesticides must undergo the FIFRA registration process at the federal level and then again by each individual state where we choose to sell the products.

Similarly, grass seed is regulated by both the federal and state governments. The U.S. Department of Agriculture enforces the Federal Seed Act to ensure that packaging labels and advertising about the seed are accurate and truthful. Most states base their seed laws on the Recommended Uniform State Seed Law (RUSSL) but also may have additional state-level seed laws, which usually require licenses for companies to sell seed in that state. Any grass seed product that contains fertilizer must be registered as such and cannot be distributed with solely a seed license.

Other lawn and garden products, such as fertilizers, plant foods, garden soil and mulches, are not registered at the federal level but do need an approved registration by individual states. Further, in some cases, there are also local government regulations that apply to the sale or use of fertilizers.

Given the number of agency approvals, this process of developing, testing and registering or licensing a lawn and garden product typically takes several months and even years before the product appears on store shelves.

In order to ensure we are in compliance with relevant product registration and manufacturing laws, ScottsMiracle-Gro has invested in regulatory and compliance mechanisms. These internal structures help us prevent issues before they occur, and quickly recognize and respond if a mistake is made. That said, we recognize that we have made mistakes. In September 2012, the primary issue we brought to a close was a settlement with the U.S. Department of Justice for activities conducted in 2008. Also during the reporting period, two additional smaller incidents resulting in penalties occurred involving our operations:

- **JUNE 2012** – After we identified a shipping error, we self-reported a shipment of unregistered product (SLS Halts II) into California, and removed the product from the state. This improper shipment resulted in a penalty of \$993.58.
- **DECEMBER 2012** – The state of Texas conducted an audit of our fertilizer tonnage reporting over the previous three year time period. The primary audit findings included improper

coding of products within our internal product classification system for the state's regulations. These coding errors resulted in lower than required fees paid to the state. As a result, we paid a mix of back fee payments and penalties totaling \$88,700. We have implemented the audit recommendations to review our product classification system and properly code the items within that system to ensure our state tonnage reports and associated fee payments are correct moving forward.

- **OCTOBER 2013** – Hyponex Corporation, a wholly-owned subsidiary of our Company, entered into a Consent Order with the Michigan Department of Agriculture, whereby we agreed to pay \$67,950 to settle claims alleging certain mulch bags did not meet stated net quantities.

We did not have any non-monetary sanctions or cases brought through dispute resolution mechanisms this reporting period. Similarly, we did not have any compliance violations concerning marketing communications (including advertising, promotion, and sponsorship).

## DOJ SETTLEMENT

In March 2008, we notified federal agencies that we had identified an issue with our wild bird food products, and initiated a voluntary recall of those products. The issue stemmed from our purchase of wild bird food products and related production facilities from Gutwein & Co. in 2005. As is industry standard practice, at the time of our purchase, the wild bird food was treated with pesticides to prevent infestation.

The pesticides being used (Storcide II or Actellic 5E) for this purpose were approved by the U.S. EPA for human and certain animal consumption, but had not been approved for use on wild bird food.



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## DOJ SETTLEMENT

While our company is humbled for the circumstances behind the federal court case settlement, it has enabled good water quality and habitat protection work by a number of organizations.\* In 2013, company officials toured the sites protected through the FIFRA product registration settlement with U.S. EPA Region V staff.

\*The Scotts Miracle-Gro Company undertook these projects as part of a settlement of the United States Environmental Protection Agency's enforcement action against it for alleged violations of Sections 12(a)(1)(A), (B), (C) and (E) of FIFRA, 7 U.S.C. § 136j(a)(1)(A),(B), (C) and (E).



**WATER'S EDGE PRESERVE**, protecting habitat along the State Scenic Sandusky River in northwest Ohio. Black Swamp Conservancy project.



**MEADOWBROOK MARSH PRESERVE** adjacent to the Sandusky Bay in Lake Erie's Western Basin. Black Swamp Conservancy project.



**BIG CREEK RESERVATION** addition to protect Abram Creek and Fowles Marsh. Cleveland Metroparks project.

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After the unapproved pesticide use came to the attention of our General Counsel in March 2008, we shut production down, halted all shipments of the affected wild bird food, notified authorities at the FDA and U.S. EPA, and conducted a voluntary product recall. We later converted to an appropriate pesticide that was specifically registered and approved for use on wild bird food products.

Soon after, in April 2008, the U.S. EPA notified our company that it believed that some of our products containing pesticides were not being registered correctly with the agency under federal law requirements. After some investigation, we agreed with the agency that this was, unfortunately, the case and fully cooperated with their investigation, which lasted nearly four years.

Under United States federal law, products with pesticides are required to be approved and registered by the U.S. EPA before they are sold on the market. The law that governs this process, and ensures that products are safe for use, is called the Federal Insecticide, Fungicide, and Rodenticide Act, or FIFRA. All 50 states have a similar requirement for product registration, once the federal FIFRA registration is obtained.

In our circumstance, it was found, an employee assigned to ushering our products through the federal FIFRA registration process had falsified registration documents for fifteen products, making it appear that the FIFRA registration had been completed, when it had not. This complicated matters when the falsified FIFRA registration information was used in order to obtain individual state registration approvals.

Ironically, despite having created falsified FIFRA registration documents for some of our products, the employee continued to submit legitimate FIFRA registration applications for those same products, and those were eventually granted under the normal approval process by U.S. EPA. So, some of our products had “dual registrations” – one legitimate, one falsified. While this was a violation of the federal FIFRA law, as well as our internal company policies, it does give some relief that the products in question were ultimately registered and did not pose a safety risk for consumer use by the U.S. EPA. That said, when we learned what happened, we recalled the affected products and replaced them with the properly registered products.

In the aftermath of this incident, the employee who had falsified the registration documents was immediately terminated from employment. However, we also realized that, given what had occurred, our regulatory and compliance program was not robust enough to catch the actions of a singular employee before that behavior became a problem. Using the incident as an opportunity to improve our systems, we have fully reconstructed our regulatory process, our internal compliance monitoring and checkpoints, and brought industry experts in-house to manage these programs. Our ability to prevent product registration mistakes, and internally catch any intentionally misanthropic behavior, has been greatly enhanced from what our capabilities were in 2008.

As a result of the above issues discovered in March and April 2008, the Company pled guilty in federal court on September 7, 2012 to eleven FIFRA misdemeanor violations, one for the pesticide misuse on the wild bird food and ten relating to the falsified registrations, which resulted in a \$4 million fine paid to the U.S. EPA, and a contribution of \$100,000 made separately to five organizations that protect bird habitat, as follows:

- \$100,000 to Grange Insurance Audubon Center’s Important Bird Area program,
- \$100,000 to the Ohio Department of Natural Resources’ Urban Forestry program,
- \$100,000 to the Columbus MetroParks’ Bird Habitat Enhancement program,

- \$100,000 to the Cornell University Ornithology Laboratory, and
- \$100,000 to The Nature Conservancy of Ohio’s bird habitat protection efforts.

Following the discovery of the falsified registrations, the Company undertook a thorough audit of registered products conducted by an independent third party. As a result of this audit, additional unintended discrepancies were discovered. These discrepancies were corrected and the company entered into a consent order final agreement with the U.S. EPA under which it agreed to pay \$6 million in civil penalties to the U.S. EPA and \$2.05 million in a Supplemental Environmental Project (SEP) agreement that has been paid to the Black Swamp Conservancy and Cleveland Metroparks for projects aimed at protecting water quality through land acquisition and restoration.

Separately, as previously reported, in 2011, we paid a requested civil penalty of \$245,631 to settle our resulting state registration violations with the California Department of Pesticide Regulation.

While we are disappointed in ourselves for these events, we believe we have made significant progress in addressing the issues and restoring customer and consumer confidence in our products, and are thankful to have final resolution. We are committed to providing our customers and consumers with products of superior quality and value to enhance their lawns, gardens and overall outdoor living environments. We believe consumers have come to trust our brands based on the superior quality and value they deliver, and that trust is highly valued. We also are committed to conducting business with the highest degree of ethical standards and adherence to the law. We hope that our voluntary reporting and full cooperation with authorities about these issues, as well as the restructuring of our regulatory and compliance programs to prevent similar events in the future, demonstrates our commitment.

[Read Chief Executive Officer Jim Hagedorn’s open letter to stakeholders regarding these incidents](#)



# COMMUNITY

**Scotts Miracle-Gro**

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STAKEHOLDER FEEDBACK AND INSIGHT HELPS GUIDE OUR SUSTAINABILITY JOURNEY.

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TRANSPARENCY ABOUT OUR INITIATIVES AND PERFORMANCE IS KEY TO BUILDING TRUST, AND WE WELCOME LEARNING FROM OTHERS. WE ARE ALWAYS INTERESTED IN HEARING FROM OUR STAKEHOLDERS AND RECEIVING FEEDBACK ON HOW WE CAN DO A BETTER JOB IN OUR CORPORATE RESPONSIBILITIES. PLEASE FEEL FREE TO CONTACT US AT [SUSTAINABILITY@SCOTTS.COM](mailto:SUSTAINABILITY@SCOTTS.COM).

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Many stakeholders, including non-government organizations, legislators, regulators and lawn and garden enthusiasts, help to inform our sustainability priorities, including our efforts to protect natural resources, incorporate gardens and green spaces into the fabric of our cities and neighborhoods, and to promote the wellness benefits that the outdoors provide.

As part of our stakeholder engagement strategy, we often meet with interested organizations in roundtable discussions or one-on-one where they live and work. That's because it is important for us to see and experience the local environments that our stakeholders care about. We also invite groups to our corporate headquarters, regional offices, manufacturing plants, and research facilities to see first-hand how we develop our products and conduct our business.

## GIVE BACK TO GRO

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At ScottsMiracle-Gro, we believe in the importance of giving back. As a leader in the communities where we operate, we take to heart the phrase, “find a need and fill it,” a belief firmly held by Miracle-Gro founder Horace Hagedorn. Today, that spirit of giving continues through our associates and is the foundation of our philanthropic creed – **Give Back To Gro**.

Our community outreach and philanthropic activities focus on enhancing our environment, helping underserved youth by providing educational opportunities that promote self-reliance, and supporting health and wellness initiatives as an extension of our culture.

As an expression of our community commitment, we contribute financial support and products, in addition to associate time and energy, to a variety of philanthropic activities. In FY2012, we donated \$8.09 million in cash and in-kind gifts to partners and organizations to carry out our shared goals. In FY2013, we donated \$5.188 million to these causes, and \$5.5 million in FY2014.

**\$18.78**  
MILLION DOLLARS  
DONATED  
TO PHILANTHROPIC ACTIVITIES  
FY2012 - FY2014



## ADDED ECONOMIC VALUE

WHETHER IT IS IMPROVING HOME VALUES THROUGH THE USE OF OUR PRODUCTS IN LANDSCAPING, OR PURCHASING MATERIALS FROM HUNDREDS OF SUPPLIERS, SCOTTSMIRACLE-GRO IS HAVING A POSITIVE ECONOMIC IMPACT BEYOND JUST OUR COMPANY'S WALLS.

### LOCAL ECONOMIC SUPPLY CHAIN INVESTMENTS

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Approximately 12% of our global raw material and packaging spend is executed locally by our Growing Media plant personnel to supply those plant locations. While we do not have an organization wide definition for the geographic boundaries of where this local procurement budget is spent, generally the bulk of that local purchasing discretion is spent within 100 miles of our Growing Media plant locations, due to the increased cost of shipping materials greater than that distance.

We pride ourselves on our ability to identify and recycle green waste back into our growing media products. While this practice has **significant environmental benefits**, whether that is keeping materials out of landfills or helping to prevent nutrients from other industries from reaching waterways, there is also often significant local economic benefit. Our material investments often support whole companies or regional industry sectors in the locations surrounding our facilities. This might include composting facilities who we purchase material from to shipping companies that we partner with to bring our products to market from our production sites.

### LOCAL INFRASTRUCTURE INVESTMENTS

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ScottsMiracle-Gro made many significant in-kind and financial investments into community infrastructure projects during the reporting period. Chief among these investments were the continuation of our **GRO1000 community grant program** – which helped establish 405 community gardens and green

## ASSOCIATE COMMUNITY SERVICE PROGRAM

In 2013, we began a new program to help associates lend their time and expertise to non-profit organizations they support. This program enables all full-time associates in the United States to take two paid days off a year to volunteer their time. During the first full year of the program, 393 associates logged 1,995 volunteer hours in service to organizations across the country.

spaces between FY2012 and FY2014. These spaces provide communities access to fresh fruits and vegetables, recreation, and sometimes skills training or therapeutic healing opportunities, depending on the type of landscape a community chooses to establish. Often, our **GRO1000** grant sites represent an opportunity to restore ecologic function to a site – as abandoned parking lots or industrial spaces are made over into productive green spaces that slow and absorb storm water, filtering nutrients before they reach our waterways where they might otherwise create water quality problems. With grants ranging from \$500 to \$25,000 in value, the **GRO1000** program is making a positive difference in communities of all sizes and all needs.

Similarly, we continued to invest in locations of public gathering to advance outdoor recreation and ecological education. ScottsMiracle-Gro has worked with a number of communities to restore public properties and add functionality for future use.

In some communities, like Toronto, this meant partnering with local volunteers and others in the lawn and garden industry to clean a public park, aerate and amend compacted soil, prune mature trees and shrubs, and lay fresh sod and mulch. We contributed over 1,400 bags of mulch and a team of volunteers to help with the two-day refurbishment of the seven and a half acre St. James Park, which looked like this: [Watch Video](#)

In other communities, like Los Angeles, the extent of physical damage following large community gatherings offer opportunities to rethink an approach to a publicly accessible landscape. Given the persistent water availability issues throughout California, City of Los Angeles leaders wanted to make City Hall Park a demonstration site for outdoor water conservation techniques, while preserving the functionality of the outdoor grounds for the numerous activities it hosts annually. To help achieve these goals, we donated our drought tolerant grass seed mix that can withstand lowered amounts of water as well as event traffic, and WaterSmart soil and mulch products to use as a base to plant native and drought-tolerant plant species.

In response to the landscape damage caused by Superstorm Sandy in 2012, we donated funding to reestablish green infrastructure through the planting of native grasses and shrubs, in order to stabilize sand dunes in the Barnegat Bay region of New Jersey. The dunes act as a protective natural barrier from ocean-driven storms, but had been weakened as Superstorm Sandy stripped the vegetation that holds them in place. While acting to stabilize the protective dunes for future storm events, the replanted grasses and shrubs serve as testament to the communities affected by the storm of the important role plants play in securing our soils in place.

Closer to our Central Ohio corporate headquarters, we have worked extensively with the City of Columbus during the reporting period to improve public infrastructure, including a \$1 million cash donation to establish the **Scioto Mile** and multiple mulch product donations to maintain both Scioto Mile and Columbus City Hall.

We have also dedicated significant resources to the Franklin Park Conservatory and Botanical Gardens, for the establishment of the **Scotts Miracle-Gro Company Community Garden Campus** – a nationally leading educational institution for the creation and maintenance of community gardens. Beyond financial contributions, our involvement with the Conservatory's Community Garden Campus staff has strengthened greatly during the reporting period, as their experts volunteer to help select GRO1000 grant award winners, work directly with GRO1000 grant recipients to build programming, and often lend our company strategic community engagement advice.

Finally, aligned with our company's commitment to wellness and youth development, we donated \$700,000 to **Nationwide Children's Hospital** during 2012 and 2013 for their efforts to ensure every child has the opportunity to live a healthy childhood.



FORMER MAYOR VILLARAIGOSA of Los Angeles works with volunteers to rebuild City Hall Park. Scotts donated our WaterSmart soil and mulch products in this effort.

# STAKEHOLDER ENGAGEMENT

ScottsMiracle-Gro has identified internal and external stakeholders including company shareholders, associates, and board members; customers (for example, retail outlets) and consumers; suppliers; elected and administrative officials at the national, state/provincial, and local level; academic; and non-governmental organizations (for example environmental, social, and wellness non-profit groups, industry and trade organizations). Collectively, these groups have an interest in our operations, products, programming, or our company's impact upon society and the environment.

We set out to engage these stakeholders through means that are most accessible for them. Our goal for engagement with these stakeholder groups has been two-fold: describe the company's approach on various issues and collect their feedback on how to continuously improve our efforts.

Strategically, we engage groups who would have the most at stake from a company decision as well as those who have either outwardly expressed an interest in our decisions (whether directly to us or indirectly through another source such as media) or who are willing to provide feedback in some manner to the company.

## KEY TOPICS AND CONCERNS

### WATER QUALITY AND AVAILABILITY

Like all living things, plants need water, nutrients, and some care in order to grow and thrive. As regions of the planet become more water scarce, and as concerns rise about what is entering our waterways from activities conducted on the land, how lawns and gardens impact water resources continues to be a major

focus for our stakeholders, including elected and regulatory officials, environmental non-governmental organizations, and local water management agencies. Recognizing that focus, ScottsMiracle-Gro is constantly evaluating new technologies to determine the most appropriate ways to manage green spaces while being mindful of water resources and our surrounding environment.

We work collaboratively with academics, non-governmental organizations, regulators and legislative officials to find solutions to water quality and quantity problems.

The best example of our approach is our effort to help **protect Florida's water quality**. In 2012 and 2013, we developed relationships with a variety of organizations and agencies throughout the state to best determine how our Company could provide added value. In early 2014, these relationships blossomed into partnerships with **our announcement** of a three-year, five million dollar commitment to in-state water quality research, habitat restoration, consumer education, and green infrastructure improvements.

Our prior conversations with the **Ocean Research & Conservation Association (ORCA)** took hold as an innovative approach to studying water quality utilizing monitoring devices that ORCA had developed to study fluctuations in water quality in real time in order to determine the highest leverage actions and policies that could be implemented to see water quality improvement. Our early discussions with **Tampa Bay Watch** led to a sponsorship of their model community engagement and ecological restoration program, Bay Grasses in Classes, which empowers local middle and high school students to learn agronomic science while restoring native salt marsh habitat that naturally filters runoff waters into the Bay.

## PROTECTING FLORIDA'S WATERS

Landowners can aid water quality by taking simple actions on their property. This is why we are trying new ways of connecting with landowners to help provide these management tips.

In Florida, local leaders are pursuing a variety of actions to help improve water quality. Recognizing that interest and knowing that resources for community education can be limited, we have developed a set of unbranded educational materials that are free for use by any agency or organization. Those materials are available at [www.protectfloridawater.com](http://www.protectfloridawater.com) and we hope this is a beneficial tool for others in the shared goal of cleaning Florida's waterways.

In regards to water quantity, as stated in previous reporting, in 2010, we began a long-term relationship with Texas A&M University to help us better develop and design products for the Southern and Western United States. With the University's expertise, we have focused on water quantity limitations and assessed our products' potential to help reduce landscape water use during times of drought or below normal precipitation.

In response to the historic Texas drought, ScottsMiracle-Gro developed a coalition including the Texas Department of Agriculture, Texas Nursery and Landscape Association, and Texas A&M University to develop a statewide water conservation effort named **Texas Watersmart**. This effort focused on improving the use of water within the urban and rural environments through public education. Texas Watersmart provides simple and easy tips to conserve water in and around the home, and became one of the most successful private-public partnerships within the United States to drive residential water conservation during the reporting period. Through 2012 and 2013, we helped grow the number of Texas Watersmart partners to over 250 entities throughout the state. Pre- and post-campaign surveys demonstrate that 80% of those exposed to the campaign reduced their water use by 10%. This has eased water use pressure throughout the state, and established a model program that could be replicated in other water poor areas.

In 2013, we developed a relationship with the California Center for Urban Horticulture at The University of California at Davis. The goal of this relationship is to better evaluate the characteristics of our existing products and determine alternative sustainable product solutions for urban and rural gardening in the Western United States, where water availability is a persistent issue.

In order to address how our products utilize water and what ingredients might affect water, we continue to engage the leading academic experts across the United States on product development, efficacy testing, and environmental fate measurements. We have worked closely with and will continue to work

closely with leading universities such as Rutgers University, North Carolina State University, Ohio State University, Utah State University, Michigan State University, Clemson University, University of Florida and Cornell University.

Finally, we have taken a comprehensive approach to address nutrient loading to waterways, specifically phosphorus and nitrogen. This includes adjusting our lawn fertilizer product formulations, including stewardship tips on our packaging, innovating new lawn fertilizer spreaders, and increasing our commitment to consumer education by partnering with the National Association for Conservation Districts (NACD). Through our NACD partnership, we developed a comprehensive education campaign called "**Backyard Conservation: Lawns and your environment.**" This education program can be delivered at different scales - whether to large audiences, or individuals at their home. We help to make program materials available for use by any of the 3,000 county soil and water conservation districts that make up NACD's membership.

For additional discussion around our water quality improvement efforts please see our **Product Materials** page.

## PEST CONTROL PRODUCTS

On an ongoing basis, we engage stakeholders such as elected and regulatory officials, as well as environmental non-governmental organizations, to discuss our pest control products.

In particular, we attempt to address how consumer products containing pesticides are reviewed and approved for use, how we decide what ingredient formulations to include in our products, how we ensure the products are safe to use, and how we educate our consumers on responsible use of these products.



## Formulation Decisions

As stated elsewhere in the report, we believe we must work to ensure that our products can be used successfully – and responsibly – by our consumers. As a result, we are committed to selecting high-quality ingredients for our product formulations, that are not only compliant with the appropriate laws and regulations but that are also easy to use and effective with a continuously improving environmental and human toxicity profile.

In selecting ingredients, several factors are taken into consideration, including efficacy, interaction with other ingredients as well as with the product packaging, safety to humans and animals, and impact on the environment. We also strive to use the lowest active ingredient rate to meet the minimum effective dose necessary for the product to be effective.

In evaluating the ingredients in our formulations, we use the GreenWERCS screening software tool to assess product formulations. This tool is widely used to help identify how product formulations impact human health and the environment.

## Consumer Education

Only eight percent of the conventional pesticide used in the United States is used in home and garden settings, according to the U.S. EPA (2006-2007 Pesticide Market Estimates). Also according to the U.S. EPA, since 1970, non-agricultural use of pesticide active ingredients has declined by 33%, which equals almost 90 million pounds less.

So, while lawn, garden, and home defense products make up a very small amount of the overall pesticide use, we have a responsibility to ensure our consumers have the knowledge to be good stewards when using our products.

The most direct communication opportunity we have with our consumers is the language placed on a product label. We take that opportunity to educate consumers how to properly use the

product in hand, in order to be most effective and have the least off-target impact.

We also provide proper use instructions on our product websites and through our [product help desk](#) – which added an online interactive chat function during the reporting period to increase ease of consumer contact.

## Pollinator Protection

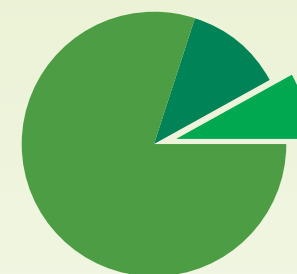
During the reporting period, considerable attention across the globe was dedicated to insect control products that contained a class of insecticide chemistry called neonicotinoids (neonics). We provide some products and services that include neonic ingredients, though these products and services constitute less than three percent of our annual sales volume.

Neonics were developed to more directly target unwanted pests with a lowered amount of toxicity for non-target species than an older class of insecticide chemistry called organophosphates could deliver.

The loss of insect pollinator populations, particularly honeybees, in numerous countries has stumped ecologists and academic researchers. Most currently available comprehensive research points to a combination of factors for the decrease in honeybee populations: parasitic mites, habitat loss, overstressed commercially owned honeybee populations, and other reasons. Some research also suggests that neonics are negatively impacting honeybees, especially when not used as directed.

Both the European Union and U.S. EPA have responded to this issue by issuing various restrictions on the use of neonicotinoid insecticides. As noted above, we do provide products that contain a neonicotinoid active ingredient for their improved efficacy and lower toxicity profile. When possible, our products use an alternative delivery mechanism that reduces the potential for direct pollinator contact with the insecticide. These products are formulated as a granular or liquid drench at ground level, rather than a topical foliar spray. Since honeybees, and

## CONVENTIONAL PESTICIDE USE IN THE UNITED STATES



- 80% Agriculture
- 12% Industrial/Commercial/Government
- 8% Home and Garden

Source: U.S. EPA 2006-2007 Pesticide Market Estimates (most recent data available).

## HOME PRODUCTS WITH HIGHER TOXICITY THAN LAWN & GARDEN PRODUCTS:

- Bleach
- Bath disinfectants
- Pet collars
- Pet flea and tick sprays



other pollinators, do not usually congregate on the ground, their direct contact with the neonic active ingredient is minimized. Further, our product label directions direct consumers to avoid applying the product during the early morning and early evening hours when honeybees are most active.

In addition, as our products help consumers establish gardens of their choice, we believe we are uniquely positioned to help grow additional pollinator habitat, which is one of the key factors in pollinator population declines. In fact, some communities have taken advantage of our **GRO1000** program to establish gardens and landscapes that enhance pollinator habitat.

### WILD BIRD FOOD

During the reporting period, environmental non-profit organizations sought details about our September 7, 2012 federal court settlement with the U.S. EPA and U.S. Department of Justice regarding improper product registration and unapproved use of pesticides in our wild bird food products.

Given how significant these issues have been for our company, we have dedicated a separate page to reviewing the history, outcome, and statement from our Chief Executive Officer [here](#).

### External Initiative Engagements

ScottsMiracle-Gro participates in the following externally developed initiatives to help ensure our products and programs meet third party review assessments.

Organization	Significant Issues in Relation to this Organization	ScottsMiracle-Gro Position on these Issues
International Organization for Standardization (ISO)	The ISO 14001 standard establishes guidelines for establishing a site-specific "Environmental Management System"	Our manufacturing facility in Howden, U.K. achieved ISO 14001 certification, requiring comprehensive operational planning for environmental improvement, including: minimizing raw material loss, energy use and waste to landfill reductions, and developing a biodiversity plan.
Mulch and Soil Council (MSC)	Voluntary certification of horticultural mulch, growing media, and landscape soil consumer products. Ensures labeling, product performance and chemical content are within established standards. Conducts random auditing of products.	We seek MSC product certification whenever possible, recognizing the consumer benefit of rigorous external testing of our products. Currently, 39 of our products are MSC certified.
Organic Materials Review Institute (OMRI)	Voluntary certification of organic consumer products, according to the National Organic Standards (U.S.).	We seek OMRI product certification for all eligible natural/organic consumer products we produce. We recognize the consumer benefit of rigorous third party verification of our products. Currently, 30 of our products are OMRI certified.

# PARTNERSHIPS

It is critical for us to learn from our stakeholders, and those with great insight and knowledge who can strengthen our efforts. That's why - from innovating products to planning community involvement programs - we team up with experts and organizations to help us be more effective in protecting the environment, educating others on being good stewards of the earth and improving the communities in which we live and work.

While we work with many people along the way, we would like to acknowledge several organizations that currently partner with us in the areas of water quality and conservation, public outreach, the advancement of gardens and green spaces, youth development and civic involvement. We acknowledge these organizations below.

## ACADEMIC PARTNERSHIPS

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ScottsMiracle-Gro works with many universities and research centers around the world in the areas of turfgrass science, horticulture, agronomy and entomology in order to incorporate the work of leading scientists into our product offerings.

### **Michigan State University**

Michigan State University is renowned for its turfgrass research and we have a long-standing partnership. In fact, the Michigan State University library houses a large volume of historical information about our company and our science. During the reporting period, ScottsMiracle-Gro is sponsored a unique, multidisciplinary research study on the environmental, economic and social benefits of lawns in an urban area, based in Flint, Michigan. This study explores the impact of maintained and not maintained lawns on water quality, the stability of neighborhoods and crime. We hope the study will serve as a model in the areas of urban renewal and community development.

### **Ohio State University**

Ohio State University (OSU) has been a longstanding partner with ScottsMiracle-Gro in areas of science and technology, as well as business management. In lawn and garden research, we partner with OSU in turfgrass science, specifically in the study of lawns and carbon sequestration. Some of our associates are involved in graduate degree work at OSU in the study of grass, plant science, weed management and insects.

### **Rutgers University**

Rutgers University is a preeminent research and development center for new grass seed traits and varieties. Its research includes developing grass types that require fewer inputs. Many of ScottsMiracle-Gro's grass seed products were developed at Rutgers. We also value the university's turf science research in drought tolerance, which is a priority research area at ScottsMiracle-Gro. Rutgers' East Coast research capabilities in drought-tolerant grass augments our own research facilities in the Midwest and Southeast.

### **Texas A&M**

Since October 2010, ScottsMiracle-Gro and Texas A&M AgriLife Research - the College of Agriculture and Life Sciences at the university - entered into a long-term partnership to develop new technologies for the consumer market in Texas and neighboring states. Through the agreement, ScottsMiracle-Gro will both fund the construction of a new facility for turfgrass education and support the development of key research programs in the areas of turfgrass, water efficiency and environmentally sustainable pest controls.

### **University of California - Davis**

In 2013, ScottsMiracle-Gro established a new partnership with **UC Davis' California Center for Urban Horticulture (CCUH)** to focus on three key areas: managing landscapes with improved water use efficiency, improving industry knowledge around organic and natural options for landscapes, and engaging younger generations around the benefits of green spaces. CCUH's focus on improving the horticultural education of California residents and ability to partner with experts within the University of California system and the UC Cooperative

Extension make this partnership a natural fit to develop more environmentally sustainable products and practices.

#### **University of Florida**

Florida has unique soils and precipitation patterns, so understanding how plants, including turf grass, grow and what nutrients they need in the state's climate is critical to providing appropriate products to Florida consumers. For these reasons, ScottsMiracle-Gro has relied upon research and resulting recommendations conducted by the **University of Florida's Institute of Food and Agricultural Sciences** to formulate our products to deliver plant nutrients while protecting water quality.

#### **University of Sydney**

In January 2009, ScottsMiracle-Gro and the University of Sydney entered into a partnership to conduct lawn and garden research supportive of consumer markets in Australia and the Asia Pacific market. The Southern hemisphere research site gives ScottsMiracle-Gro the ability to conduct counter seasonal research and to gain more product information about this global region in a shorter timeframe. The University of Sydney has enhanced ScottsMiracle-Gro's overall research capabilities.

## **ENVIRONMENTAL PARTNERSHIPS**

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#### **Communities in Bloom**

Communities in Bloom is a Canadian organization committed to fostering environmental responsibility and community beautification, with a focus on the promotion and value of green spaces in urban settings. As a founding sponsor, Scotts Canada provides support for Communities in Bloom's recognition program of cities and municipalities that use gardening to enhance their community and to foster civic pride.

#### **Franklin Park Conservatory and Botanical Gardens**

Franklin Park Conservatory and Botanical Gardens is a nationally recognized horticultural and educational institution located in Columbus, Ohio. ScottsMiracle-Gro's long-standing partnership with the Conservatory has focused on community garden

education, development and access. As a lead sponsor of the Conservatory's "Growing to Green" community gardening and city beautification program, ScottsMiracle-Gro has helped local organizations create and sustain their neighborhood gardens. In 2009, the four-acre **ScottsMiracle-Gro Community Garden Campus** was established at the Conservatory, which serves as a national center for community gardening education and best practices. Through the reporting period, we continued to develop our partnership, with Conservatory staff providing strategic programming input and helping to determine which **GRO1000** grant applications should be funded.

#### **Grange Insurance Audubon Center**

The Grange Insurance Audubon Center (GIAC) has led urban habitat education efforts in downtown, Columbus, Ohio since 2009. Located on a former car impound lot, the GIAC now regularly hosts interactive environmental educational programming for inner city school children throughout the year at its state of the art facility located along an important migratory route. To help GIAC achieve its goal to enhance bird populations and attract species of interest for educational purposes, we donated Scotts wild bird feed throughout 2013 for use in the Center's numerous outdoor birdfeeders.

#### **Mid-Ohio Regional Planning Commission's Center for Energy & Environment**

Throughout 2012 and 2013, Scotts personnel chaired MORPC's Center for Energy & Environment Advisory Council. This has enabled Scotts to maintain an understanding of sustainability trends and opportunities near its world headquarters in Central Ohio. In 2012, ScottsMiracle-Gro partnered with the Center to support **EcoSummit 2012**, the first time that the international conference was held in the United States. Specifically, we worked to organize a session at EcoSummit 2012 with Stewart Brand, an environmental thought leader since the 1960's, to address themes in his recent work, *Whole Earth Discipline*.



### **National Association of Conservation Districts**

The National Association of Conservation Districts (NACD) represents over 3,000 local conservation districts across the United States. Conservation districts work every day with homeowners, farmers, government agencies, urban planners and others to protect our natural resources through on-the-ground projects and educational programs. In partnership with the Ohio Federation of Soil & Water Conservation Districts, an NACD member, ScottsMiracleGro has developed an interactive lawn maintenance train-the-trainer program. NACD will be able to use this tool nationwide to teach residents in their conservation districts how proper lawn care techniques can help enhance soil and protect water quality.

### **Ocean Research & Conservation Association**

Through a partnership started in 2014, independent research conducted by ORCA, based in Ft. Pierce, Florida, will focus on the Indian River Lagoon. The research will map point and non-point sources of nutrients flowing into the Lagoon that can help focus public and private investments on the highest priority actions that might improve and protect water and wildlife in the Lagoon.

### **Plant A Row for the Hungry**

Launched in 1995, Plant A Row for the Hungry is a public service program of the Garden Writers Association (GWA) and the GWA Foundation. Garden writers encourage their audiences to plant an extra row of produce each year and donate their surplus to local food banks, soup kitchens and service organizations to help feed America's hungry. For more than a decade, ScottsMiracle-Gro has been a lead sponsor of Plant A Row. In 2011, more than 2 million pounds of fresh produce was donated and helped feed the hungry and homeless across America. In addition, Plant A Row and the GWA have been strategic partners in ScottsMiracle-Gro's national community garden outreach.

### **River Network**

River Network is an umbrella organization dedicated to empowering local waterway based organizations throughout the United States to protect and improve the nation's water

resources. During the reporting period, ScottsMiracle-Gro worked with River Network on two distinct projects: increasing consumer awareness of water efficient landscape projects and products in the San Francisco Bay area, and establishing a water conservation training program for River Network organizational members and watershed protection practitioners. While the San Francisco area consumer education project was a one-year effort, the training program will be housed online for River Network members to utilize in the future. In addition, we supported River Network's annual **River Rally conference** from 2012-2014. This gathering of water quality advocates and watershed protection practitioners has been a sound location to obtain feedback on the company's products and efforts to address water quality.

### **Tampa Bay Watch**

ScottsMiracle-Gro and its associates are partnering on a unique environmental restoration program that Tampa Bay Watch has established with Tampa-area middle and high schools, called **Bay Grasses in Classes**. In the program, students will tend native plant nurseries on school grounds and transfer the plants they grow to designated restoration sites within the Tampa Bay estuary. The restoration plantings help clean the Bay by filtering nutrients, while the students learn real-world environmental and agronomic education principles that will help them become the next generation of stewards for Florida's waterways.

### **The Columbus Foundation**

The Columbus Foundation has been strengthening the Central Ohio community and improving lives for more than 60 years. ScottsMiracle-Gro and The Columbus Foundation joined together in 2002 to establish the ScottsMiracle-Gro Community Gardens Fund of The Columbus Foundation. The Fund supports a wide range of "brown to green" projects in low- and moderate-income neighborhoods. Each year grants are awarded to create and sustain gardens in many communities throughout Columbus with the highest need for food and resources.



Working with retail partners in the San Francisco Bay region, we teamed up with River Network and local organizations to provide gardeners with water efficient landscaping products and education.



### **The National Gardening Association**

For more than 35 years, the National Gardening Association (NGA) has provided plant-based education and gardening information to educators, as well as to youth and community organizations. The partnership between ScottsMiracle-Gro and the NGA aims to foster an appreciation for gardening and the outdoors in young people. ScottsMiracle-Gro supports the NGA's website: [kidsgardening.org](http://kidsgardening.org). The site is a resource for educators and parents on engaging children in gardening and the environment.

### **The New York Botanical Garden**

The New York Botanical Garden (NYBG) is a museum of living plant collections, gardens and landscapes. ScottsMiracle-Gro's efforts with the NYBG have touched thousands of residents in communities and neighborhoods throughout the NYBG's home borough of the Bronx. As sponsor of the Home Gardening Center, ScottsMiracle-Gro provided educational programming and tips for residential gardening. With the NYBG's Bronx Green-Up initiative, ScottsMiracle-Gro helped to improve urban neighborhoods through greening projects. We are the presenting sponsor of the Family and Community Garden program. The award-winning Family Garden teaches children and families about plants and the natural world through interactive, hands-on gardening activities, as well as individual garden plots tended by community volunteers.

### **The Riverwood Conservancy**

The Riverwood Conservancy provides environmental and stewardship education services to the residents of Mississauga, Ontario, and the surrounding areas. As a major supporter of Riverwood, Scotts Canada helps to ensure the continued delivery of Riverwood's science-based outdoor education curriculum to all elementary schools in the area, as well as the enjoyment of a public garden and the Scotts Bird Trek for visitors. We also provided soils for the gardens and funding and bird food for the Scotts Wild Bird Trek, which was established in 2007. These are hiking trails with bird feeders that allow visitors to observe the indigenous birds of the area. There are also interpretive signs that help visitors recognize the bird species they are seeing, as well as programs that allow visitors to learn about birds and feeding.

Since 2009, the Scotts Canada team has added a volunteering component to its relationship, which gives associates the opportunity to spend time at Riverwood annually conducting on-site projects on behalf of the organization.

### **United States Botanic Garden's National Garden**

Located in Washington, D.C., the National Garden is the outdoor teaching facility of the U.S. Botanic Garden. As a founding sponsor, ScottsMiracle-Gro provided monetary support, as well as custom-created soils and growing amendments that serve as the foundation for the National Garden. ScottsMiracle-Gro and the National Garden also created the **Hands On Plant Science (HOPS)** program, which we continued to support through the reporting period, that brings horticulture and plant science education to students from the District of Columbia Public Schools system during the summer.

### **U.S. Conference of Mayors**

In late 2011, ScottsMiracle-Gro formed a partnership with the United States Conference of Mayors (USCM) to improve our nation's cities through garden and green space development. Through this partnership, grants are awarded to mayors for the installation of innovative edible gardens, public gardens and green space development within their communities through the **GRO1000** program. Additionally, ScottsMiracle-Gro supported the USCM's Mayors Water Council, which is a body seeking municipal water quality and quantity solutions.

## **YOUTH PARTNERSHIPS**

### **Miracle-Gro Capital Scholars**

The Miracle-Gro Capital Scholars program is an after-school mentoring and scholarship program that prepares students to be tomorrow's leaders. The program first started in 1995 in Brooklyn, New York, by Horace Hagedorn, founder of Miracle-Gro. From the 5th through 12th grade, the Brooklyn Miracle-Gro Capital Scholars received tutoring and social service support toward high school graduation and college.

Dashawn Scofield graduated from the Columbus Culinary Institute at the Bradford School, becoming the first student to earn a post-secondary degree through the Miracle-Gro Capital Scholars program.



In 2002, the program was launched in Columbus, Ohio. The Columbus Miracle-Gro Scholars received mentoring and coaching support from ScottsMiracle-Gro associates. The students also participated in an extensive summer and after-school program which included internships at ScottsMiracle-Gro's world headquarters and various service learning opportunities.

More than 40 students who successfully completed the Miracle-Gro Capital Scholars program and graduated from high school are now attending college through full scholarships funded by ScottsMiracle-Gro and the Hagedorn Family Foundation. In 2013, Dashawn Scofield became the first Capital Scholar to earn a post-secondary education degree, achieving his Associate Degree in Applied Science from the Columbus Culinary Institute at the Bradford School.

#### ***The Ohio State University Future Engineers Summer Camp***

The Women in Engineering (WiE) program at The Ohio State University's College of Engineering helps prepare women for careers in engineering and the sciences. As the lead sponsor of the WiE GROW summer camp, ScottsMiracle-Gro is helping to grow the next generation of engineers. The week-long camp introduces female middle school students to the world of science and engineering and ignites their interest in an engineering-related career. As part of the camp experience, participants spend a day of interactive learning at the ScottsMiracle-Gro research and development (R&D) center in Marysville, Ohio. Several graduates from the College of Engineering involved with the WiE program have gone on to become R&D associates at ScottsMiracle-Gro.

## **COMMUNITY WELLNESS PARTNERS**

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### ***American Heart Association***

The American Heart Association's Start! Heart Walk raises awareness and funds for heart disease research and prevention. With ScottsMiracle-Gro's commitment to the health and well-being of its associates, we were one of the top five companies

in Central Ohio to support the Walk during the reporting period. ScottsMiracle-Gro has also received Fit Friendly Platinum-Status recognition for five years in a row (2010-2014), recognizing our focus on employee wellness. In 2013, for the first time, we coordinated Walk teams across our locations throughout the United States.

### ***Pelotonia/The James Cancer Center at Ohio State University***

ScottsMiracle-Gro significantly increased its partnership with The James Cancer Center and **Pelotonia**, the annual bicycle event dedicated to raising cancer research funding. Beyond the company's initial investment in the event to defray operational expenses, ScottsMiracle-Gro now fully matches all associate fundraising dollar-for-dollar. This lowers the amount any individual associate needs to fundraise in order to participate in the event by 50% - which has helped to drive up associate participation. The number of associates participating in the company's peloton numbered 18 in 2010. After instituting the company match, that participation figure has jumped to over 100, raising over \$200,000 each year in 2012, 2013, and 2014 for cancer research.

### ***The Salvation Army***

Responding to The Salvation Army's call to "Live United," ScottsMiracle-Gro associates have stepped up their personal giving, with strategic support from the company. By agreeing to donate a toy valued at \$50 or more, associates receive an extra paid day off to use during the December/January holiday season. Between 2012 and 2014, Scotts associates donated more than 2,300 toys to the Salvation Army through this effort: just under 800 in 2012, over 800 in 2013, and 700 in 2014.

### ***United Way***

Annual giving to United Way organizations by associates and the company has been a long-standing tradition. Associates volunteer and participate in many United Way activities. Community Care Day in Marysville, Ohio, as an example, draws hundreds of ScottsMiracle-Gro associates to spend a day brightening the lives of area citizens.



# CONSUMERS

## COMMUNICATING WITH CONSUMERS

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As the leader in our industry, ScottsMiracle-Gro strives to share nearly 150 years of knowledge about our products and best practices in lawn care and gardening. To help homeowners be successful in caring for their lawns and gardens, we are committed to increasing our education efforts and public outreach through digital channels, forums and partnerships.

The environmental benefits of green space in one's yard and in the community and the social importance of engaging with the outdoors are key themes for ScottsMiracle-Gro. As part of our corporate responsibility, we are focused on connecting our stakeholders with the information and resources they desire in these areas.

## CONSUMER RESOURCES

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As the leader in the lawn and garden industry, ScottsMiracle-Gro is dedicated to providing consumers with products and services that enhance and protect the green space that surrounds them. We provide answers when consumers have questions about what products to use, when to use them and how to create the lawn and gardens they envision.

To help consumers, we provide various ways to get answers to your questions – via phone, e-mail, chat and in person. We are proud to share our expertise and a helping hand through the following resources:

## CONSUMER SERVICE CENTER

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Every year, nearly 1 million consumers reach out to ScottsMiracle-Gro with questions about our products and services for their lawns and gardens. While most of these contacts come to us through

phone calls and email, more and more consumer conversations are happening through social media outlets.

To call our Consumer Service Center, dial 1-888-270-3714. You will find our toll-free number on the back of our products as well. You can also contact us via [email or chat online](#).

## PRODUCT WEBSITE AND ONLINE

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[Scottsmiraclegro.com/brands](#) is where you can find all of ScottsMiracle-Gro's lines of trusted brands and our lawn and garden knowledge base. Consumers can also engage in discussions with our experts and fellow lawn and garden enthusiasts. This is also the place to engage with our leading brands through social media outlets such as Facebook, and Twitter and You Tube.

## EMAIL SUBSCRIPTIONS

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Consumers can receive regular emails about lawn and gardening tips, tailored to their regions, by subscribing to ScottsMiracle-Gro's [email subscription service](#).

## SCOTTS LAWN SERVICE AND LAWN CARE INFORMATION

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Our "do-it-for-you" business – Scotts LawnService – provides an in-depth "[lawnopedia](#)" on grass and how to manage weeds, insects and diseases in your lawn. You'll learn a lot on best lawn care practices by reading this field guide to your lawn.

## IN-STORE COUNSELORS

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In the peak of the lawn and garden season, consumers will find ScottsMiracle-Gro counselors in the lawn and garden departments of many of their local retail centers. The counselors, who are employed by ScottsMiracle-Gro and attend the Scotts Training Institute, are there to answer questions and to help consumers create the environment they choose to live in.



## SCOTTS TRAINING INSTITUTE

Every year, we develop a training module for our associates and key business partners that regularly interact with consumers and external stakeholders. The training primarily focuses on new products and programs we are making available that year. This provides updated information to those who are most regularly contacted by consumers or the public with lawn and garden care questions.

# PUBLIC SECTOR ENGAGEMENT

Our operations, products and services are subject to legislative and regulatory requirements, and changes to rules can have a significant impact on our shareholders, customers, associates and communities. We believe that engagement in public policy is an important part of the democratic process and our corporate responsibility.

Our public policy engagement has primarily focused on water conservation, water quality issues, lawn and garden product regulation issues, and site specific issues at our various facilities. Overall, we advocate for science-based policy at the national, state/provincial, and local level. In order to provide clarity of actual product use activity, we advocate for the incorporation of current consumer behavior data and research into public policy development. It is our experience that public policy based on outdated or misperceived consumer behavior leads to poorly constructed regulations that do not appropriately address the targeted issue.

It is our position that additional water conservation can be achieved through increased consumer education efforts. Our leadership in programs such as Texas Water Smart has demonstrated that to be the case. As a result, during the reporting period, we have advocated for public policy aligned with this position, including increasing the amount of public funding dedicated to water conservation education programs, specifically in Texas.

We also believe that healthy lawns and gardens can help to improve water quality, due to their ability to slow down storm water, filter nutrients, and prevent soil erosion. To that end, we advocate for public policy that promotes the responsible use of lawn and garden products and support the development of science based educational materials that help consumers use products appropriately. Alternatively, we oppose legislation that limits a consumer's ability to manage their lawns and gardens with the best available products that are deemed

appropriate for use by leading academic institutions and regulatory agencies.

For example, during the reporting period, we have advocated for the adoption of a model lawn fertilizer ordinance throughout the state of Florida, which was drafted by experts at the Florida Department of Agriculture and the University of Florida, which provides product regulations that are appropriate for Florida's unique climate and soil types. Simultaneously, we have advocated against the adoption of lawn fertilizer ordinances that prohibit consumers from using products during the summer. Academic research indicates that the summer is when southern grass plants found throughout Florida need the nutrients in lawn fertilizers the most, as that is when they are growing the fastest and can metabolize the nutrients most efficiently to avoid nutrient runoff during rain events.

Our advocacy regarding product regulations can vary widely, from updating old regulations to reacting to proposals initiated by external entities. During the reporting period, the bulk of our advocacy work in this regard has been at the state/provincial level. This included items such as converting existing grass seed labeling laws from requiring a "manufactured date" to a more consumer friendly "use by" date with a related research-based extension of how long the seed is viable for consumer use.

**MEMBERSHIPS** As a global company that operates in many localities, ScottsMiracle-Gro often joins national or local associations to engage in a deeper dialogue with different stakeholders on issues relevant to our company. These memberships help us in a number of ways, including enhancing our understanding of different governmental regulatory compliance requirements, connecting us to potential business partners, providing examples of model programming that we could implement or adapt, as well as associate training or career development opportunities.



Across our company, these memberships include:

American Seed Trade Association	Growing Media Initiative	Pennsylvania Retail Association
Associated Industries of Florida	Horticultural Trades Association UK	Phytofar
Association of California Water Agencies	Illinois Fertilizer & Chemical Association	Promojardin
Chemical Specialties Manufacturing Association	Indiana Chamber of Commerce	Republican Agriculture Commissioners Committee
Connecticut Environmental Council	Industrieverband Garten - IVG	Republican Governors Association
Connecticut Retail Merchants Association	Long Island Association	Retail Association of Massachusetts
Consumer Specialty Products Association	MAV Markenartikelverband	State Agriculture and Rural Leaders
CropLife America	Maryland Retail Association	Sustainable Long Island
Democratic Governors Association	Michigan Agri-business Association	Union Chamber of Commerce
Essencia	Mid-Ohio Regional Planning Commission	Texas Nursery and Landscape Association
European Crop Protection Association	National Association of Manufacturers	UPJ
European Peat and Growing Media Association	New Jersey Retail Merchants Association	Verband der Chemischen Industrie
European Turf Society	New York League of Conservation Voters	Verband Deutscher Gartencenter
Florida Chamber of Commerce	North East Region Retail Associations	Vermont Retail Merchants Association
Florida Fertilizer & Agrichemical Association	Ohio Chamber of Commerce	Virginia Agribusiness Council
Florida Retail Federation	Ohio Manufacturing Association	Virginia Retail Merchants Association
Gardening Industry Manufacturers Association	Ohio Turfgrass Foundation	Washington Friends of Farms and Forests
Growing Media Association	Oregonians for Food and Shelter	Wirtschaftskammer Osterreich - IGP

## PUBLIC SECTOR FINANCIAL ASSISTANCE

Where available, ScottsMiracle-Gro sometimes pursues financial incentives from public agencies to reinvest in our operations and associate base. Primarily, these incentives

center on the construction and expansion of our manufacturing facilities or for providing employment and training to our associates who work in those facilities. Below describes the incentives we received between FY2012 and FY2014.

Location	Description	Amount Received 2012	Amount Received 2013	Amount Received 2014
California	Prior Year AMT Credit	\$67,310.00	\$11,090.00	N/A
California	Enterprise Zone Hiring Credit	N/A	\$15,023.00	\$36,361.00
Connecticut	Fixed Capital Investment Credit	\$14,397.00	\$10,021.00	\$46,602.00
Georgia	Georgia Solar Energy Credit	\$94,405.00	N/A	N/A
Georgia	Jackson, GA Expansion Project (Income Tax Credit)	N/A	N/A	\$154,835.00
Illinois	Replacement Tax Investment Credit	\$6,728.00	\$11,768.00	\$17,491.00
Kentucky	Carrollton, KY Growing Media Plant expansion - Income Tax Credit (KIDA)	\$18,723.00	\$17,672.00	\$38,171.00
Louisiana	Louisiana Growing Media Plant (Personal Property Tax Abatement)	\$58,000.00	\$58,000.00	\$53,000.00
Michigan	Compensation and Investment Tax Credit	\$85,991.00	\$27,337.00	N/A
Michigan	Public Contribution Credit	\$100,000.00	N/A	N/A
Mississippi	Pearl, Mississippi Liquids Plant (Real and Personal Property Tax Abatement)	\$56,436.00	\$56,800.00	\$72,310.00
Missouri	Missouri Growing Media Plant (Real Property Tax Abatement)	\$34,000.00	\$35,000.00	\$38,750.00
Ohio	Orrville, Ohio Growing Media and Fertilizer Plant (Real Property Tax Abatement)	\$6,772.90	\$6,996.28	\$6,976.00
Ohio	Orrville, Ohio Growing Media and Fertilizer Plant (Jobs Tax Credits)	\$23,006.42	\$32,176.91	\$35,149.00
Ohio	Ohio Training Grants	N/A	\$10,433.00	\$80,297.29
Texas	Tyler, TX Growing Media (Real and Personal Property Tax Abatement)	N/A	\$59,273.00	\$80,970.00
	<b>TOTAL</b>	<b>\$565,769.32</b>	<b>\$351,590.19</b>	<b>\$660,912.29</b>

## POLITICAL CONTRIBUTIONS

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Our advocacy efforts include bipartisan support for candidates and groups across the United States, the only country where we make political contributions. None of our contributions consisted of in-kind donations. During the reporting period, ScottsMiracle-Gro made the following corporate contributions to candidates and organizations:

### **Corporate Contributions**

In 2012, the Company contributed a total of \$930,500 to candidates and organizations. Of this amount, the Company contributed \$210,000 to Republican candidates for state office, \$20,500 to Democratic candidates for state office, and \$700,000 in indirect contributions. Indirect contributions consist of contributions that were provided to entities such as third party political action committees, trade associations, lobbyists, or issue area think tanks.

In 2013, the Company contributed a total of \$80,500 to candidates for state and local level offices. Of this amount, \$43,500 was provided to Republican candidates for state office, \$4,500 to Democratic candidates for state office, and \$32,500 to Democratic candidates at the local level.

In 2014, the Company contributed a total of \$52,000 to candidates for state level offices. Of this amount, \$42,000 was provided to Republican candidates, and \$10,000 was provided to Democratic candidates.

During all three years, the contributions donated to Democratic and Republican candidates were direct contributions, which consist of contributions that were provided directly to a candidate for office. ScottsMiracle-Gro did not provide any direct contributions to ballot issue campaigns in any of the three years.

### **Political Action Committee (PAC) Contributions**

Under current U.S. election law, it is illegal for corporations to contribute to federal (and some state) elected officials or candidates running for office. The law does allow for associates of corporations to join together and collectively participate in the political process through voluntary contributions to a Political Action Committee (PAC). Since 2001, the Scotts Miracle-Gro Company Stewardship PAC has supported federal and state candidates from both the Republican and Democratic political parties. The Scotts Miracle-Gro Company Stewardship PAC is modest and limited in scope when compared with other consumer companies. Through the voluntary contributions from associates, the Scotts Miracle-Gro Stewardship PAC disbursed \$75,550 in 2012, \$60,350 in 2013, and \$74,750 in 2014 in political contributions. The federal contributions made to date by the Scotts Miracle-Gro Company Stewardship PAC may be found on [www.fec.gov](http://www.fec.gov).



# DATA & GRI TABLES

## IDENTIFIED MATERIAL ASPECT SUMMARY

Category	Material Aspects	Aspect Boundaries		Materiality Assessment	Stakeholder Assessment	Significance
		Within SMG	External to SMG			
Economic	Economic Performance	X		A healthy economic performance enables our company to continue to provide products to our consumers, customers, and lead the consumer lawn and garden industry.	ScottsMiracle-Gro associates and shareholders are primarily interested in the company's long-term economic performance and ability to adapt to and shape external variables.	As a provider of consumer products, our economic performance is subject to the health of the global and key national economies. To build long term, positive economic performance we must anticipate evolving consumer demands and demographic lifestyle preferences.
	Indirect Economic Impacts		X	We believe it is our company's role to help communities understand the social and environmental importance of establishing and maintaining gardens and green spaces. Through our involvement with these efforts, local communities are expanding their access to fresh fruits and vegetables, as well as improving their health and quality of life.	Elected officials, national and local nonprofit organizations, and community civic associations have all appreciated our engagement to enable community development projects.	Greater social attention is being dedicated to proper nutrition, particularly within blighted communities without ready access to fresh fruit and vegetables. Our investments are adding valuable resources to combat issues such as childhood malnutrition and urban outdoor recreation/exercise opportunities.

**IDENTIFIED MATERIAL ASPECT SUMMARY (CONTINUED)**

Category	Material Aspects	Aspect Boundaries		Materiality Assessment	Stakeholder Assessment	Significance
		Within SMG	External to SMG			
	Procurement Practices		X	Our procurement practices are key to ensuring our production of effective, simple, and sustainable consumer products. Whether it is investing in our operations or purchasing product ingredients, our suppliers are important to delivering on consumer expectations.	The company's suppliers are the most directly affected stakeholder for our procurement practices, however, elected officials, local economic development officials, and environmental non-profit organizations also have an interest in how we invest our procurement spending. Our local investments around our facilities help incubate additional local business and job growth activity, as well as increasing sustainably produced raw materials.	Given the number of production facilities we operate within the countries we serve, we recognize the importance of investing locally. Our Growing Media facilities are especially adept at procuring supplies within 100 miles of their plant. This helps drive secondary economic activity, particularly with the local composting and shipping industries, as we invest in locally sourced product ingredients and transportation of our products to market.
Environmental	Materials		X	We work to minimize the amount of material waste we produce and have been working to increase our materials' recycled/renewable content. In many cases, this has reduced the costs in material purchases, shipping weight, and waste material disposal.	Our customers are the most active stakeholder concerning our use of materials, particularly as it concerns packaging. They want to ensure durable packaging use while minimizing the overall amount of necessary packaging and increasing the recycled/renewable content of the packaging that is used.	As with our procurement practices, we strive to utilize materials that will help create effective, simple and sustainable consumer products. While we have achieved our recycled/renewable content goal for our packaging materials, it is sometimes difficult for our company to obtain access to available materials in this regard. An increase in availability of recycled material suitable to use in product packaging would likely aid our efforts in this regard.
	Energy	X		As a product manufacturer, our company needs reliable access to affordable energy. The use of energy within our operations to produce our products and deliver them to market is a significant expense, with wider environmental implications. Therefore, the more we can use energy efficiently, the less expense we incur and lighter our environmental footprint is.	We have engaged a broad array of stakeholders to help us reduce our energy use and increase our efficiency. This includes our energy suppliers, who are sometimes mandated to increase energy efficiency, as well as metropolitan planning organizations and environmental organizations that are interested in ensuring resilient energy resources.	Globally, demand for energy resources is on the rise. In some locations, that increasing demand is increasing the cost of available energy resources. Our efforts to more efficiently use energy helps to mitigate the rising, per unit, cost of energy.

**IDENTIFIED MATERIAL ASPECT SUMMARY** (CONTINUED)

Category	Material Aspects	Aspect Boundaries		Materiality Assessment	Stakeholder Assessment	Significance
		Within SMG	External to SMG			
	Biodiversity		X	While our products help consumers create and maintain habitats of various types, the primary way our operations impact biodiversity is our use of sphagnum peat. This raw material contains rich agronomic properties to help plants grow and make efficient use of water for potted and in-ground plantings. While we have innovated alternative materials to reduce our peat use, it remains a key ingredient for us.	Due to declining peat bog reserves, United Kingdom agencies have required reducing the use of peat within the horticulture industry. In North America, Canadian academic institutions are working with the peat industry supply chain to implement sustainable harvesting techniques to enable quick biodiversity regeneration after a harvest event.	The horticulture industry's global use of peat is far outpaced by other uses. That said, where available, we try to work with suppliers who are certified in best harvesting management techniques to ensure the biodiversity value of the peat bog resource is not compromised.
	Emissions		X	Stable climatic conditions improve seasonal weather pattern predictability, which helps our company plan product delivery logistics. As a manufacturing company that delivers products to market, we do generate emissions through our operations, including transportation.	Some stakeholder organizations, including local government agencies and environmental non-governmental organizations, have expressed an interest in our company's logistic resiliency as the climate changes.	Isolated, the emissions resulting from our company's operations would not have much impact on air quality. However, as a company that desires stable seasonal weather patterns, we are working to reduce our emissions as part of a wider societal effort to do the same. For agronomic benefits, we have long advocated to our consumers and the general public that less lawn mowing benefits the health of their grass, with an optimal grass blade height of three or four inches. In turn, lightened mowing regimes reduce emission generation.
	Effluents and Waste		X	We have set an aggressive goal to reduce our waste to landfill, both to help reduce our operational costs, but also because our company desires to emulate the natural agronomic growing process where few resources are wasted. Further, as a producer of products with active ingredients, it is our responsibility to ensure those products are not inappropriately disposed of or spilled while under our operational control.	While our stakeholders have not particularly noted these items as areas of concern, we believe that is because we have appropriately managed our material handling.	We believe our waste reduction efforts help meet local community goals to save landfill space and reduce the need for expanded landfill capacity.

**IDENTIFIED MATERIAL ASPECT SUMMARY (CONTINUED)**

Category	Material Aspects	Aspect Boundaries		Materiality Assessment	Stakeholder Assessment	Significance
		Within SMG	External to SMG			
	Products and Services		X	Consumer use of our products is a key component of our company's total environmental footprint. To that end, it is our responsibility to design products that make it easy for consumers to be good environmental consumers. Further, it is also our responsibility to educate consumers on the proper use of products.	Stakeholders, including customers, public officials, and environmental non-profit organizations, often are more interested in how our products are used than they are in our operations to manufacture those products. In particular, they are interested in what education we provide to consumers on how to responsibly use our products.	We take our position as the global leader in lawn and garden products seriously. To demonstrate that leadership, we continuously improve our product formulations, innovate new application systems, and partner to develop homeowner and consumer education tools on how to best use our products.
	Compliance	X	X	We place a high regard on environmental compliance, and are disappointed in ourselves when we do not meet our own high standards. Consumers place their trust in our brands. Properly executed, our compliance with environmental standards strengthens that consumer trust. Conversely, when we have a slip in compliance, consumer trust is eroded and we must work to rectify the cause of the problem.	In 2012, we settled a large suit with the U.S. EPA regarding product compliance issues for incidents that culminated in 2008. Stakeholders, including regulatory agencies, customers, consumers, and environmental non-profit organizations understandably lost some confidence in our company for our actions that led to the compliance violations. However, many of those same stakeholders were pleased with our response. These included self-reporting incidents we were aware of, fully cooperating with the regulatory agency's investigation, and internal process improvements to prevent similar incidents in the future.	Obviously, our 2012 settlement with U.S. EPA on product compliance issues was a low point in our company's long history. However, we feel we have emerged from the experience with stronger controls in place and a model regulatory compliance program.
	Supplier Environmental Assessment		X	We deeply value our relationship with our suppliers. We believe they share our desire to provide the highest regarded lawn and garden products to consumers across the world. In that effort, we have begun a dialog with our suppliers about how their sustainability efforts can be integrated with our goals.	Our suppliers have increasingly engaged on issues of sustainability and have been responsive to our outreach efforts on these issues. It is a continuing learning process, as we learn more about their business challenges, and they learn about ours.	As the globally leading marketer of residential lawn and garden products, we have the potential to help suppliers we partner with build sustainability concepts into their work, though many are already actively working on these issues.

**IDENTIFIED MATERIAL ASPECT SUMMARY (CONTINUED)**

Category	Material Aspects	Aspect Boundaries		Materiality Assessment	Stakeholder Assessment	Significance
		Within SMG	External to SMG			
Labor Practices & Decent Work	Employment	X		Building trusted brands depends upon having strong products and a passionate workforce. We strive to foster an engaging work atmosphere for our associates that allows for individual growth and personal wellbeing. In return, the company has a dedicated associate base fully capable of positively representing the company before consumers, customers, and other stakeholders.	We have conducted associate engagement surveys to determine where the company is providing helpful tools for personal and professional growth, and where we could do better. The feedback results demonstrate generally positive marks for the professional opportunities the company provides as well as the suite of personal benefits available to associates. Feedback also indicates that the company could provide clearer sightlines for all associates into the company's future direction and key strategies.	ScottsMiracle-Gro has historically taken novel approaches to help our associates live meaningfully at home and at work. We refer to our overall employee wellness programming as our <b>LiveTotal Health</b> initiative - to improve an employee's physical, financial, and personal health. Whether it is our aggressive work on smoking cessation to access to internal and external educational opportunities, we consistently pursue innovative programming that even companies larger than ours do not provide to their associates.
	Occupational Health & Safety	X		Maintaining a safe work environment is critical to maintaining business operations, and is usually the result of proper training and site-level associate engagement.	Outside of an ongoing legacy issue regarding vermiculite, this is not an area that stakeholders, particularly our employees, have raised as a concern. In part, we believe this is due to the serious nature with which we regard associate and visitor safety.	Like other product manufacturers, occupational safety is an important area that requires consistent evaluation to ensure the systems we have in place to protect our workforce are appropriate and functioning.
	Training & Education	X		We place a heavy emphasis on providing necessary training, making personal learning options available, and conducting consistent performance and personal development evaluations. Combined, we feel this helps associates develop creative solutions within their roles to meet business needs.	While this is not an area that stakeholders have provided much feedback on, our associates have expressed an appreciation for the options available, and flexibility given, to advance their personal educational goals.	Providing training and education opportunities to our associates helps keep our company knowledgeable of potential improvements to our business. We believe we have options in place to help associates formally advance their skills through internal and external resources.



**IDENTIFIED MATERIAL ASPECT SUMMARY (CONTINUED)**

Category	Material Aspects	Aspect Boundaries		Materiality Assessment	Stakeholder Assessment	Significance
		Within SMG	External to SMG			
Society	Public Policy		X	Understanding and adhering to evolving public policy is critical to maintaining our position within the marketplace. Having the ability to anticipate, and help inform, trends in public policy enables our company to properly deliver effective products and services to our consumers.	Where possible, our public policy efforts are focused on crafting joint solutions with our stakeholders and crafting new consumer-friendly policies. This collaborative approach has been appreciated by diverse stakeholders such as the Chesapeake Bay Partnership, the Texas Department of Agriculture and Michigan's composting industry. Unfortunately, full consensus cannot always be achieved. In these instances, we often rely upon the available academic research findings in order to come to science-based policy solutions.	Though a global organization, our public policy engagement is nearly exclusively centered upon the United States and Canada. Further, our engagement in these two countries has focused primarily on individual states and provinces where our business is most active.
	Compliance	X	X	We place a high regard on environmental compliance, and are disappointed in ourselves when we do not meet our own high standards. Consumers place their trust in our brands. Properly executed, our compliance with environmental standards strengthens that consumer trust. Conversely, when we have a slip in compliance, consumer trust is eroded and we must work to rectify the cause of the problem.	In 2012, we settled a large suit with the U.S. EPA regarding product compliance issues for incidents that culminated in 2008. Stakeholders, including regulatory agencies, customers, consumers, and environmental non-profit organizations understandably lost some confidence in our company for our actions that led to the compliance violations. However, many of those same stakeholders were pleased with our response. These included self-reporting incidents we were aware of, fully cooperating with the regulatory agency's investigation, and internal process improvements to prevent similar incidents in the future.	Obviously, our 2012 settlement with U.S. EPA on product compliance issues was a low point in our company's long history. However, we feel we have emerged from the experience with stronger controls in place and a model regulatory compliance program.

## IDENTIFIED MATERIAL ASPECT SUMMARY (CONTINUED)

Category	Material Aspects	Aspect Boundaries		Materiality Assessment	Stakeholder Assessment	Significance
		Within SMG	External to SMG			
Product Responsibility	Product & Service Labeling		X	Our product labels are the primary, and most direct, method of communication we have with consumers about our products. Therefore, this is a critical information source to communicate our product's key ingredients and how to properly use the product.	We have modified our packaging on a number of products, particularly our lawn food products, which stakeholders have appreciated in order to increase consumer education on proper use of products. Going beyond appropriate product usage, we now include additional lawn care stewardship tips on our packaging to help protect and conserve water resources.	Lawn and garden product label content is regulated by national and state/provincial government oversight agencies. We strive to provide clear use directions within the prescribed boundaries of what is allowed to be listed on a product label under different regulations.
	Marketing Communications		X	Following product packaging labels, our marketing communications are a significant manner we communicate with consumers. These communications are an opportunity to advertise our product's availability and usefulness. In order to be sold in a particular location, our products generally have to be registered by one or more regulatory agencies. Once they are registered for sale, we can begin marketing the product for sale.	While our products are registered and approved by a regulatory oversight body where they are sold (when necessary), some stakeholders take issue with the use or sale of particular products. In these instances, we work to understand the concern and determine if we can address the concerns through science-driven innovations or partnering to expand the adoption of best use techniques for the product in question.	As with the much larger agricultural production industry, the use of residential fertilizers and pesticides has raised questions in different locations. While we have formulated our products for safe residential consumer use, and to meet available academic application recommendations, we believe these products are key tools to maintain healthy landscapes that add environmental value, and control pests that would otherwise have a negative impact upon those landscapes.
	Customer Privacy		X	We enjoy valuable relationships with our customers, and work to nurture those relationships. One way we do this is to actively work to protect their privacy, even as our and their processes become increasingly digitalized.	Though interested in our efforts to protect their data and information, our customers have not identified particular areas of concern with our efforts.	Undoubtedly, business transactions are becoming increasingly dependent upon electronic technology and media. While we have not had a significant issue as yet, protecting our customer's private information requires consistent diligence on protection measures.

**IDENTIFIED MATERIAL ASPECT SUMMARY** (CONTINUED)

Category	Material Aspects	Aspect Boundaries		Materiality Assessment	Stakeholder Assessment	Significance
		Within SMG	External to SMG			
	Compliance	X	X	We place a high regard on environmental compliance, and are disappointed in ourselves when we do not meet our own high standards. Consumers place their trust in our brands. Properly executed, our compliance with environmental standards strengthens that consumer trust. Conversely, when we have a slip in compliance, consumer trust is eroded and we must work to rectify the cause of the problem.	In 2012, we settled a large suit with the U.S. EPA regarding product compliance issues for incidents that culminated in 2008. Stakeholders, including regulatory agencies, customers, consumers, and environmental non-profit organizations understandably lost some confidence in our company for our actions that led to the compliance violations. However, many of those same stakeholders were pleased with our response. These included self-reporting incidents we were aware of, fully cooperating with the regulatory agency's investigation, and internal process improvements to prevent similar incidents in the future.	Obviously, our 2012 settlement with U.S. EPA on product compliance issues was a low point in our company's long history. However, we feel we have emerged from the experience with stronger controls in place and a model regulatory compliance program.

# SUMMARY DATA TABLE

Description	FY 2010	FY 2011	FY2012	FY2013	FY2014	Unit of Measurement
<b>Economic Impact</b> (see also 2014 Annual Report - <a href="#">click here</a> )						
Net Sales (in millions)	\$2,789.8	\$2,718.1	\$2,770.5	\$2,773.7	\$2,841.3	USD
Cash dividends (in millions)	\$42.6	\$67.9	\$75.4	\$87.8	\$230.8	USD
Income tax expense from continuing operations (in millions)	\$123.0	\$92.1	\$67.8	\$91.9	\$91.2	USD
Net Income (in millions)	\$204.1	\$167.9	\$106.5	\$161.1	\$166.2	USD
Income from Continuing Operations (in millions)	\$206.7	\$157.5	\$111.6	\$159.4	\$165.4	USD
Adjusted Income From Continuing Operations (in millions) <sup>1</sup>	\$225.0	\$187.4	\$123.3	\$172.6	\$206.0	USD
Adjusted EBITDA (in millions)	\$440.1	\$393.0	\$302.9	\$390.5	\$412.4	USD
Number of Operations	58	62	67	77	78	Reportable Facilities
<b>Community Investments</b>						
Cash and In-Kind Product Donations (in millions)	\$2.4	\$4.0	\$8.1	\$5.2	\$5.5	USD
Donations as a percentage of adjusted EBITDA	0.54%	1.02%	2.67%	1.33%	1.33%	N/A
Donations as a percentage of net income	1.2%	2.4%	7.6%	3.2%	3.3%	N/A

**SUMMARY DATA TABLE (CONTINUED)**

Description	FY 2010	FY 2011	FY2012	FY2013	FY2014	Unit of Measurement
<b>Operational Footprint<sup>2,3,4,5</sup></b>						
Energy Consumption – Internal (Non-renewable) <sup>6</sup>	1,128,314	1,137,221	1,127,133	1,138,004	1,181,702	Gigajoules
Electricity Consumption – Internal <sup>7</sup>	397,570	402,187	401,791	412,837	442,645	Gigajoules
Total Energy Consumption – Internal	1,525,885	1,539,408	1,528,924	1,550,841	1,624,347	Gigajoules
Energy Consumption – External <sup>8</sup>	2,683,454	2,061,723	2,314,786	2,267,985	2,195,782	Gigajoules
Energy Intensity	1.5087	1.3249	1.3871	1.3766	1.3446	Sales intensity (Energy consumed per monetary unit of sales)
Scope 1 Direct Emissions (total) <sup>9,10</sup>	63,495	64,029	63,830	64,339	66,989	Metric Tonnes
Scope 2 Indirect Emissions (total) <sup>11</sup>	76,243	74,875	72,665	72,273	76,342	Metric Tonnes
Scope 3 Indirect Emissions (total) <sup>12,13</sup>	160,446	123,060	138,507	134,805	130,095	Metric Tonnes
CO <sub>2</sub> emissions (total)	300,184	261,965	275,002	271,416	273,426	Metric Tonnes
GHG Emissions Intensity Ratio <sup>14</sup>	0.1076	0.0964	0.0992	0.0978	0.0962	Total GHG Metric Tonnes/\$1,000 net sales
Total Waste Generated <sup>15</sup>	19,208	21,713	20,485	22,055	23,299	Metric Tonnes
Total Recycling					10,612	Metric Tonnes
Total Waste to Landfill	9,709	9,822	8,452	9,200	5,874	Metric Tonnes
Total Waste to Landfill (normalized, per \$1,000 net sales)	0.0035	0.0036	0.0031	0.0033	0.0021	Metric Tonnes/\$1,000 net sales
Regulatory fines paid	\$148,600.00	\$5,000.00	\$993.58	\$12,638,700.00	\$67,950.00	USD

## SUMMARY DATA TABLE (CONTINUED)

Description	FY 2010	FY 2011	FY2012	FY2013	FY2014	Unit of Measurement
<b>Associates</b>						
Total associates (full time)	8,195	9,010	7,288	6,936	6,680	Full time employees
Recordable Safety Incidents (total)	245	259	257	238	231	Total Recordable Incidents, including hearing and illness
Injury Rate	3.6	3.8	3.6	3.4	3.2	N/A
Lost Days	86	67	93	74	74	N/A
Lost Day Rate	1.3	1.0	1.3	1.1	1.0	N/A
Work Related Fatalities	1	0	0	0	0	N/A

### NOTES:

- The Five-Year Summary includes non-GAAP financial measures, as defined in Item 10(e) of SEC Regulation S-K, which exclude costs or gains related to discrete projects or transactions. Items excluded during the five-year period ended September 30, 2014 consisted of charges or credits relating to refinancings, impairments, restructurings, product registration and recall matters, discontinued operations, and other unusual items such as costs or gains related to discrete projects or transactions that are apart from and not indicative of the results of the operations of the business. See our [2014 Annual Report](#), pages 21-22, for additional details.
- Locations captured include ScottsMiracle-Gro's global manufacturing facilities, significant offices, research & development facilities, peat bog landholdings, and key third-party contract manufacturers and warehouses. Offices or facilities not within our operational control, or demonstrating a *de minimis* impact on our operations, are excluded. Our wild bird food business was divested in FY2014, and reporting has been adjusted to remove these facilities.
- In order to more accurately capture our operational footprint, the following adjustments were made to figures previously reported in our FY2011 Corporate Responsibility report:
  - Figures were adjusted to reflect the expansion of reporting to include additional third-party warehouse locations.
  - Figures were adjusted to reflect the expansion of reporting to include additional business travel reporting. Business travel emissions reported are only for the United States, which accounts for 80% of global travel.
  - CO<sub>2</sub> emissions were reduced to reflect the exclusion of emissions from total waste generated.
  - For this report, we have changed our method of converting electric usage into CO<sub>2</sub> emissions. Previously, we applied an average conversion factor to all of our locations in order to determine CO<sub>2</sub> emissions from electricity usage. We now use more accurate measurement methods (i.e. eGRID) that utilize regional factors to calculate these emissions.
  - A few figures were adjusted to correct some previous minor reporting inaccuracies.
- "Internal" facilities include our corporate facilities, our product manufacturing facilities (durables, fertilizer, growing media, liquids), our research and development facilities, Scotts LawnService facilities and fuel usage, and company owned aircraft. "External" facilities include contract manufacturers, warehouses, transportation, and United States-based business travel.
- Scotts LawnService (SLS) annual fuel usage is captured in this reporting. However, the operational footprint of SLS branch and franchise office locations fall below de minimus reporting thresholds. Therefore, the SLS office location operational footprint data collected in FY2010 has been reincorporated for FY2011 thru FY2014 reporting purposes.
- Energy sources include gasoline, distillate, propane, natural gas, and kerosene.
- Electricity includes renewable and nonrenewable sources.
- Energy sources include gasoline, distillate, propane, natural gas, kerosene, and electricity (renewable and non-renewable sources).
- Our operation at Marysville, Ohio is the only U.S. facility that is required to collect and submit air emissions data. All other sources [in the U.S.] are deemed insignificant. Monitoring reports from our Howdendyke Fertiliser Factory in the United Kingdom indicate that parameters monitored are below designated emission limit values during the reporting period.
- Sources include gasoline, distillate, propane, natural gas and kerosene. Greenhouse gases include carbon dioxide. Biogenic carbon dioxide emissions are not included.
- Sources include all electric emissions (internal and external facilities). Greenhouse gases include carbon dioxide.
- Sources include gasoline, distillate, propane, natural gas, kerosene, and electricity (renewable and non-renewable). Greenhouse gases include carbon dioxide.
- Scope 3 does not include emissions resulting from waste generated in operations, electric transmission and distribution losses, internal upstream purchased fuel, raw materials transportation, employee commuting, or the processing, use and end of life treatment for sold products.
- Ratio calculations include Scope 1, Scope 2, and Scope 3 greenhouse gas emissions. Greenhouse gases include carbon dioxide.
- The difference between Total Waste Generated and Total Waste to Landfill includes incineration, recycling, and composting efforts for all facilities (internal and external). Separate reporting for recycling began in FY2014.

# GRI INDEX

ScottsMiracle-Gro prepared this corporate social responsibility report in accordance with GRI's G4 Core Guidelines. THIS REPORT HAS NOT BEEN EXTERNALLY ASSURED.

GENERAL STANDARD DISCLOSURES		
General Standard Disclosures	Page	External Assurance
STRATEGY AND ANALYSIS		
G4-1	About SMG >>> CEO Statement (p. 5)	Not applicable.
ORGANIZATIONAL PROFILE		
G4-3	About SMG (p. 3)	Not applicable.
G4-4	About SMG (p. 3)	Not applicable.
G4-5	ScottsMiracle-Gro's headquarters are located in Marysville, Ohio, United States, approximately 29 miles northwest of Columbus, Ohio.	Not applicable.
G4-6	About SMG (p. 3)	Not applicable.
G4-7	ScottsMiracle-Gro (SMG) is a publicly traded company listed on the New York Stock Exchange. About SMG (p. 3)	Not applicable.
G4-8	About SMG (p. 3)	Not applicable.
G4-9	Scotts does not disclose total quantity of products due to the commercially sensitive nature of this information. About SMG (p. 3)	Not applicable.
G4-10	Workplace >>> SMG Associates (p. 22)	Not applicable.
G4-11	Operations >>> Suppliers >>> Environmental Assessment (p. 35)	Not applicable.
G4-12	Operations (p. 28), Operations >>> Suppliers (p. 34), Operations >>> Suppliers >>> Environmental Assessment (p. 35)	Not applicable.

GENERAL STANDARD DISCLOSURES (CONTINUED)		
General Standard Disclosures	Page	External Assurance
ORGANIZATIONAL PROFILE		
G4-13	There were not any significant changes during the reporting period regarding the organization's size, structure, or ownership during the reporting period. About SMG >>> Reporting Principles >>> Changes & Restatements (p. 19)	Not applicable.
G4-14	About SMG >>> Sustainability Priorities >>> Water Quality Leadership (p. 14)	Not applicable.
G4-15	Community >>> Stakeholder Engagement (p. 54)	Not applicable.
G4-16	Community >>> Public Sector Engagement (p. 64)	Not applicable.
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	About SMG (p. 3)	Not applicable.
G4-18	About SMG >>> Reporting Principles (p. 15), About SMG >>> Reporting Principles >>> Stakeholder Inclusiveness (p. 16), About SMG >>> Sustainability Priorities >>> Sustainability Context (p. 9), About SMG >>> Reporting Principles >>> Materiality (p. 17), About SMG (p. 3), Material Aspects (p. 68)	Not applicable.
G4-19	Material Aspects (p. 68)	Not applicable.
G4-20	Material Aspects (p. 68)	Not applicable.
G4-21	Material Aspects (p. 68)	Not applicable.
G4-22	No significant mergers or acquisitions occurred during FY2012. In FY2013, our Company made an IP acquisition with AeroGrow International, Inc., resulting in a 30% beneficial ownership interest in AeroGrow, which produces soil-free indoor garden products. During FY2014, we acquired proprietary brands from United Kingdom-based Solus Garden and Leisure Limited, and acquired the Tomcat® consumer rodent control business through an agreement with Bell Laboratories, Inc. About SMG >>> Reporting Principles >>> Changes & Restatements (p. 19 & 20) Data & GRI Table >>> Summary Data Table (p. 76)	Not applicable.
G4-23	About SMG >>> Reporting Principles >>> Changes & Restatements (p. 19)	Not applicable.



GENERAL STANDARD DISCLOSURES (CONTINUED)		
General Standard Disclosures	Page	External Assurance
STAKEHOLDER ENGAGEMENT		
G4-24	Community >>> Stakeholder Engagement (p. 54)	Not applicable.
G4-25	Community >>> Stakeholder Engagement (p. 54)	Not applicable.
G4-26	About SMG >>> Reporting Principles >>> Stakeholder Inclusiveness (p. 16)	Not applicable.
G4-27	Community >>> Stakeholder Engagement (p. 54) Products >>> Compliance >>> DOJ Settlement (p. 48)	Not applicable.
REPORT PROFILE		
G4-28	This report covers ScottsMiracle-Gro's 2012 through 2014 fiscal years, which spans October 1, 2011 to September 30, 2014.	Not applicable.
G4-29	ScottsMiracle-Gro's most recent corporate social responsibility report was published on April 9, 2012, covering its 2011 fiscal year.	Not applicable.
G4-30	About SMG (p. 3)	Not applicable.
G4-31	About SMG (p. 3)	Not applicable.
G4-32	About SMG (p. 3)	Not applicable.
G4-33	About SMG (p. 3)	Not applicable.
REPORT PROFILE		
G4-34	About SMG >>> Corporate Governance (p. 15)	Not applicable.
ETHICS AND INTEGRITY		
G4-56	About SMG >>> Mission & Values (p. 7)	Not applicable.

SPECIFIC STANDARD DISCLOSURES			
Material Aspects	DMA and Indicators	Omissions	External Assurance
ECONOMIC			
Economic Performance	<b>EC2:</b> Operations >>> Energy & Emissions >>> Climate Change (p. 30) <b>EC3:</b> Workplace >>> SMG Associates >>> Benefits (p. 24) <b>EC4:</b> Community >>> Public Sector Engagement (p. 64)		Not applicable.
Indirect Economic Impact	<b>EC7:</b> Community >>> Added Economic Value (p. 52)		Not applicable.
Procurement Practices	<b>EC9:</b> Community >>> Added Economic Value (p. 52)		Not applicable.
ENVIRONMENTAL			
Materials	<b>EN2:</b> Products >>> Product Materials >>> Packaging (p. 39)		Not applicable.
Energy	<b>EN3:</b> Operations >>> Energy & Emissions (p. 29) Data & GRI Table >>> Summary Data Table (p. 76) <b>EN4:</b> Operations >>> Energy & Emissions (p. 29) Data & GRI Table >>> Summary Data Table (p. 76) <b>EN5:</b> Data & GRI Table >>> Summary Data Table (p. 76) <b>EN6:</b> Operations >>> Energy & Emissions (p. 29) Data & GRI Table >>> Summary Data Table (p. 76)		Not applicable.
Biodiversity	<b>EN12:</b> Operations >>> Wildlife Habitat (p. 33) <b>EN13:</b> Operations >>> Wildlife Habitat (p. 33)		Not applicable.
Emissions	<b>EN15:</b> Data & GRI Table >>> Summary Data Table (p. 76) <b>EN16:</b> Data & GRI Table >>> Summary Data Table (p. 76) <b>EN17:</b> Data & GRI Table >>> Summary Data Table (p. 76) <b>EN18:</b> Data & GRI Table >>> Summary Data Table (p. 76) <b>EN19:</b> Operations >>> Energy & Emissions (p. 29) Data & GRI Table >>> Summary Data Table (p. 76)		Not applicable.
Effluents & Waste	<b>EN23:</b> Operations >>> Waste (p. 31) Data & GRI Table >>> Summary Data Table (p. 76) <b>EN24:</b> Operations >>> Water (p. 33) <b>EN25:</b> Operations >>> Waste (p. 31) <b>EN26:</b> Operations >>> Water (p. 33)		Not applicable.

SPECIFIC STANDARD DISCLOSURES (CONTINUED)			
Material Aspects	DMA and Indicators	Omissions	External Assurance
ENVIRONMENTAL			
Compliance	<b>EN29:</b> Products >>> Compliance (p. 47)		Not applicable.
Supplier Environmental Assessment	<b>EN33:</b> Operations >>> Suppliers (p. 34) Operations >>> Suppliers >>> Environmental Assessment (p. 35)		Not applicable.
LABOR PRACTICES & DECENT WORK			
Employment	<b>LA1:</b> Workplace >>> SMG Associates (p. 22) <b>LA2:</b> Workplace >>> SMG Associates >>> Benefits (p. 24)	We have provided global whole numbers of the new employee hires and turnover. At this time, we do not have data for rate or breakdown by age group, gender, or region.	Not applicable.
Occupational Health & Safety	<b>LA6:</b> Workplace >>> SMG Associates (p. 22) <b>LA7:</b> Workplace >>> SMG Associates (p. 22)	While most of the LA6 Indicator data points are reported on, we have not included comprehensive coverage of the types of injuries and general absentee rate and do not currently have the data to break down the reported figures along gender or geographic lines.	Not applicable.
Training & Education	<b>LA9:</b> Workplace >>> SMG Associates >>> Education (p. 24) <b>LA10:</b> Workplace >>> SMG Associates >>> Education (p. 24) <b>LA11:</b> ScottsMiracle-Gro's policy is to conduct performance appraisals and provide career development reviews for all full-time, salaried (non-hourly) associates.	We have provided the number of training events conducted, but do not have the data to interpret this into the number of hours by gender or employee category.	Not applicable.
SOCIETY			
Human Rights	<b>HR5:</b> Operations >>> Suppliers (p. 34) Operations >>> Human Rights (p. 36) <b>HR6:</b> Operations >>> Suppliers (p. 34) Operations >>> Human Rights (p. 36)	We reported our policies against child labor and forced/compulsory labor within our supply chain. At this time, we do not believe we have significant risks of child or forced/compulsory labor within our supply chain.	
Public Policy	<b>SO6:</b> Community >>> Public Sector Engagement (p. 64)		Not applicable.

**SPECIFIC STANDARD DISCLOSURES** (CONTINUED)

Material Aspects	DMA and Indicators	Omissions	External Assurance
PRODUCT RESPONSIBILITY			
Product & Service Labeling	<b>PR3:</b> Products >>> Product Materials (p. 38) Products >>> Product Materials >>> Labeling & Marketing (p. 43) <b>PR4:</b> Products >>> Compliance >>> DOJ Settlement (p. 48) <b>PR5:</b> Products >>> Product Materials (p. 38)		Not applicable.
Marketing Communications	<b>PR6:</b> Products >>> Product Materials >>> Disputed Products (p. 43) <b>PR7:</b> Products >>> Compliance (p. 47)		Not applicable.
Customer Privacy	<b>PR8:</b> Products >>> Product Materials >>> Labeling & Marketing (p. 43)		Not applicable.