



# MADE WITH PURPOSE

2017 Corporate Citizenship Review



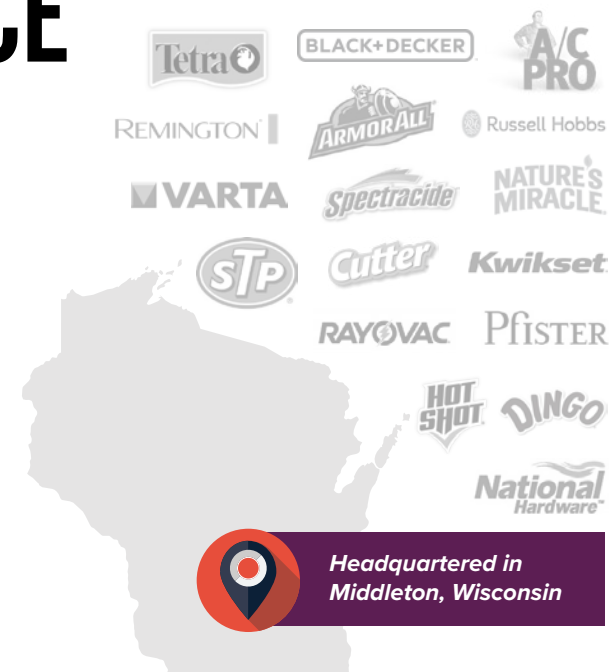
**Spectrum**  
Brands

# SPECTRUM BRANDS AT A GLANCE

**Spectrum Brands Holdings is a global consumer products company. We offer an extensive portfolio of strong brands that consumers use every day.**

**Our products** are well-known, widely trusted and available at major retailers in approximately 160 countries on six continents. A member of the Russell 1000 Index, Spectrum Brands is a leading supplier of consumer batteries, residential locksets, residential builders' hardware, plumbing, shaving and grooming products, personal care products, small household appliances, specialty pet supplies, lawn, garden and home pest control products, personal insect repellents, and auto care products.

Most of the Spectrum Brands products hold a top 1, 2 or 3 global, U.S., and/or European market position. Our portfolio of brands is full of names you know, such as Rayovac®, VARTA®, Kwikset®, Weiser®, Baldwin®, National Hardware®, Pfister®, Remington®, George Foreman®, Russell Hobbs®, Black+ Decker®, Tetra®, Marineland®, Nature's Miracle®, Dingo®, 8-in-1®, FURminator®, IAMS and Eukanuba® (Europe only), Digest-eeze™, Healthy-Hide®, Littermaid®, Spectracide®, Cutter®, Repel®, Hot Shot®, Black Flag®, Liquid Fence®, Armor All®, STP®, and A/C PRO®. Our products are largely non-discretionary, non-premium-priced, replacement packaged goods.



**18,000  
EMPLOYEES**



**50 COUNTRIES**

*Manufacturing, R&D, Distribution facilities  
in N. America, Latin America, Europe, & Asia.*

# TABLE OF CONTENTS

## ● 06 SUSTAINABILITY STRATEGY

- 04 Executive Message
- 05 CSO Message
- 07 Sustainability Commitment Statement and Goals

## ● 08 PRODUCTS: Impactful Innovation Across Product Lines

- 09 Inspiring our teams to move toward product sustainability
- 10 Setting high standards for suppliers
- 11 Improving product sustainability
- 12 Advancing resource efficiency in products and packaging

## ● 13 PEOPLE: Empowering People

- 14 Governing sustainability
- 15 Making our communities stronger
- 17 Respecting our global workforce
- 18 Building careers at Spectrum Brands

## ● 19 PLACES: Inspiring Performance Excellence

- 20 Saving energy and reusing emissions
- 21 Eliminating waste
- 22 Baselining our water efficiency
- 23 Starting with safety: 'Destination Zero'

## ● 24 POSSIBILITIES: Always Looking Toward The Future

- 25 Collaborating with strategic partners
- 25 Moving forward with new partners
- 26 Pursuing our goals using the 4Ps
- 26 Reporting our performance

# MADE WITH PURPOSE

## Responsible, Sustainable Growth

### A message from Nathan Fagre

#### Welcome to the Spectrum Brands first annual Corporate Citizenship Review.

**This is an exciting time for Spectrum Brands.** Our mission is to provide great products and exceptional service to all our customers globally. To reach this goal we are investing in people and innovation company-wide. This includes investing in the environmental, safety, social, and governance aspects of our business, in other words, with a greater degree of clarity on sustainability.

Our sustainability work has a strong foundation. Nearly a decade ago, we helped establish the Clean Lakes Alliance, a Madison, WI, non-profit focused on water quality. In 2012, we developed “Destination Zero”

as our landmark workplace safety campaign. In 2014, we started generating renewable energy and strengthened our supply chain sustainability program. In 2017, we celebrated our largest day of community service in the history of Spectrum Brands.

While we are proud of our work so far, we believe our sustainability program has its best days ahead. Spectrum Brands is a dynamic company in a fast-moving sector. We thrive in our commercial sector by pursuing our strategy of delivering strong brands with exciting innovation and being a low cost provider. Our Board of Directors and senior management team share an unwavering focus on shaping Spectrum Brands to be more competitive in an evolving global marketplace.

**Leveraging the hallmarks of our company culture** of Vision, Clarity and Focus, we are pursuing sustainability with the same vigor we bring to our commercial objectives.

**Made with Purpose** embodies our pursuit of sustainability. Looking forward, we have the opportunity to further develop efficiencies, cut waste, and foster responsibility throughout our product lifecycles. We will work every day to make it happen because we believe this is what our customers, employees, and stakeholders want and deserve.

#### **NATHAN FAGRE**

*Senior Vice President,  
General Counsel and Secretary*





# SUSTAINABILITY AT SPECTRUM BRANDS

## A message from Daniel Hutter

It is an honor to introduce the Spectrum Brands inaugural Corporate Citizenship Review.

**At Spectrum Brands, Corporate Citizenship means** making sure our products are responsibly sourced, manufactured, used, and recycled. And it means continuously innovating to safeguard our communities and the environment at large. These are values that our company held since inception, but now we are taking sustainability further.

Global concerns about sustainability and risk management are rewriting the rules about what investors, retailers, and consumers expect. Such expectations offer us the opportunity to improve our environmental and social impact, and help launch us to

the top tier of sustainable product performance.

Our sustainability strategy rests on four pillars, which we call “**The 4Ps**”: **Products, People, Places, and Possibilities**. These four pillars support our five-year sustainability goals and form the structure of this report.



**Products:** We look forward to impactful innovation across our product lines. We are setting high standards for suppliers, continually improving product safety, and advancing resource efficiency.



**People:** Spectrum Brands understands that current and future generations depend on our company to respect people and preserve the environment where we live and work. Our employees’ well-being is a priority. We endeavor

to maintain a safe, healthy, and engaged workforce, and we are fostering a strong and transparent governance structure. We look for ways to give back to the communities where we work.



**Places:** Places are the locations where we live and work. At the facility level, safety is paramount. We are relaunching our landmark “Destination Zero” workplace safety program as a model for improving other facets of sustainability, including water use efficiency, saving energy, and eliminating waste.



**Possibilities:** For our dynamic company, anything is possible. Our ambitions will evolve as new possibilities and partnerships arise. Our relentless pursuit of improvement will make us a more sustainable company



doing our part to make a more sustainable world.

Investing in the 4Ps strengthens our fifth “P”: **Purpose**. Our employees’ enthusiasm to make the world a better place magnifies our environmental and social responsibility and inspires our Made with Purpose ambitions.

This is the start of something exciting. We look forward to sharing our progress in future reviews.

**DANIEL HUTTER**  
*Chief Sustainability Officer*

# SPECTRUM BRANDS SUSTAINABILITY STRATEGY

**In 2015, Spectrum Brands accelerated our strategic roadmap to deliver long-term, sustainable value to our stakeholders.**

Central to our strategy is our focus on the facets of sustainability that lead to operational efficiency and empower our people. Guided by this strategy, we continuously explore new products and better ways of working. Made with Purpose embodies and inspires our sustainability vision as reflected in the 4Ps. In 2017, Spectrum Brands set new five-year sustainability commitments and goals that align with accelerating a positive impact on people's lives and the world around us.



## **Impactful Innovation Across Product Lines**

- Inspiring our teams to move toward product sustainability
- Setting high standards for suppliers
- Improving product sustainability
- Advancing resource efficiency in products and packaging



## **Empowering People**

- Governing sustainability
- Making our communities stronger
- Respecting our global workforce
- Building careers at Spectrum Brands



## **Inspiring Performance Excellence**

- Saving energy and reusing emissions
- Eliminating waste
- Baselining our water efficiency
- Starting with safety: 'Destination Zero'



## **Always Looking Toward The Future**

- Collaborating with strategic partners
- Moving forward with new partners
- Pursuing our goals using the 4Ps
- Reporting our performance



# SUSTAINABILITY COMMITMENT AND GOALS

Our sustainability commitment and goals inspire our people to advance sustainable business processes and improve resource efficiency with a focus on customer satisfaction.

## PRODUCTS

Every Spectrum Brands business will identify its product categories two most significant environmental and social impacts, and achieve year over year **performance** improvement from FY 2017 to FY 2022.



## PARTNERSHIPS

By FY 2022, achieve recognition for sustainable business practices through inclusion on investor-leading **sustainability** indices.



## ENERGY

Reduce our carbon **footprint** (scope 1 and 2 marketbased emissions) 3% year over year through FY 2022 on a per revenue basis from FY 2017.



## WATER

Improve our water **efficiency** across Spectrum Brands locations by 3% on a per revenue basis from FY 2017 to FY 2022.



## HEALTH AND SAFETY

Promote and uphold our Destination **Zero** safety culture (zero injuries) at all existing and future operations through continuous improvement in leading safety indicators.



## COMMUNITY

By FY 2022, develop and launch a signature sustainability **program** to positively affect the people and communities in all countries where Spectrum operates.



PRODUCTS:

# IMPACTFUL INNOVATION ACROSS PRODUCT LINES



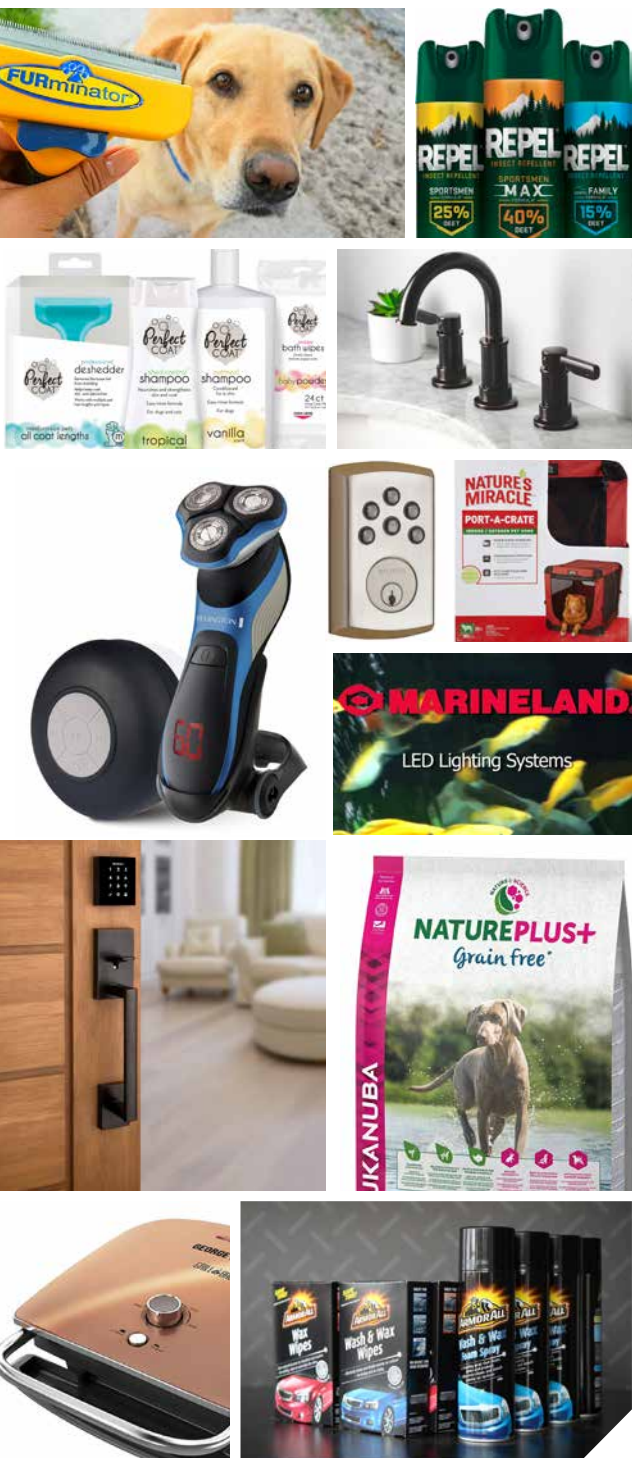
## OUR 2022 GOAL:

**Every Spectrum Brands business unit to identify the two most significant environmental and social impacts for their product categories and achieve annual, trackable improvements on those issues between FY2017 and FY2022.**

Spectrum Brands offers a wide range of products from door locks to insect repellent, animal care products to automotive oils, and hairbrushes to toaster ovens. We are constantly innovating products to provide the quality, value, and performance our customers demand, while protecting health, safety, and wellness, and minimizing our environmental impacts.







# Inspiring our teams to move forward in product sustainability

We empower our sourcing, procurement, and product development teams to move beyond compliance to improve product design and packaging from a sustainability perspective. In 2017, our teams worked alongside select suppliers to improve resource use efficiency and to reduce carbon footprints. We plan to extend this focus to all of our brands and products.

One tool we use to track our performance and drive innovation is the Walmart Sustainability Index (WMSI).

WMSI is a retail standard developed by The Sustainability Consortium that allows retailers and suppliers to measure the sustainability performance of a range of consumer goods. In 2017, we surveyed nearly 400 tier 1 and tier 2 suppliers to generate our responses to the WMSI surveys that include product category Key Performance Indicators (KPIs).

Despite adding more products since 2015, our WMSI scores have consistently improved:

YEAR	SURVEYS ANSWERED*	AVERAGE SCORE	% CHANGE
2015	10	26%	—
2016	22	33%	+25%
2017	19	49%	+50%

\* Number of product category surveys based on WMSI yearly request.

# Spectrum Brands

## 2017 Walmart Sustainability Index Results

Based on 19 surveys & 230 KPIs

### OUR RESULTS

1<sup>ST</sup>



Spectrum Brands ranking in Household Pesticides

100%

Score on 22% of the KPIs

80%+

Spectrum Brands Preferred Provider scores for Metal and Glass Products

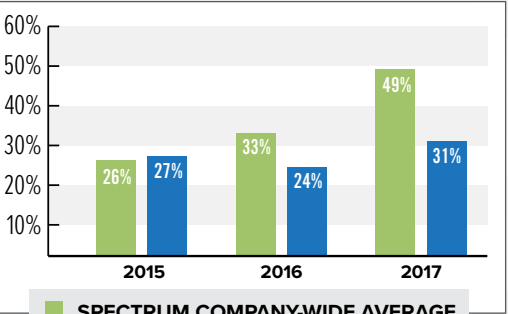


TOP 3

Ranking in 8 of 14 categories

3 YEARS

of consistent improvement



SPECTRUM COMPANY-WIDE AVERAGE  
AVERAGE PRODUCT CATEGORY SURVEY SCORE \*All Responders

\* Walmart's Sustainability Index is a tool rolled out across 200 product categories and more than 1,000 suppliers to gather and analyze information about a supplier's approach to monitoring and managing the social and environmental factors that matter most across the full life cycle of its products. Walmart uses data from the surveys to identify key hot spots and to drive continuous improvement with its suppliers.

## Setting high standards for suppliers

We set high standards for our suppliers. As an integral part of doing business with us, suppliers agree to follow our [Code of Conduct](#) to demonstrate a commitment to worker rights, safe working conditions, and environmentally responsible manufacturing. Suppliers undergo audits to monitor and validate their follow-through.

### PARTNERING WITH SUPPLIERS

Through our partnership with amfori, a leading global business association for open and sustainable trade, we improved our supplier management program to align with the Business Social Compliance Initiative (BSCI), the International Labour Organization (ILO), and more than 30 of our customers' social responsibility standards. Such supply chain standards include: human rights; labor, health, and safety; ethics in business and sourcing; anti-corruption; and training. Our procurement, regulatory affairs, and quality teams work together to assess and monitor suppliers, identify risk of non-compliance, and ensure implementation of consistent and clear social responsibility standards.

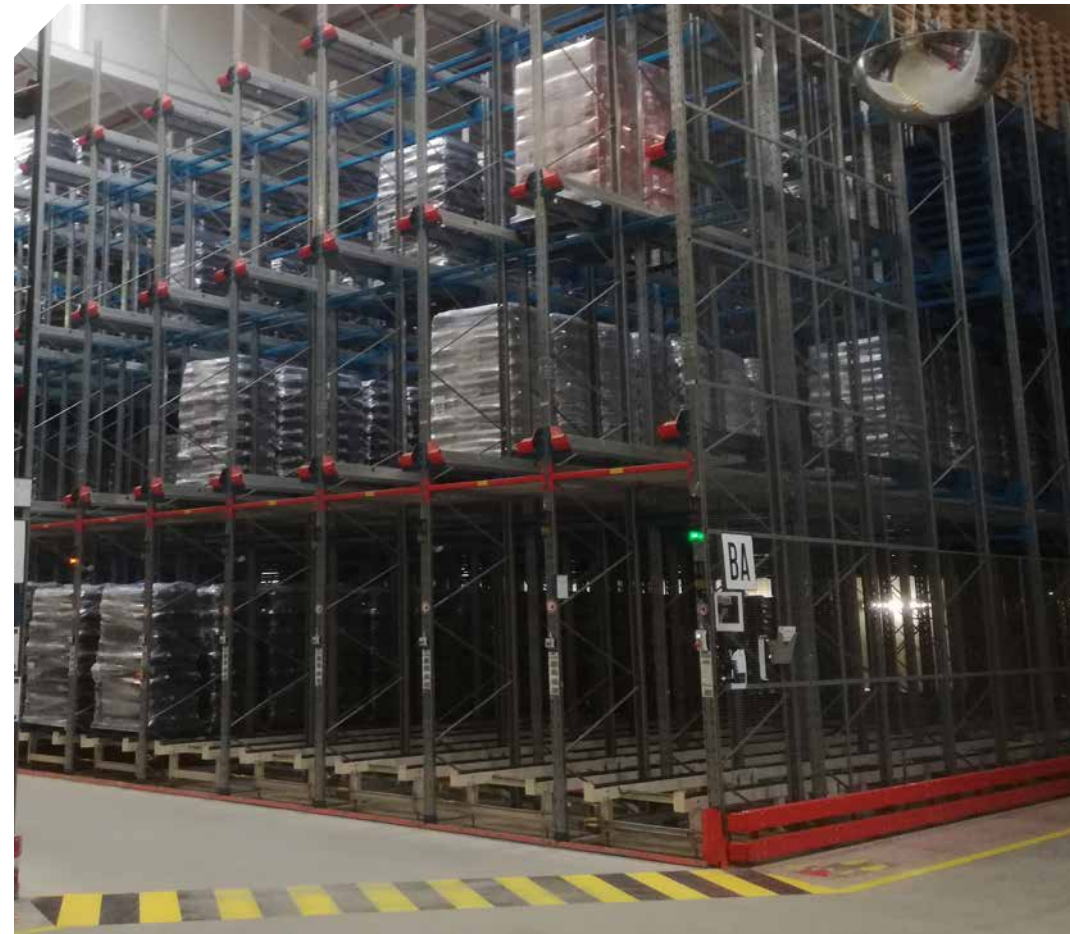
We engage suppliers locally where they operate, aiming to empower their continuous improvement. Our global sourcing risk management framework screens and manages suppliers' labor and human rights practices along with their environmental, quality, and security performance. Using BSCI tools, we track performance against our internal and customer social responsibility expectations.

### MANAGING CONFLICT MINERALS

We expect companies that supply or manufacture components, parts, or products for Spectrum Brands to obtain minerals responsibly from conflict-free sources. In December 2014, we adopted a corporate policy to address the use of conflict minerals in our products and incorporated our policy into our Supplier Code of Conduct.

The mining of tantalum, tin, tungsten, and gold (3TG) from the Democratic Republic of the Congo and surrounding areas contributes to human rights violations and violence in the region. Using standards set by the Responsible Minerals Initiative (RMI, formerly the Conflict-Free Sourcing Initiative), we launched a comprehensive investigation system to identify if non-certified 3TG smelters are in our global supply chain. We screened and evaluated over 500 suppliers and over 200 smelters in our supply chain. Through a new partnership with Crowe Horwath, LLP, a public accounting, consulting, and technology firm, we look forward to increasing supplier education and involvement.

We also track and respond to potential risks associated with other commodities. For instance, in 2017, as RMI members established a working group focused on risks related to child labor in cobalt mining in the Democratic Republic of the Congo, we began voluntarily investigating if cobalt is necessary for our products.



### ENCOURAGING SUPPLIER DIVERSITY

In 2017, our leadership team affirmed support for diversity and inclusion, emphasizing our approach in our [Supplier Diversity](#) statement. Spectrum Brands will further develop a worldwide team of suppliers who are rich in diversity of people, cultures, and ideas.



## Improving product sustainability

**Spectrum Brands produces high-performing products. We strive to uphold high product and chemicals management standards.**

### CHEMICALS MANAGEMENT

Spectrum Brands strives to develop safer products, eliminate unneeded chemicals, and improve cradle-to-grave management of products and packaging. Our approach focuses on both regulatory compliance and conformity with emerging customer and consumer requirements.

Good chemicals management requires risk assessment with an eye on removing undesirable ingredients. To that end, our Global Auto Care and Hardware & Home Improvement divisions conduct third party toxicological risk assessments as part of an ingredient evaluation process. Our Pet, Home & Garden division assesses product ingredient risks in the food, bug spray, and pet care sectors.

For example, the Global Auto Care division removed methanol across the Armor All® brand, resulting in a reduction of 17,215 pounds of methanol in 2017. Global Auto care also eliminated 61,736 pounds of methylene chloride from air conditioning refrigerant production over the year.

### FOOD SAFETY FOR PETS

Our Pet, Home & Garden division has an international presence in the pet care sector. In 2016, we upgraded our pet food safety program to review and share issues among our food safety teams globally, keep up to date on regulations, and develop new training. By mid-2017, we expanded our teams and nearly 80 employees completed food safety training pursuant to the Global Food Safety Initiative and current good manufacturing practices, in particular, to emphasize and integrate our cleanliness and sanitation best practices.

**Going forward,** we will continue to assess the ingredients we use in packaging, like inks and coatings, and plan to implement a comprehensive company-wide approach to chemicals management in accordance with restricted substances lists and safer products initiatives.



## Advancing resource efficiency in products and packaging

### PRODUCT STEWARDSHIP

As we improve the inputs to our products and packaging, we also strive to encourage responsibility at the end of the products' useful lives. Resources we use in our product components and our manufacturing processes have the potential for adverse impacts on human health or the environment. To avoid these impacts, we are engaging in stewardship programs and creating opportunities for consumers to return products after use.

### PACKAGING

Spectrum Brands is exploring opportunities to reduce excessive packaging and transition to fully recyclable or biodegradable packaging. For example, in 2016, the Remington Haircare line developed an initiative to reduce the weight of plastic packaging, moving from plastic clam shells to corrugated boxes. We completely eliminated plastics from the packaging of four products, and cut it by 98% for two additional products, leading to a total weight reduction of 364,192 pounds in one year. Other divisions have begun applying these lessons, bringing us closer to a more robust and comprehensive sustainable packaging effort.

“Spectrum’s commitment to the environment is exemplified [by] their long-standing support for battery recycling through participation and financial contributions to the Call2Recycle® program. Its contribution to battery recycling and the circular economy have been critical to our continued growth and success.

— CARL SMITH,  
CEO & President, Call2Recycle, Inc.



## Product stewardship in action

### Kwikset® Product Take-Back:

In 2017, Kwikset® launched the Spectrum Brands first-ever Product Life Cycle Program for customers to dispose of their used products in an environmentally responsible manner. Customers can send back their products to the Kwikset Denison location where they can then be dismantled and the parts can be reused or recycled as appropriate.

### Batteries Recycling:

Spectrum Brands has partnered with Call2Recycle since the non-profit's inception in 1995. Call2Recycle seeks to create an infrastructure in the US & Canada for consumers to recycle their batteries. In addition, our European VARTA® facilities sent nearly 396,820 kilograms of alkaline battery scrap for recycling from 2014 – 2016.



### Canada Stewardship:

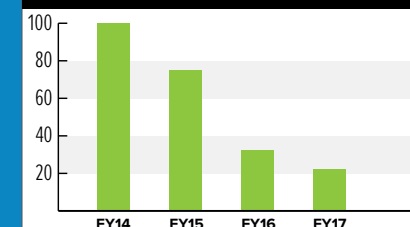
Spectrum Brands participates in stewardship programs across eight Canadian provinces. Through these partnerships, Spectrum Brands supported the recovery of more than 396,000 liters of power steering fluid, 49,874 small home appliances, 101,966 bulbs and flashlights, and 4,943,600 kilograms of packaging materials.

### Australia operations divert waste and generate revenue:

In 2015 we conducted a review of the Australian Home Appliance (George Foreman and Russell Hobbs) and Personal Care (Remington) businesses. By combining product improvements and partnering with leading regional reverse logistics organizations, TIC and Reworx, we cut landfilled returns by 77% over three years.

**We're proud of our achievements.**  
Improving product lifecycle management tools helps us identify additional packaging and recycling innovations.

#### % OF RETURNS SENT TO LANDFILL\*



\* AUS-only



PEOPLE:

# EMPOWERING PEOPLE



## OUR 2022 GOAL:

Develop and launch a signature outreach program to positively affect the people in the communities where Spectrum Brands operates.

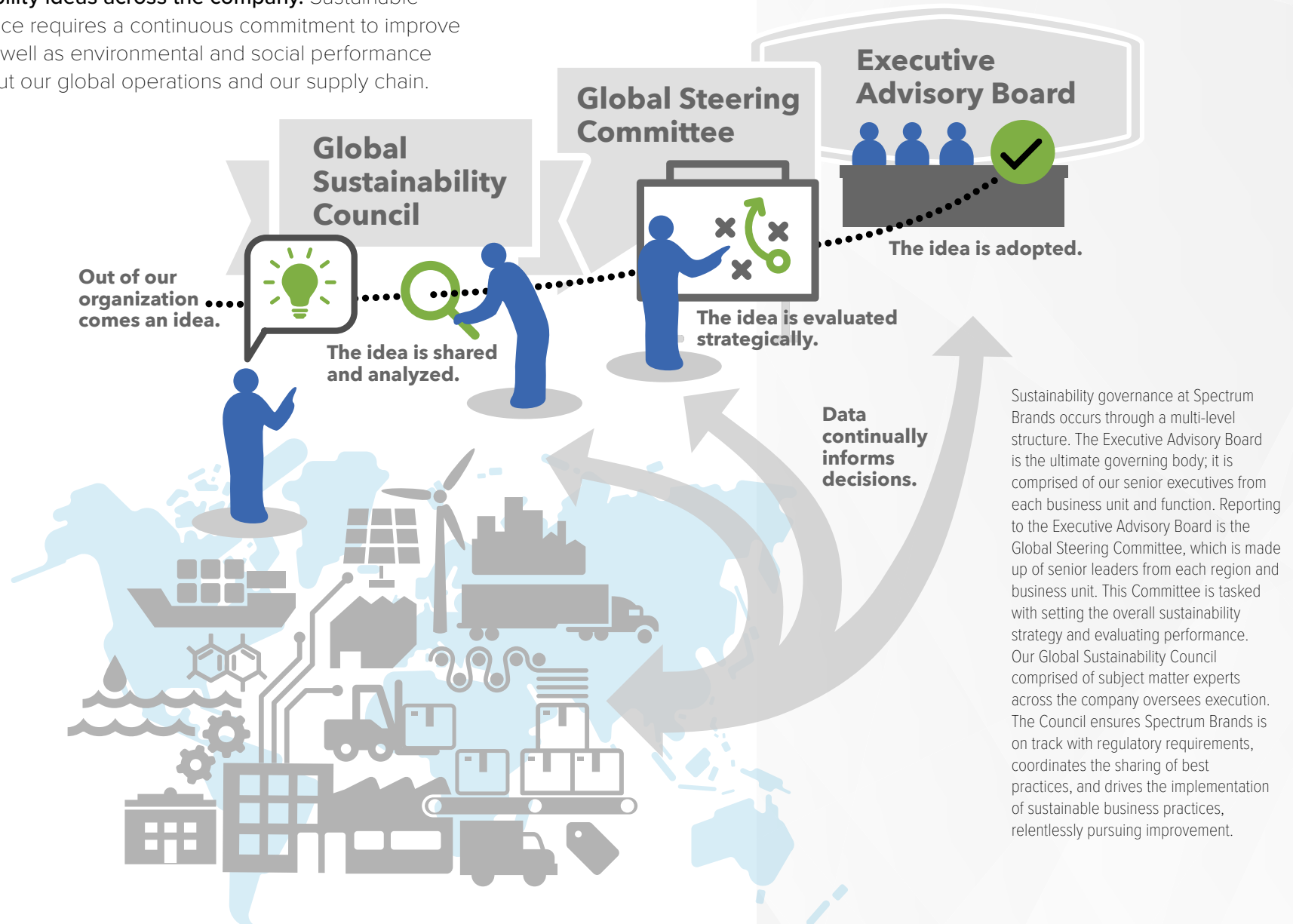
Spectrum Brands is built on a worldwide team of more than 18,000 talented individuals. Engaging employees at all levels is key to achieving our responsible growth goals and fulfilling our purpose. We value diversity and help our employees build great careers.

Sustainability also requires good governance. As a central part of our sustainability commitment, our leaders work to enhance responsible business practices across all of our brands.



## Governing sustainability

At Spectrum Brands, we strongly believe in sharing sustainability ideas across the company. Sustainable governance requires a continuous commitment to improve safety as well as environmental and social performance throughout our global operations and our supply chain.





## Making our communities stronger

Spectrum Brands supports local and national causes to positively affect the communities where we operate. Our employees also select specific causes to support.

### FOCUSED GIVING FOR A GREATER IMPACT

Our philanthropic priorities are shaped by the products we create—and by our communities. We make the greatest impact with our charitable resources by concentrating our corporate giving on community partners that align with our products. We call this approach “*Focused Giving.*”

## #ZapZika

### Building Zika awareness



Our diverse product lines sometimes provide a platform to raise awareness of specific sustainability and health issues. For instance, the Zika virus is mainly spread by mosquitoes and can be dangerous for pregnant women, causing birth defects. In 2016, we donated more than 55,000 bottles of Cutter mosquito repellent in collaboration with the CDC in the U.S. Virgin Islands. In 2017, during the Zika virus outbreak that began in South America, Spectrum Brands signed on as a supporter of the non-profit March of Dimes, which works to promote the health of mothers and babies.

**\$1.7M**  **American Red Cross**

### Supporting disaster relief

We work with relief agencies that bring know-how and resources to emergency situations. In response to natural disasters in 2017—such as the hurricanes in the United States and the earthquake in Mexico—Spectrum Brands donated employee time, cash, batteries, flashlights, and home hardware products worth over \$1.7 million to the Red Cross and the local Houston affiliate of the national non-profit Rebuilding Together.

## Consumer Education

### Improving health through education

The Alliance for Consumer Education (ACE) is a non-profit organization that educates consumers on the proper use, storage, and disposal of household and institutional products. Our Pet, Home & Garden division sponsored ACE presentations for company employees and students, parents, and educators in six schools within three Missouri communities that had seen an uptick in youth deaths from inhalant abuse. The community outreach programs inform families about the dangers of inhalants and educate them on ways to prevent inhalant abuse.



“ I loved the day! Giving back to the community and bonding with co-workers was a liberating experience.

“ Large volunteer events like this make me proud to work for a company like Spectrum Brands.



“ It helps build cohesiveness within the company and a sense of community. It feels good to do good.



## EMPLOYEE ENGAGEMENT AND OUR ANNUAL DAY OF SERVICE

Spectrum Brands employees volunteer thousands of service hours with dozens of community organizations around the world. Colleagues on the ground often initiate these programs, with “champions” taking the lead to organize employees and determine how best to focus efforts locally.

Each spring since 2012, Spectrum Brands employees across our U.S. divisions unite for our annual day of service. Our corporate headquarters team often partners with the Clean Lakes Alliance to perform water quality and stewardship projects such as litter clean-up, tree planting, and invasive plant removal. These actions help educate our employees about how to improve the quality of nearby bodies of water, protect wildlife, and enrich life for nearby communities.

The National Environmental Education Foundation (NEEF) is a non-profit creating a safer and healthier environment. In 2017, more than 300 Spectrum Brands employees dedicated over 750 volunteer hours in Middleton, WI; Lake Forest, CA; Dayton, OH; and St. Louis, MO. Spectrum Brands helped fund events hosted by local community groups, such as the Pheasant Branch Creek Corridor, Orchid Heights Park, Marshall Park, Five Rivers Metroparks, Irvine Conservancy, and Gateway Greening Urban Farm. Our support of volunteer projects and educational work allows employees to feel meaningfully engaged in their communities and offers us an opportunity to give back.



Community with purpose.

## Working with the Clean Lakes Alliance

“ The financial support and corporate advice Spectrum Brands has given Clean Lakes Alliance over the course of our partnership is unmatched. The leadership team and employees believe in our cause, which helps us make a big impact in our community. Lake health is improving, and it will continue to improve thanks to the example set by Spectrum Brands.

— JAMES TYE, *Clean Lakes Alliance executive director & co-founder*

*Clean Lakes Alliance* is a non-profit devoted to improving the water quality of the lakes, streams, and wetlands of the Yahara River watershed in southern Wisconsin. We are proud to have grown our partnership with the Clean Lakes Alliance since the organization's inception in 2010.





## Respecting our global workforce

It is vital to our success that employees feel valued and see opportunities to develop their careers at Spectrum Brands. We want our teams to reflect the diversity of the communities around them.

### FOSTERING DIVERSITY AND INCLUSION

Spectrum Brands prospers from the richness of cultures and ideas under our international umbrella. [The Spectrum Brands Diversity Statement](#) aims to ensure that all employees work together in an atmosphere of mutual respect, free of harassment, intimidation, or any form of discrimination based on race, ethnicity, color, religion, national origin, gender, disability, age, citizenship, or veteran status. All Spectrum Brands employees are expected to foster a work environment consistent with our values.



## Building careers at Spectrum Brands

We want our employees to build long-term careers with us. In 2016, our talent management practice conducted a needs assessment to determine how our human resources professionals could help our various business lines achieve their overall strategic goals for long-term career development. As a result, we are sharpening our focus, using consistent evaluations, recognizing how individual goals can contribute to broader corporate goals, and building training and placement initiatives.

### GLOBAL INTERNSHIP PROGRAM

The Spectrum Brands global internship program helps students apply academic experience in a real-world environment, with hands-on projects and supportive managers. We offer over 100 internships each summer in corporate offices, manufacturing plants, and distribution centers in functions including engineering, operations, quality, marketing, and sales. A Spectrum Brands internship gives the intern—and the company—a chance to “try before you buy,” with great results: over the last five years, Spectrum Brands has hired 621 interns, with nearly 10% transitioning into full-time regular positions. Many of those early career professionals have already earned promotions or moved across functions, business units, and geographies—enabling them to grow, flourish, and change jobs without changing companies.

### EUROPEAN JUNIOR MANAGEMENT PROGRAM

We grow talent from within. For example, our European junior management program, launched in 2016, supports high-performing employees nominated by senior management. We select a dozen candidates for a six-month development program focused on leadership, communication, and self-management. Participants present a final project to a senior team. Four of these candidates are then promoted into new positions, two of which are at management level.



### HUMAN RESOURCES MISSION:

To be a preferred employer with  
**long-term** career opportunities.



PLACES:

# INSPIRING PERFORMANCE EXCELLENCE



## OUR 2022 GOALS:

**Reduce our carbon intensity on a revenue basis by 3% year over year between FY2017 and FY2022 (scope 1 and 2 market-based emissions).**

**Improve our water efficiency across Spectrum Brands locations by 3% on a per revenue basis between FY2017 and FY2022.**

**Build, promote, and uphold our “Destination Zero” safety culture (zero-injury goals) across Spectrum Brands global locations.**

Efficient and safe operations are the foundation of excellent performance at Spectrum Brands. Our manufacturing facilities are reducing natural resource consumption, increasing efficiency, and cutting waste. We also have begun work to achieve our water efficiency goal. Furthermore, we intend to reduce our carbon intensity.

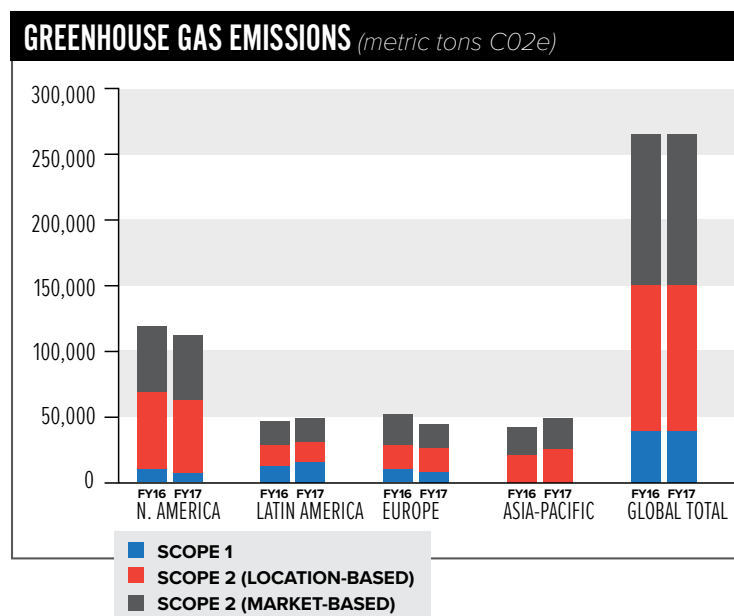


## Saving energy and reducing emissions

Spectrum Brands frequently reviews opportunities to reduce the environmental impacts and carbon footprint associated with our day-to-day operations and products.

We recently implemented a global data collection process for our major facilities to establish baseline greenhouse gas emissions. Our primary focus is on our most significant operations, namely facilities worth more than \$1 million in annual wages and product and equipment assets, which in 2017 included close to 60% of our employees. Within these facilities our intention is to reduce scope 1 (direct emissions from owned or controlled sources) and scope 2 market-based emissions (indirect emissions from the generation of purchased energy) by 3% on a per revenue basis each year from FY2017 through FY2022.\*

Since 2012, Spectrum Brands has reported carbon emissions and climate related activities through CDP (formerly the Carbon Disclosure Project). In FY2016, revenue increased by over 7%, while emissions increased only 6%, resulting in an overall decrease in emissions intensity. We reported these results in our 2017 CDP Supply Chain Climate Change disclosure, which received a "C" or Awareness score. This score outranks sectoral peers and the industry average, while indicating room for improvement.



Scope 1 & 2 market-based emissions totaled 153,347 and 152,512 metric tons of CO2e emissions in FY2016 and FY2017, respectively.

\*Greenhouse gas inventory calculations were performed using the revised edition of the [Greenhouse Gas Protocol Corporate Accounting & Reporting Standard](#) ("GHG Protocol"), published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). GHG inventory was conducted for facilities under operational control. FY2016 inventory (scope 1, scope 2 location-based emissions, and scope 3 emissions associated with waste and water) has been verified by Trinity; Spectrum Brands will undertake verification of FY2017 inventory in 2018 and update results in subsequent reports as appropriate. Chart does not include scope 1 biomass combustion or scope 3 emissions.

## LED-Lighting

### 20+ Global Facilities

From 2015-2017, we replaced standard lighting with LED lighting.

## Wind Power

### Netherlands

Wind turbine installed in 2010 produces an average monthly renewable energy supply of 400,000 kWh, equivalent to ~24% of the site's electricity needs. This avoids approximately 2,500 tons of CO2 emissions annually.

## Biofuel

### Guatemala

Biodigester installed in 2017 uses cow manure to produce 600 liters of methane gas annually, which will be used to offset the facility's purchased gas consumption.

## 100% Renewable Electricity

### Germany

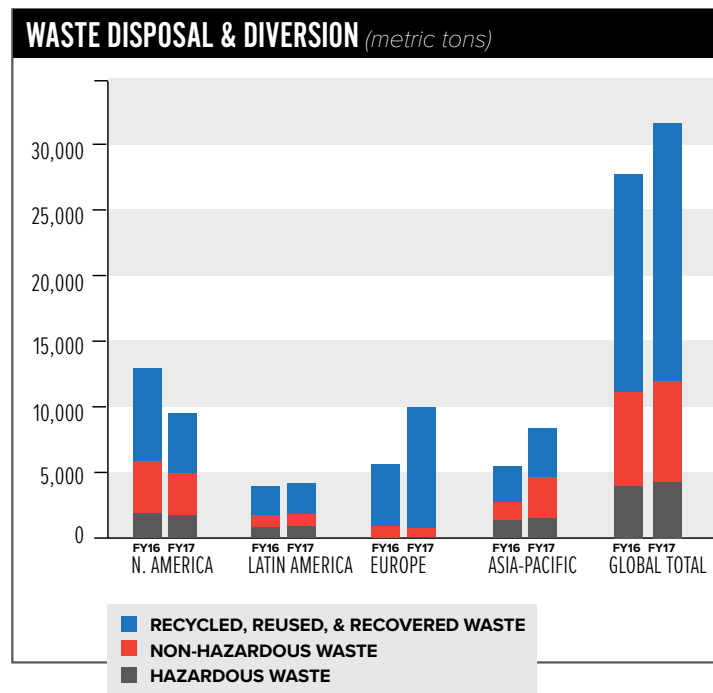
100% of electricity for our Melle, Germany manufacturing facility is obtained only from renewable sources.





## Eliminating waste

Waste represents inefficiency in the use and consumption of natural resources. Because we desire to conserve natural resources, we collect data to track non-hazardous and hazardous waste disposal rates at our facilities. We are researching opportunities to expand on efforts by our facilities to divert waste material from landfills via recycling, reuse, or recovery and to use recycled rather than virgin raw materials where appropriate.



Spectrum Brands disposed of 11,106 and 11,923 metric tons of hazardous and non-hazardous waste in FY2016 and FY2017, respectively. Our waste recycling, reuse, and recovery efforts resulted in 16,530 and 19,643 metric tons of waste diverted in FY2016 and FY2017, respectively.



## Mercury-Free

### Global Hearing-Aid Battery Production

Spectrum Brands recently celebrated our global conversion to mercury-free hearing aid batteries. The conversion avoids the use of more than 15,400 pounds of mercury per year. We are the first hearing aid battery manufacturer to fully convert, thereby leading the way toward reducing the environmental pollution from landfilled and leaked mercury.

## Carton Reuse Project

### Xiamen, China

Supplier cartons are collected and reused for packing finished products for export. The initiative is projected to reduce waste generation by approximately 6 tons annually.

## Metal Recycling

### Denison, TX

Total clean brass, steel, aluminum, and dross product scrap material sold for reuse equaled more than 59 million pounds from FY2015 – FY2017.

## Recycled Content

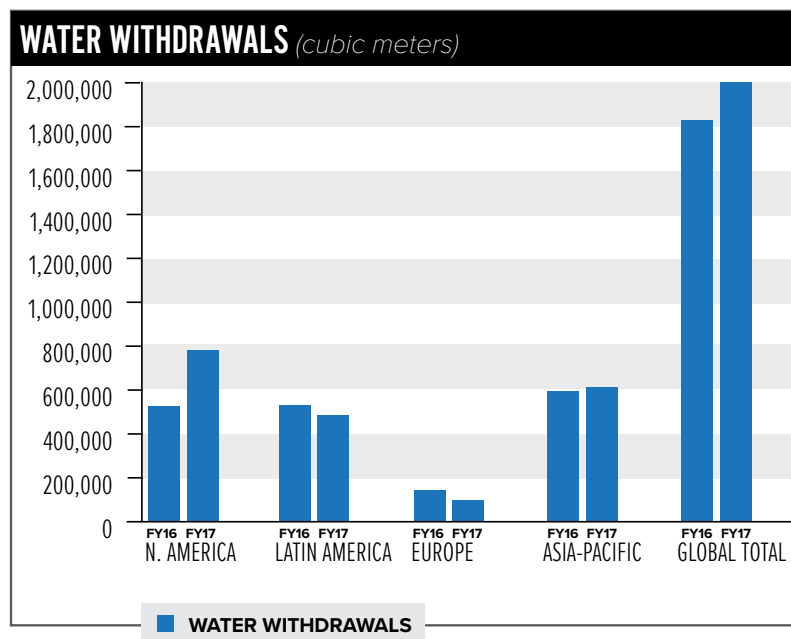
### US Lockset Re-use

Nine of our Kwikset® brand security products contain 20% to 50% recycled content. Our SmartKey re-keying technology contains nearly 30% recycled metal.



## Using water efficiently

We predict significant potential to increase the efficiency of water usage by our facilities. We will work to improve our water efficiency across our locations by 3% on a per revenue basis between FY2017 and FY2022. Our internal monthly facilities report includes water withdrawal measurements, which allow us to determine a baseline for our water efficiency goal. With a wide range of products and manufacturing processes to consider, our focus is on developing a definition of efficiency that will be meaningful, drive action, and allow us to measure and report progress. As a growing business through transactions, acquisitions, and a growing range of products, total water withdrawal increased from FY2016 to FY2017. However, we set the baseline for our water efficiency goal to FY2017 activities.



Water withdrawals in FY2016 and FY2017 totaled 1,842,906 and 2,009,673 cubic meters of water, respectively.

## Water Saving

at Pfister

Several of our Pfister lavatory faucets and shower products demonstrate water efficiency by achieving compliance with the EPA's WaterSense program requirements. The more than 3.3 million units sold during 2015 and 2016 collectively help save nearly 2.2 million gallons of water.

Pfister

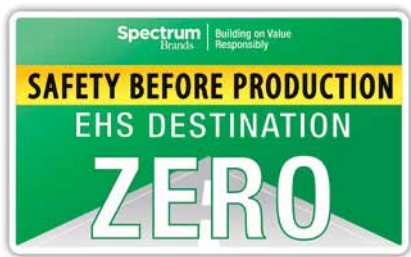


## Waterless Wipes

Armor All Auto Care Products



Our extra-large Armor All® Ultra Shine pre-moistened Wash Wipes allow customers to remove dirt, dust, grime and more without using additional water. Home washing can use an average of 60 gallons per vehicle, while car washes can use anywhere between 15 to 45 gallons per vehicle.



## Starting with safety: 'Destination Zero'

Spectrum Brands initiated an aggressive global safety awareness program called **Destination Zero** to promote a “safety before production” culture where it is more important for employees to go home safely each day than to reach a production quota.

This initiative began in 2012, within the Hardware & Home Improvement division, and was quickly extended to all manufacturing facilities globally. It is now a highlight of our environment, health, and safety (EHS) practices. The overarching goal is to achieve zero injuries across Spectrum Brands locations.

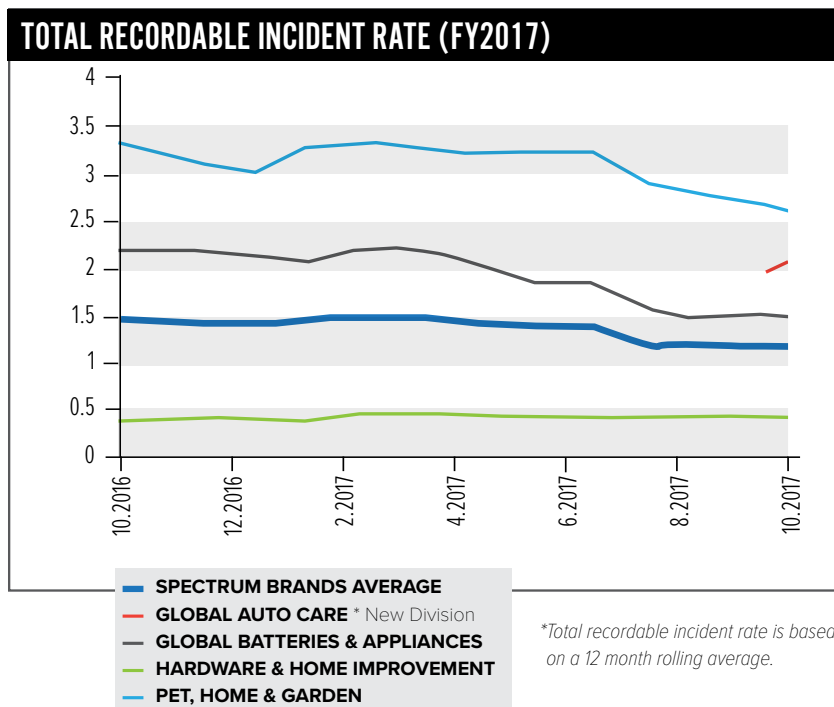
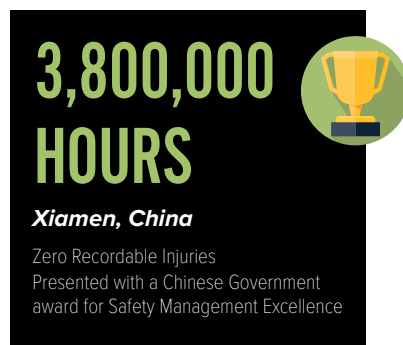
To reach Destination Zero, every one of our employees is expected to be a Safety Ambassador who looks out for their own safety and the safety of their fellow employees.

As we work to establish that culture, Spectrum Brands has implemented many management and training programs, often with a focus on effective communication. For instance, we implemented a Safety Conversation program that involves engaging employees throughout the company in one-on-one safety conversations.

Our approach is working. Our facilities in China, U.S., and Mexico have achieved significant success in Destination Zero performance.

These locations have significant manual material movement, making these successes even more impressive. Other sites are also celebrating workplace safety milestones.

We plan to build on the success of Destination Zero by turning it into a comprehensive program for operational excellence across all of our global facilities. We will bring the same focus and culture that allowed us to advance workplace safety to our environmental performance.



Total employee injuries in FY2017 was 197, down from 238 in FY2016. This resulted in a total recordable incident rate (TRIR) in FY2017 of 1.16, down from 1.38 in FY2016.

POSSIBILITIES:

# ALWAYS LOOKING TOWARD THE FUTURE



## OUR 2022 GOALS:

**Increase our collaboration  
with strategic partners.**

**Achieve recognition  
for sustainable business  
practices in an  
investor-focused  
sustainability index  
no later than FY2022.**

**Use our data intelligence  
and reporting to create  
new and better goals.**

The possibilities for responsible growth are vast. As we grow, we will continuously update our ambitions, cultivate partners, and enhance our sustainability programs for the good of the company and the environment.





## Collaborating with strategic partners

We believe partnerships are crucial to achieving sustainability.  
We will build on the work under way with our current partners, such as:



### THE HOUSEHOLD AND COMMERCIAL PRODUCTS ASSOCIATION

*The Household and Commercial Products Association* represents the interests of companies involved in the manufacture, formulation, distribution, and sale of consumer products that help customers create cleaner and healthier environments. Spectrum Brands is an active member of the HCPA at the leadership and working group level, engaging retailers, suppliers, competitors, and other stakeholders in meeting our shared environmental, health, and safety goals and social objectives. For example, Pet, Home & Garden holds positions on the HCPA Board & as Vice Chair of the HCPA Pesticide Division.



### THE ALLIANCE FOR RESPONSIBLE ATMOSPHERIC POLICY

*The Alliance for Responsible Atmospheric Policy* is an industry coalition organized in 1980 to address the issue of stratospheric ozone depletion. It is the primary voice of manufacturers, businesses and trade associations who make or use fluorinated gases for the global market. Today, the Alliance coordinates industry participation in the development of economically and environmentally beneficial international and domestic policies at the nexus of ozone protection and climate change. Global Auto Care is a member holding a Board level position.



### PET FOOD INSTITUTE

Spectrum Brands serves on the Regulatory Affairs Committee of the *Pet Food Institute*, which actively supports its members who make 98% of all U.S. pet food and treat products. PFI is committed to helping dogs and cats live long and healthy lives. As the voice of U.S. pet food makers for nearly 60 years, PFI provides factual information about pet food and treat safety, nutrition, and health to pet lovers, and advocate for a transparent, science-based regulatory environment for its members.



### OPERATION CLEAN SWEEP

Originated by the Plastics Industry Association (PLASTICS) and now a joint program of PLASTICS and the American Chemistry Council, *Operation Clean Sweep* is an environmental stewardship program designed to empower and aid employees of the plastics industry and others to keep resin pellets, flakes, and powder out of the marine environment. Spectrum Brands is a supporting member of OCS.

## Moving forward with new partners

In addition to continuing to foster our existing partnerships, we will also work to find and cultivate good working relationships with new partners with strategic sustainability views and goals that are similar to ours.



### TRUCOST

*Trucost*, part of the S&P Dow Jones Indices, assesses and prices risks relating to climate change, natural resource constraints, and broader environmental, social, and governance (ESG) factors, enabling companies and financial institutions to understand exposure to ESG factors, inform resilience, and identify the transformative solutions of tomorrow. Spectrum Brands began its partnership with Trucost in 2018 to conduct materiality assessments based on the U.N. Sustainable Development Goals (SDGs).



### MEMBER OF AMFORI, THE LEADING GLOBAL BUSINESS ASSOCIATION FOR OPEN AND SUSTAINABLE TRADE.

We participate in amfori BSCI. For more information visit [www.amfori.org](http://www.amfori.org)

*The Business Social Compliance Initiative* is an initiative of amfori providing a supply chain management system that supports companies to drive social compliance and improvements within their global supply chains. Our membership with BSCI helps us implement international labor standards, protect workers' rights, and improve our supply chain compliance program.



### THE SUSTAINABILITY CONSORTIUM

Spectrum Brands joined the global organization *The Sustainability Consortium* as a member in 2017. TSC convenes diverse stakeholders to work collaboratively to build science-based decision tools and solutions that address sustainability issues that are materially important throughout a product's supply chain and lifecycle. By collaborating with other TSC members, including major retailers like Kroger and Walmart and leading non-profits like WWF and The Nature Conservancy, Spectrum Brands helps address environmental, social, and economic imperatives in product supply chains.

## Pursuing our goals using the 4Ps



### PRODUCTS

We plan to build upon our past successes, applying lessons from within our corporate divisions and learning from industry best practices. As we develop our understanding of the most significant social and environmental impacts of our products, we will refine our approach to sourcing, product innovation, safety, packaging, and stewardship.



### PEOPLE

We will continue to take care of our people throughout the company and the communities where they live and work. We are strengthening our corporate governance. We prioritize diversity in our teams and in our suppliers, and we will work to grow the careers of our team members. We remain committed to contribute to disaster relief, particularly where we have relevant capability. And we take to heart the positive feedback from our annual day of service, and are expanding it to additional sites in a coordinated, themed action.



### PLACES

Within our places of business, safety is of paramount importance. We will extend the reach of our work to reduce operational impacts to more facilities and across more impact areas by building Destination Zero into a comprehensive program for operational excellence. We will continue to implement a data collection and internal validation structure that allows us to set baselines, identify the largest sources of impacts, and measure progress. We will implement a portfolio of actions to achieve reductions in scope 1 and scope 2 emissions, and we will develop our approach to achieving our water efficiency goal.



### POSSIBILITIES

Through all of this work, we will gain new insights into improving product and supply chain sustainability. Analyzing supply chain impacts can enable us to better focus our efforts to create more sustainable products and manufacturing processes as we constantly work to innovate and improve. Together we can discover new possibilities to improve sustainability and drive progress at Spectrum Brands.

**Together will ensure that our products are Made with Purpose, for the good of our employees, our communities, and our customers.**



## Reporting our performance

Investors' growing interest in materiality and social and environmental risk management are driving more companies to expand their measurements and reporting. To increase transparency and better inform our investors, customers, and other stakeholders, we will begin to track and disclose our non-financial performance through a range of frameworks, including the aforementioned Walmart Sustainability Index (WMSI), as well as CDP (formerly known as the Carbon Disclosure Project), EcoVadis, and the S-Group sustainability survey. These frameworks provide insight on how to improve our sustainability strategies and help guide our corporate governance.

Furthermore, we aim to achieve recognition for sustainable business practices in an investor-focused sustainability index by FY2022. Companies are assessed on a comprehensive array of environmental, social, economic, and governance performance indicators. Such metrics are sometimes overlooked in conventional financial analysis, but are believed to be important for a company's long term success. We will review the requirements of various indices to determine the most appropriate match.

More information on our global business operations, Corporate Governance structure, and financial performance is available on our [Investor Relations](#) website. Detailed financial data is available in our [Annual Form 10K](#). Additional supporting policies and materials are available on our [Corporate Compliance and Social Responsibility](#) website. Our sustainability philosophy and goals are available on our [Spectrum Brands Global Sustainability Statement and Goals](#) website.

# MADE WITH PURPOSE

## 2017 Corporate Citizenship Review

*The majority of the data and information in this report is from CY2017 except where otherwise noted. We have provided additional trend data where that information was available. This report will serve as a performance baseline for us moving forward and we will report on progress in subsequent reports.*



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