

Welcome to your CDP Forests Questionnaire 2021

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

McCormick & Company, Incorporated is a global leader in flavor. As a Fortune 500 company with over \$5 billion in annual sales across 160 countries and territories, we manufacture, market and distribute spices, seasoning mixes, condiments and other flavorful products to the entire food industry including e-commerce channels, grocery, food manufacturers and foodservice businesses. We are committed to combating the effects of climate change by adhering to targets informed by science for the reduction of carbon emissions, energy consumption, waste and water use. We acknowledge our need to play a part in addressing the risks of climate change by reducing our environmental impacts related to our GHG emissions, water use, solid waste, and packaging carbon footprint. We support all stakeholders, including those in government and business, who take steps to reduce GHG emissions within their scope of influence. As such, McCormick & Company would support government action at the international level that facilitates the transitions necessary to minimize the impacts of climate change. This is consistent with our environmental policy which states: "McCormick is committed to the continuous improvement of our environmental performance in our day-to-day business activity and meeting or exceeding the requirements of all applicable environmental laws and regulations. Through management leadership and employee participation, we are committed to reducing the environmental impact of our activities as we take steps to prevent pollution and promote sustainable use of natural resources on which we depend, while providing quality products that meet the needs of our customers and consumers, comply with applicable environmental laws and regulations, and contribute positively to the communities in which we operate." To learn more about our sustainability efforts please go to our website at: <http://www.mccormickcorporation.com/Our-Commitment>.

FORWARD-LOOKING STATEMENTS Certain information contained in this questionnaire contains statements reflecting our views about our future performance that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as "aim," "anticipate," "believe," "drive," "estimate," "expect," "goal," "intend," "may," "plan," "project," "strategy," "target" and "will" or similar statements or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements,

including changes in demand for McCormick’s products , as a result of changes in consumer preferences or otherwise, changes in, or failure to comply with, applicable laws and regulations, imposition or proposed imposition of new or increased taxes aimed at McCormick’s products, imposition of labeling or warning requirements on McCormick’s products, changes in law related to packaging and disposal of McCormick’s products, McCormick’s ability to compete effectively, political conditions, civil unrest or other developments and risks in the markets where McCormick’s products are made, manufactured, distributed or sold, the ability to protect information systems against, or effectively respond to, a cybersecurity incident or other disruption, damage to McCormick’s reputation or brand image, loss of any key customer or disruption to the retail landscape, including rapid growth in hard discounters and the e-Commerce channel and the other factors that may adversely affect the price of McCormick’s publicly traded securities and financial performance. For additional information on these and other factors that could cause McCormick’s actual results to materially differ from those set forth herein, please see McCormick’s filings with the Securities and Exchange Commission, including its most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. McCormick undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	December 1, 2019	November 30, 2020

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

USD

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization’s area of operation.

	Commodity disclosure	Stage of the value chain
Timber products	This commodity is not produced, sourced or used by our organization	
Palm oil	Disclosing	Manufacturing

Cattle products	This commodity is not produced, sourced or used by our organization	
Soy	Disclosing	Manufacturing
Other - Rubber	This commodity is not produced, sourced or used by our organization	
Other - Cocoa	This commodity is not produced, sourced or used by our organization	
Other - Coffee	This commodity is not produced, sourced or used by our organization	

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

Yes

F0.5a

(F0.5a) Identify the parts of your direct operations or supply chain that are not included in your disclosure.

Value chain stage	Exclusion	Description of exclusion	Potential for forests-related risk	Please explain
Supply chain	Facility	Our third party co-manufacturers are responsible for purchasing all raw materials and packaging components used to manufacture McCormick finished goods.	Potential for forests-related risk but not evaluated	Volumes are insignificant, therefore forests-related risk materials used by our 3rd Party Co-Manufacturers are not evaluated at this time.

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Palm oil

Activity

Using as input into product manufacturing

Form of commodity

Refined palm oil

Palm oil derivatives

Source

Multiple contracted producers
Contracted suppliers (processors)
Contracted suppliers (manufacturers)

Country/Area of origin

Indonesia
Malaysia

% of procurement spend

<1%

Comment

Soy

Activity

Using as input into manufacturing process for power generation

Form of commodity

Soy bean oil
Soy bean meal
Soy derivatives

Source

Multiple contracted producers
Contracted suppliers (processors)
Contracted suppliers (manufacturers)

Country/Area of origin

Argentina
Austria
Brazil
Bulgaria
Canada
Croatia
Germany
Hungary
Malaysia
Romania
Serbia
Slovakia
Thailand
United States of America

% of procurement spend

<1%

Comment

F1.2

(F1.2) Indicate the percentage of your organization’s revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Palm oil	6-10%	
Soy	6-10%	

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Palm oil	Consumption data available, disclosing
Soy	Consumption data available, disclosing

F1.5a

(F1.5a) Disclose your production and/or consumption data.

Forest risk commodity

Palm oil

Data type

Consumption data

Volume

5,461

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

Forest risk commodity

Soy

Data type

Consumption data

Volume

7,662

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

F1.5b

(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Bintulu (Sarawak), Lahad Datu (Sabah) and Pasir Gudang (Johor)

% of total production/consumption volume

10

Please explain

We have a comprehensive global palm oil mapping approach to measure percentage of the total production or consumption from each location. This methodology includes the

- Quantity by supplier
- Country of origin
- Certification status
- Pure and derivatives of palm and palm kernel oil
- Consumption by site

We can confirm that 10% of Palm Oil consumed was sourced from Malaysia and that we identified Bintulu (Sarawak), Lahad Datu (Sabah) and Pasir Gudang (Johor) as the municipalities of origin.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Butterworth (Seberang Perai), Kuala Tanjung (Batubara) and Bitung (Sulawesi)

% of total production/consumption volume

80

Please explain

We have a comprehensive global palm oil mapping approach to measure the total percentage of production or consumption from each location. This methodology includes the

- Quantity by supplier
- Country of origin
- Certification status
- Pure and derivatives of palm and palm kernel oil
- Consumption by site

We can confirm that 80% of Palm Oil consumed was sourced from Indonesia and that we identified Butterworth (Seberang Perai), Kuala Tanjung (Batubara) and Bitung (Sulawesi) as the municipalities of origin.

Forest risk commodity

Palm oil

Country/Area of origin

Unknown origin

State or equivalent jurisdiction

% of total production/consumption volume

10

Please explain

10% of our palm / palm kernel oil is in the form of derivatives. They are difficult to trace to sub-national origin level because of extended value chains and use of multiple sources for supply contingency.

Forest risk commodity

Soy

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

95

Please explain

95% of Soy is sourced from North America

Forest risk commodity

Soy

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

1

Please explain

1% of Soy is sourced from China

Forest risk commodity

Soy

Country/Area of origin

Brazil

State or equivalent jurisdiction

Not disclosing

% of total production/consumption volume

4

Please explain

4% of Soy is sourced from Brazil

F1.5e

(F1.5e) How does your organization produce or consume biofuel derived from palm oil?

Does your organization produce or consume biofuel derived from palm oil?

No

Data type

Volume produced/consumed

Metric

Country/Area of origin

State or equivalent jurisdiction

% of total production/consumption volume

Does the source of your organization's biofuel material come from smallholders?

Comment

McCormick neither produces nor consumes biofuel derived from palm oil

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

No

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Palm oil

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of other company-wide risk assessment system

Frequency of assessment

More than once a year

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods
External consultants
Other, please specify
Major global customers leading on palm oil sustainability

Please explain

As part of our bi-annual materiality assessment, supported by external consultants, we identified palm oil as a priority commodity due to its impact on deforestation despite the relatively very low volumes used by McCormick. This was included in our Purpose Led Performance (PLP) public commitment in 2019.

As part of the PLP programme, there is a cross-functional taskforce working team on palm oil sustainability, chosen to carry out an annual palm oil supply chain assessment, reviews progress against the 2025 commitment roadmap, state upcoming risks and make recommendations on the activities for the following year.

The roadmap captures where palm oil is used within McCormick globally and uses information on sustainable palm oil availability and volume exposure to prioritise conversion to sustainable palm oil.

An example of how this method works is when the taskforce reports progress on the roadmap and plans for 100% compliance to the corporate PLP Programme Management Team every month. At the February 2021 programme meeting, the taskforce presented a detailed progress presentation as well as plan for activities in 2021/22. With the team's endorsement, the taskforce engaged with the various functions, namely supply chain and procurement, to draw up a plan for the execution. This plan will see our physically certified palm oil increase from the current 85% to

>90% by the end of 2022.

The taskforce also builds on feedback from customer engagement at regional and global level with regards to their palm oil policies to ensure alignment with McCormick's palm oil sustainability roadmap.

Soy

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Every two years

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods

External consultants

Other, please specify

Major global customer with a value chain exposed to Soy

Please explain

From our last bi-annual materiality assessment, we identified Soy as an additional priority commodity due to its impact on deforestation. We

We are using our Sourcing with Purpose (SWP) programme to complete the supply chain assessment before making a Purpose Led Performance (PLP) public commitment like we have done with palm oil.

We are reporting early progress to the corporate PLP Programme Management Team every month

Soy does not represent a material risk to McCormick as it represents less than 1% of our spend and we are not a large buyer of soy products. Our risk management approach is to contact our suppliers every two years and request documentation that they were not sourcing from countries with deforestation issues. We feel this is reasonable based on the risk to McCormick which is low.

Internal company methods (Enterprise Risk Assessment): In the Enterprise Risk Assessment, Risk/opportunities are assessed at the company level are those that (i) expose the company to significant or catastrophic permanent decline in shareholder value and (ii) must be reasonably possible. A risk assessment methodology is used which includes but is not limited to the following factors: Damage to our reputation or

brand name, consolidation of customers, Procurement of raw materials, Competition Laws and regulations, Disasters, business interruptions or similar events.

F2.1b

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?

Availability of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Availability of Soy and Palm Oil is always considered and is assessed against criteria outlined in McCormick's Enterprise Risk Assessment. The availability of Palm Oil, for example, is essential for producing French's fried vegetable products. Ensuring adequate supply of our forest risk commodities directly contribute to our Cost of Goods Sold.

Enterprise Risk Assessment

(i) Risk/opportunities are assessed at the company level are those risks that 1) expose the Company to significant or catastrophic permanent decline in shareholder value and 2) the risk must be reasonably possible.

(ii) A risk assessment methodology is used which includes but is not limited to the following factors: Damage to our reputation or brand name, consolidation of customers, Procurement of raw materials, Competition Laws and regulations, Disasters, business interruptions or similar events.

Quality of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Food safety is a crucial aspect of our business, therefore the quality of the forest risk commodities is paramount and is assessed against criteria outlined in McCormick's Enterprise Risk Assessment. McCormick strongly believes that continuing access to high quality agricultural products in sufficient quantities to meet global demand requires that these products be produced in accordance with the highest environmental, social, and governance standards.

Enterprise Risk Assessment

(i) Risk/opportunities are assessed at the company level are those risks that 1) expose the Company to significant or catastrophic permanent decline in shareholder value and 2) the risk must be reasonably possible.

(ii) A risk assessment methodology is used which includes but is not limited to the following factors: Damage to our reputation or brand name. Consolidation of customers, Procurement of raw materials, Competition Laws and regulations, Disasters, business interruptions or similar events

Impact of activity on the status of ecosystems and habitats

Relevance & inclusion

Relevant, always included

Please explain

For Palm Oil, the impact of activities regarding ecosystems and habitats is part of our Palm Oil Policy and Strategy. For Soy, the impact is not applicable. McCormick recognizes that the protection of biodiversity and conserving significant natural habitats is critically important to global terrestrial and aquatic ecosystems and to the company's long-term business success. Where practicable, we expect our agricultural suppliers to avoid any actions that lead to deforestation or degradation of wildlife habitats and freshwater systems, and to respect protected and high conservation areas as identified in the Ramsar List (wetlands) and the IUCN Category I-IV areas. This applies both to ongoing operations and to potential new production areas.

Regulation

Relevance & inclusion

Relevant, always included

Please explain

For Palm Oil and Soy the regulations are a major factor of the assessment to assure compliance with required laws and are assessed against criteria outlined in McCormick's Enterprise Risk Assessment. In the United States, the safety, production, transportation, distribution, advertising, labelling and sale of many of our products and their ingredients are subject to the Federal Food, Drug, and Cosmetic Act; the Food Safety Modernization Act; the Federal Trade Commission Act; state consumer protection laws; competition laws, anti-corruption laws, customs and trade laws; federal, state and local workplace health and safety laws; various federal, state and local environmental protection laws; and various other federal, state and local statutes and regulations. Outside the United States, our business is subject to numerous similar statutes, laws and regulatory requirements.

Enterprise Risk Assessment

(i) Risk/opportunities are assessed at the company level are those risks that 1) expose the Company to significant or catastrophic permanent decline in shareholder value and 2) the risk must be reasonably possible.

(ii) A risk assessment methodology is used which includes but is not limited to the following factors: Damage to our reputation or brand name. Consolidation of customers, Procurement of raw materials, Competition Laws and regulations, Disasters, business interruptions or similar events.

Climate change

Relevance & inclusion

Relevant, always included

Please explain

Climate change is always considered in McCormick's forests-related risk assessment, as climate change may negatively affect our business, financial condition and results of operations. Unseasonable or unusual weather or long-term climate change may negatively impact the price or availability of spices, herbs and other raw materials. There is concern that greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. In the event that such climate change has a negative effect on agricultural productivity or practices, we may be subject to decreased availability or less favourable pricing for certain commodities that are necessary for our products. In addition, such climate change may result in modifications to the eating preferences of the ultimate consumers of certain of our products, which may also unfavourably impact our sales and profitability.

Impact on water security

Relevance & inclusion

Relevant, always included

Please explain

Impact on water security is always considered in McCormick's forests-related risk assessment and is assessed against criteria outlined in McCormick's Enterprise Risk Assessment. We consider water security, as a sufficient amount of good quality water are required in order to manufacture and process our products. The water is used primarily to clean food processing equipment and it is used as an ingredient in some of our products. The lack of good quality water in sufficient quantities could impact our ability to grow our business in the future. Agriculture is the largest user of fresh water worldwide and the available supply of fresh water is projected to diminish over the long term, and in response McCormick is committed to helping our agricultural suppliers address and mitigate the risk of water shortages.

Enterprise Risk Assessment

(i) Risk/opportunities are assessed at the company level are those risks that 1) expose the Company to significant or catastrophic permanent decline in shareholder value and 2) the risk must be reasonably possible.

(ii) A risk assessment methodology is used which includes but is not limited to the following factors: Damage to our reputation or brand name. Consolidation of customers, Procurement of raw materials, Competition Laws and regulations, Disasters, business interruptions or similar events.

Tariffs or price increases

Relevance & inclusion

Relevant, sometimes included

Please explain

Tariffs and price increases are always considered in McCormick's forests-related risk assessment and is assessed against criteria outlined in McCormick's Enterprise Risk Assessment. International sales, together with finished goods and raw materials imported into the U.S. (including Palm Oil), are subject to risks related to fundamental changes to tax laws as well as the imposition of tariffs, quotas, trade barriers and other similar restrictions. All of these risks could result in increased costs or decreased revenues, which could adversely affect our profitability.

Enterprise Risk Assessment

(i) Risk/opportunities are assessed at the company level are those risks that 1) expose the Company to significant or catastrophic permanent decline in shareholder value and 2) the risk must be reasonably possible.

(ii) A risk assessment methodology is used which includes but is not limited to the following factors: Damage to our reputation or brand name. Consolidation of customers, Procurement of raw materials, Competition Laws and regulations, Disasters, business interruptions or similar events.

Loss of markets

Relevance & inclusion

Relevant, sometimes included

Please explain

Loss of markets are considered in McCormick's forests-related risk assessment and is assessed against criteria outlined in McCormick's Enterprise Risk Assessment. We have noticed a growing interest amongst our stakeholders of the link between palm oil and deforestation in recent years. McCormick has considered a loss in market share if consumers choose to purchase alternative brands due to our record on palm oil sourcing. To mitigate the potential for market losses, McCormick purchases 90% of the palm oil we use from RSPO-certified sources.

Enterprise Risk Assessment

(i) Risk/opportunities are assessed at the company level are those risks that 1) expose the Company to significant or catastrophic permanent decline in shareholder value and 2) the risk must be reasonably possible.

(ii) A risk assessment methodology is used which includes but is not limited to the following factors: Damage to our reputation or brand name. Consolidation of customers, Procurement of raw materials, Competition Laws and regulations, Disasters, business interruptions or similar events.

Leakage markets

Relevance & inclusion

Relevant, always included

Please explain

As part of the Sourcing With Purpose (SWP) programme run by the procurement team, the strategic sourcing of palm oil and soy is evaluated by addressing all factors, direct & indirect, that would have an impact on or from palm oil and soy with regards to forest-related risks on GHG emissions/environmental damage. The SWP strategy is reviewed by the Global Procurement leadership led by the Chief Procurement Officer every year.

Brand damage related to forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Brand damage related to forest risk commodities is always considered as part of McCormick's forests-related risk assessment and is assessed against criteria outlined in McCormick's Enterprise Risk Assessment. Our Purpose Led Performance (PLP) mission is directly tied to our overall Corporate strategy and commitment regarding our stakeholder imperatives, brand image and company-wide initiatives. With our recent acquisition of the French's Food Company, we use palm oil in the production of our French's fried vegetable products. We consider brand damage due to the increased scrutiny on our palm oil consumption from forest-risk countries in these products as a risk, although we do not believe that this risk meets our definition of causing "significant or catastrophic permanent decline in shareholder value". McCormick has already taken steps to address this potential reputational risk by committing to sourcing 100% of our Palm Oil through the Roundtable on Sustainable Palm Oil (RSPO); with currently 90% of the palm oil we use coming from RSPO-certified sources in 2020.

Enterprise Risk Assessment

(i) Risk/opportunities are assessed at the company level are those risks that 1) expose the Company to significant or catastrophic permanent decline in shareholder value and 2) the risk must be reasonably possible.

(ii) A risk assessment methodology is used which includes but is not limited to the following factors: Damage to our reputation or brand name. Consolidation of customers, Procurement of raw materials, Competition Laws and regulations, Disasters, business interruptions or similar events.

Corruption

Relevance & inclusion

Relevant, always included

Please explain

Corruption is always considered in McCormick's forests-related risk assessment and is assessed against criteria outlined in McCormick's Enterprise Risk Assessment. In the

United States, the safety, production, transportation, distribution, advertising, labelling and sale of many of our products and their ingredients are subject to anti-corruption laws. McCormick expects suppliers to operate with the highest standards for business integrity and comply with all anti-corruption and anti-bribery laws, including the US Foreign Corrupt Practices Act (FCPA). Suppliers are prohibited from providing or offering gifts to McCormick employees that could inappropriately influence McCormick's decisions or gain an unfair advantage.

Enterprise Risk Assessment

(i) Risk/opportunities are assessed at the company level are those risks that 1) expose the Company to significant or catastrophic permanent decline in shareholder value and 2) the risk must be reasonably possible.

(ii) A risk assessment methodology is used which includes but is not limited to the following factors: Damage to our reputation or brand name. Consolidation of customers, Procurement of raw materials, Competition Laws and regulations, Disasters, business interruptions or similar events.

Social impacts

Relevance & inclusion

Relevant, always included

Please explain

Social impacts are always considered in McCormick's forests-related risk assessment and is assessed against criteria outlined in McCormick's Enterprise Risk Assessment. At McCormick, we pride ourselves in delivering high quality agricultural products that exceed the expectations of our consumers and customers. To achieve this, our products are manufactured in accordance with the highest environmental, social, and governance standards.

We have a strategic plan to track and action suppliers with high social responsibility risk by ensuring compliance to labour, environmental, and ethical standards, as defined in the McCormick Global Supplier Code of Conduct. We define these risks using the Department of Labour Watch List for goods that are relevant to our business. We also utilize the SEDEX Guide to Risk Assessment Tool as an additional process.

Enterprise Risk Assessment

(i) Risk/opportunities are assessed at the company level are those risks that 1) expose the Company to significant or catastrophic permanent decline in shareholder value and 2) the risk must be reasonably possible.

(ii) A risk assessment methodology is used which includes but is not limited to the following factors: Damage to our reputation or brand name. Consolidation of customers, Procurement of raw materials, Competition Laws and regulations, Disasters, business interruptions or similar events.

Other, please specify

Relevance & inclusion

Not considered

Please explain

N/A

F2.1c

(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?

Customers

Relevance & inclusion

Relevant, always included

Please explain

Our products are sold directly to customers and also through brokers, wholesalers and distributors. Customers are essential stakeholders for our company and are always included in risk assessments. With our major customers such as Wal-Mart Stores, Inc. and PepsiCo, Inc. taking a more proactive response to forest risks in their supply chain, we consider shifts in customer demands in our forests-related risk assessments.

Employees

Relevance & inclusion

Relevant, always included

Please explain

McCormick's reputation for sustainability, transparency and community support strongly resonates with our current and prospective employees. We acknowledge that employees want to work for a company that is making a difference beyond financial performance and want to have the opportunity to contribute to that impact which is why this group is always included in forest-related risk assessments. If prospective employees do not choose to work for McCormick due to our sustainability record, we would consider this as a risk factor.

Investors

Relevance & inclusion

Relevant, always included

Please explain

Investors are essential stakeholders for McCormick and are always considered in our forests-related risk assessments. We have noticed a growing interest amongst our investors of the link between palm oil and deforestation, therefore we consider investors' demands in our forests-related risk assessments.

Local communities

Relevance & inclusion

Relevant, always included

Please explain

We recognise the risk for potential adverse impacts that Palm Oil farming can have on the local communities in which plantations are located. To mitigate negative impacts, McCormick will purchase 92% of the palm oil we use from RSPO-certified sources in 2020, which will ensure that the palm oil we consume from an ethically and sustainably produced source. Further, to comply to the Global Supplier Code of Conduct, reasonable standards of care shall be taken to protect the environment and to provide for the health and safety of the communities in which facilities are operated.

NGOs

Relevance & inclusion

Relevant, always included

Please explain

NGOs are important stakeholders for McCormick, as they can influence policy and consumer behaviours. We work with a variety of external partners and stakeholders, including suppliers and non-governmental organizations (NGOs), to identify the specific needs of our sourcing communities and create projects to enhance social and economic livelihoods around the world.

Other forest risk commodity users/producers at a local level

Relevance & inclusion

Relevant, always included

Please explain

McCormick considers smallholders in our forest-related risk assessment. At McCormick, we acknowledge that smallholders account for approximately 40% of total global palm oil production annually and that a significant portion of the palm oil that we consume is produced by smallholders. If smallholders are exposed to forest-related risk, it would likely disrupt McCormick's supply of sustainable palm oil.

Regulators

Relevance & inclusion

Relevant, always included

Please explain

McCormick always includes regulators in our forest-related risk assessment, as we are subject to numerous laws and regulations around the world that apply to our global businesses. In the United States, the safety, production, transportation, distribution, advertising, labelling and sale of many of our products and their ingredients are subject to the Federal Food, Drug, and Cosmetic Act; the Food Safety Modernization Act; the Federal Trade Commission Act; state consumer protection laws; competition laws, anti-corruption laws, customs and trade laws; federal, state and local workplace health and

safety laws; various federal, state and local environmental protection laws; and various other federal, state and local statutes and regulations. Outside the United States, our business is subject to numerous similar statutes, laws and regulatory requirements.

The cost of compliance with federal, state and local provisions related to protection of the environment has had no material effect on our business in this reporting year. However, we always factor regulators in our forest-related risk assessment.

Suppliers

Relevance & inclusion

Relevant, always included

Please explain

McCormick always includes suppliers in our forest-related risk assessment, as we procure all our raw materials needed for our product manufacturing from our suppliers. We expect our first-tier suppliers to be responsible for ensuring that they comply with our Global Supplier Code of Conduct. This expectation covers all suppliers that provide materials or services in the manufacture, processing, and/or production of products provided by suppliers to McCormick. We may conduct audits and inspections of first-tier supplier's records in respect of its suppliers. At McCormick, we expect first-tier suppliers to apply similar standards to their own suppliers and subcontractors by communicating the expectations contained in the Global Supplier Code of Conduct and hold them accountable as well. This includes contract and seasonal workers and temporary agencies. McCormick also reserves the right to terminate the relationship with any first-tier supplier and/or facility that does not comply with this Code of Conduct.

Other stakeholders, please specify

Relevance & inclusion

Not considered

Please explain

N/A

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Palm oil	No
Soy	No

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

McCormick prioritizes risk based on Impact, Vulnerability and Velocity, as defined in our proprietary Risk Rating Criteria. A risk assessment methodology is used which includes but is not limited to the following factors: Damage to our reputation or brand name, Consolidation of customers, Procurement of raw materials, Laws and regulations, Disasters, business interruptions or similar events.

Risk/opportunities are those that are reasonably possible, financially significant, and are defined by an impact of \$20M or more.

F3.1c

(F3.1c) Why does your organization not consider itself to be exposed to forests-related risks with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Palm oil	Risks exist, but no substantive impact anticipated	We have identified reputational risks to McCormick, however, we do not consider these to have a substantive financial or strategic impact. Almost 90% of our global palm oil is used in the production of our French's fried vegetable products at our Springfield, MO site in the US. This palm oil is physically certified by Roundtable of Sustainable Palm Oil (RSPO). Although we consider brand damage due to the increased scrutiny on our palm oil consumption from forest-risk countries in these products as a risk, we do not believe that this risk meets our definition of causing "significant or catastrophic permanent decline in shareholder value". as we now have 100% of our Palm Oil RSPO sustainable through physical certification and RSPO credits. This is well in advance of our 2025 commitment to source 100% RSPO sustainable palm oil.
Soy	Risks exist, but no substantive impact anticipated	We have identified reputational risks to McCormick, however, we do not consider these to have a substantive financial or strategic impact as >95% of our Soy is sourced from North America. Therefore exposure to deforestation risk is low.

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

	Have you identified opportunities?
Palm oil	Yes, we have identified opportunities but are unable to realize them
Soy	No

F3.2b

(F3.2b) Why does your organization not consider itself to have forests-related opportunities?

Palm oil

Primary reason

Opportunities exist, but none with potential to have a substantive financial or strategic impact on business

Please explain

McCormick prioritizes risk based on Impact, Vulnerability and Velocity, as defined in our proprietary Risk Rating Criteria. A risk assessment methodology is used which includes but is not limited to the following factors: Damage to our reputation or brand name, Consolidation of customers, Procurement of raw materials, Laws and regulations, Disasters, business interruptions or similar events. Risk/opportunities are those risks that are reasonably possible, financially significant, and are defined by an impact of \$20M or more.

We have identified an opportunity to differentiate our brands in the market by making on pack claims as per RSPO guidelines on making sustainable palm oil claims. Being in the first year of certification for most of our audited sites, we are in the early stages of planning on how to make these claims on our own brands as well as B2B products under the RSPO trademarks license, therefore this is currently excluded as a substantive financial or strategic impact on business due to it not having an impact of \$20M or more this year.

Soy

Primary reason

Opportunities exist, but none with potential to have a substantive financial or strategic impact on business

Please explain

McCormick prioritizes risk based on Impact, Vulnerability and Velocity, as defined in our proprietary Risk Rating Criteria. A risk assessment methodology is used which includes but is not limited to the following factors: Damage to our reputation or brand name, Consolidation of customers, Procurement of raw materials, Laws and regulations, Disasters, business interruptions or similar events. Risk/opportunities are those risks that are reasonably possible, financially significant, and are defined by an impact of \$20M or more.

Soy is not considered to have a substantive financial impact because the link to deforestation risk is very low, where >95% is sourced and used in North America and it represents less than 1.0% of our total spend.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual	Please explain
Board Chair	McCormick has a proud legacy and commitment to doing what's right for people, the communities where we live, work, and source and for the planet we all share. At the highest level, the Board Chair has overall responsibility for forest-related issues by reviewing, endorsing and amplifying major business decisions during regular Board meetings, including those made as part of our Purpose-led Performance (PLP) journey. For example, the Board Chair reviewed and signed off on McCormick's strategy on sustainable sourcing which includes McCormick's commitment to sourcing 100% RSPO-certified palm oil by 2025. Although McCormick is not a large user of palm oil, we are aware of and understand the risks around palm oil cultivation, which can include deforestation, violations of workers' rights, and unsafe working conditions. McCormick has committed that all palm oil used within our supply chain will be sustainably sourced through the Roundtable on Sustainable Palm Oil (RSPO) by 2025.

F4.1b

(F4.1b) Provide further details on the board's oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Reviewing and guiding annual budgets	The Board regularly reviews and guides strategy, major plans of action, risk management policies, business plans during quarterly Board meetings and annual Board retreats. In addition, the Board also reviews performance objectives and progress against goals and targets as part of the Purpose-led Performance (PLP) initiative. Our Purpose-led Performance (PLP) initiative is one of our five

		<p>Reviewing and guiding business plans</p> <p>Reviewing and guiding corporate responsibility strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding strategy</p> <p>Setting performance objectives</p>	<p>guiding principles and the basis for our 2025 Palm Oil related commitments.</p>
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F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Sustainability committee	Both assessing and managing forests-related risks and opportunities	Quarterly	<p>The Purpose-led Performance (PLP) Governance Council holds the highest level of direct responsibility for forest-related issues. The committee is responsible for both assessing and managing forest-related risks and opportunities and providing overall coordination and strategic direction for driving Purpose-led Performance.</p> <p>The PLP Governance Council reports directly to the Board Chairman and is led by the President and Chief Administrative Officer. It is composed of senior executives with direct responsibility for a variety of functional areas, including human resources, environment, packaging, sourcing, community relations, government affairs, communications, innovation and</p>

			<p>investor relations.</p> <p>This cross-functional committee is tasked to embed principals of PLP into every aspect of the business and is best positioned to manage and drive progress on forests-related issues as a result. The PLP Governance Council reports directly to the Board during quarterly Board meetings on strategy, risk, major plans of action, key performance indicators, etc.</p> <p>The PLP Governance Council also separately reports to the McCormick Management Committee which is the top-level senior management committee monthly.</p>
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F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Chief Purchasing Officer (CPO)	Achievement of commitments and targets Supply chain engagement	The Chief Procurement Officer receives an annual monetary reward for the management of forest related issues. The CPO has specific annual objectives related to sustainable sourcing of Palm oil, Soy and other agricultural products. The performance is reviewed every year and the monetary award is granted if the threshold for success is met - i.e. the sustainability targets are met.
Non-monetary reward	No one is entitled to these incentives	No indicator for incentivized performance	not applicable

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

No, but we plan to do so in the next two years

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

 SustainableAgriculturePolicy003.docx

 SustainablePalmOilStatement20180316v3004.docx

	Scope	Content	Please explain
Row 1	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE) Commitment to remediation, restoration and/or compensation of past harms Commitment to protect rights and livelihoods of local communities Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound milestones and targets	See attached Global Agricultural Policy. This policy is updated on an ad hoc basis.

F4.5b

(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

 SustainableAgriculturePolicy003.docx

 SustainablePalmOilStatement20180316v3004.docx

Do you have a commodity specific sustainability policy?	Scope	Content	Please explain

Palm oil	Yes	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)</p> <p>Commitment to remediation, restoration and/or compensation of past harms</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p>	See attached McCormick Sustainable Palm Oil Statement. This statement is updated on an ad hoc basis.
Soy	No			Do not have a specific policy that references soy as it is less than 1.0% of our total spend and risk to deforestation is minimal

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Yes

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

Other, please specify

Member of Consumer Goods Forum (CGF) and Ordinary Member of RSPO

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Palm oil

Criteria

No conversion of natural ecosystems
No new development on peat regardless of depth
Best management practices for existing cultivation on peat
Avoidance of negative impacts on threatened and protected species and habitats
No land clearance by burning or clearcutting
No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Promotion of gender equality and women's empowerment
Remediate any adverse impacts on indigenous people and local communities
Facilitate the inclusion of smallholders into the supply chain
No sourcing of illegally produced and/or traded forest risk commodities

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

No cutoff date

Commitment target date

2021-25

Please explain

Actions taken to meet the selected criteria are presented in our latest Purpose-led-Performance report, where we publicly reported our commitment that 100% of our palm oil will be RSPO-sustainable by 2025. Additionally, as members of RSPO, we submit our Annual Communication of Progress (ACOP) report every year in which publicly declares reinforcement of that commitment.

This commitment covers all palm oil, whether sourced as pure palm oil or as derivatives through other ingredients. Geographically, it covers our global operations, such as North America (where almost 90% of our palm oil is used), EMEA, China and Asia Pacific and performance is monitored every month through the PLP Programme

Management Team Meeting and publicly reported every year through RSPO's ACOP report.

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	5-10	<p>McCormick has a proud legacy and commitment to doing what's right for people, the communities where we live, work, and source and for the planet we all share. McCormick's Purpose-led Performance (PLP) strategy which is a series of commitments and clear performance targets for 2025 that informed by the United Nations Sustainable Development Goals (SDGs). Integrated into this long-term strategy is McCormick's commitment to sourcing 100% RSPO-certified palm oil by 2025.</p> <p>Our sustainable palm roadmap to 2025 clearly defines the targets to be achieved each year, which sites need to undertake RSPO certification and which raw materials containing palm oil need to be converted to be RSPO certified.</p> <p>For example, the associated plans for audits and costs for raw material and certification are included in the annual organisation's 3yr long-term planning (LTP) cycle.</p> <p>Where we have identified an opportunity for making on-pack claims for potential differentiation in the market, the same is communicated to the sales and marketing functions to build it in their LTP cycle & strategic brand lifecycle.</p>
Strategy for long-term objectives	Yes, forests-related issues are integrated	5-10	<p>McCormick has a proud legacy and commitment to doing what's right for people, the communities where we live, work, and source and for the planet we all share. McCormick's Purpose-led Performance (PLP) strategy which is a series of commitments and clear performance</p>

			<p>targets for 2025 that informed by the United Nations Sustainable Development Goals (SDGs). Integrated into this long-term strategy is McCormick’s commitment to sourcing 100% RSPO-certified palm oil by 2025.</p> <p>Our sustainable palm roadmap to 2025 clearly defines the targets to be achieved each year, which sites need to undertake RSPO certification and which raw materials containing palm oil need to be converted to be RSPO certified.</p> <p>For example, the associated plans for audits and costs for raw material and certification are included in the annual organisation’s 3yr long-term planning (LTP) cycle.</p> <p>Where we have identified an opportunity for making on-pack claims for potential differentiation in the market, the same is communicated to the sales and marketing functions to build it in their LTP cycle & strategic brand lifecycle.</p>
Financial planning	Yes, forests-related issues are integrated	5-10	<p>Our sustainable roadmap also provides guidance to which raw materials and sites require undergoing certification for every year until 2025 when we target to use 100% RSPO sustainable palm oil.</p> <p>We use this information to inform the annual budgeting and long-term planning (LTP) processes of potential costs from palm oil sustainability, primarily driven by the raw material and site certifications.</p>

F6. Implementation

F6.1

(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Palm oil

Type of target

Traceability

Description of target

We have a target to have 100% of our global palm oil as RSPO sustainable. This covers pure palm oil as well as palm oil derivatives purchased as part of ingredients. Our primary objective is to achieve this through physical certification using the RSPO Segregated and Mass Balance modules. Where physically certified product isn't available in the market or the supply chain is not RSPO-certified, we will use RSPO credits (Book & Claim) until when the physically certified material is available.

Linked commitment

No conversion of natural ecosystems

Traceability point

Mill

Third-party certification scheme

Start year

2018

Target year

2025

Quantitative metric

Target (number)

Target (%)

100

% of target achieved

100

Please explain

100% of our palm is now RSPO sustainable. This has been met due to 85% of the palm oil is physically certified through RSPO's Segregated and Mass Balance modules and 15% through RSPO's Credits via Book & Claim module.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Description of traceability system	Exclusions
Palm oil	Yes	We use the Supplier-based traceability system to trace source to country or municipality of origin, refineries and/or mills. During the reporting year, McCormick were able to trace the Palm Oil consumption back to the country of origin and jurisdiction. McCormick is able to do this because all RSPO-Certified palm oil raw material is uniquely coded and this information is integrated in the Enterprise Production Management System	Not applicable
Soy	Yes	We use our product quality approval system to trace the country of origin of soy through our first-tier suppliers. For countries potentially subject to deforestation risks (Brazil etc.), they have also provided written statements and certifications that the soy did not originate from areas of deforestation in these countries. Soy production does not represent a material risk to McCormick as less than 5% is sourced from outside North America	Not applicable

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Palm oil	Country	100
Palm oil	Municipality or equivalent	90
Palm oil	Mill	20
Soy	Country	100

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Palm oil	Yes	100
Soy	No, we have not adopted any third-party certification schemes for this commodity	

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Segregated

Chain-of-custody model used

% of total production/consumption volume certified

2

Form of commodity

Refined palm oil

Volume of production/ consumption certified

93

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

We have converted the main palm oil used in EMEA to RSPO Segregated. Our ambition is to use Segregated Palm Oil but availability is limited

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Mass Balance

Chain-of-custody model used

% of total production/consumption volume certified

83

Form of commodity

Refined palm oil

Palm oil derivatives

Palm kernel oil derivatives

Volume of production/ consumption certified

4,558

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

This is the most widely available chain of custody model for sustainable palm oil. Our ambition is to convert and upgrade to a segregated model as and when product is available.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Credits/Book & Claim

Chain-of-custody model used

% of total production/consumption volume certified

15

Form of commodity

Palm oil derivatives

Palm kernel oil derivatives

Volume of production/ consumption certified

810

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

This is another available chain of custody model for sustainable palm oil that McCormick uses.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

	A system to control, monitor or verify compliance	Comment
Palm oil	Yes, we have a system in place for our no conversion and/or deforestation commitments	
Soy	No, but we plan to develop one within the next two years	There is currently no conversion or deforestation commitments in place for Soy.

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity

Palm oil

Operational coverage

Direct operations
Supply chain

Description of control systems

All physically RSPO-certified palm oil raw materials are uniquely coded and named as per RSPO regulations for supply chain certification. This is integrated in the Enterprise Resource Planning (ERP) system. If there is any change in the supply chain certification which by default means a change to the commitment to no conversion or deforestation, a non-compliance is raised as per the site's Palm Oil Sustainability Procedure and appropriate escalation made to the supplier and to RSPO if necessary.

Monitoring and verification approach

Third-party verification

% of total volume in compliance

100%

% of total suppliers in compliance

100%

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance
 Providing information on appropriate actions that can be taken to address non-compliance

Please explain

RSPO certification provides assurance that any product identified and declared as certified carries the certification in the entire supply chain from the mill or plantation. Palm oil producers are certified through strict verification of the production process to the stringent RSPO Principles & Criteria for Sustainable Palm Oil Production by accredited Certifying Bodies and can be withdrawn at any time in case of infringement of the rules and standards. All organisations in the supply chain that use RSPO certified sustainable oil products are audited to prevent overselling and mixing palm oil with conventional (or non-sustainable) oil palm products. These organisations can claim the use of RSPO certified sustainable oil palm products “on pack” by using the RSPO Trademark.

For compliance, all of our palm oil is RSPO sustainable. Where certified product is available, we have purchased either RSPO segregated or Mass Balance palm oil from our suppliers. Annually, We review where sustainable product is not available in the market to check availability and if necessary, purchase RSPO credits on behalf of the organisation and relevant palm oil supply chain. In cases where suppliers are not capable of supplying certified products, we look for alternative suppliers or in extreme circumstances, look for an alternative, certified product specification.

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

	Assess legal compliance with forest regulations	Comment
Palm oil	Yes, from suppliers	

Soy	No, we do not assess legal compliance	McCormick do not directly assess legal compliance for the Soy that we consume . However, our agricultural suppliers are required to comply with all applicable local, national, and international laws, regulations, and standards covering the social, environmental, and governance aspects of agricultural production. Where such laws are absent or in conflict, we expect farmers in our supply chain to adopt the highest level of compliance that is practicable given their particular circumstances (location, size, type of crop).
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F6.6a

(F6.6a) For you disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Palm oil

Procedure to ensure legal compliance

We have a strategic plan to track and action suppliers with high social responsibility risk by ensuring compliance to labor, environmental, and ethical standards, as defined in the McCormick Global Supplier Code of Conduct. We define these risks using the Department of Labor Watch List for goods that are relevant to our business. We also utilize the SEDEX Guide to Risk Assessment Tool as an additional process. This then correlates with the ethical data platform – known as Sedex Advance, which is one of the largest collaborative platforms in the world for buyers, suppliers and auditors to store, share and report on supply chain information. We use this platform and the SMETA audit to ascertain the level of compliance of all of our Tier 1 critical suppliers. In addition to SEDEX ADVANCE and SMETA, we have built an internal comprehensive compliance platform tool to use to further assess our suppliers to provide benchmark data to ascertain % improvement year over year. This information is captured and is used as a performance improvement measure. This tool enhances our understanding and action program for suppliers showing any non-conformances in their audit results as well as track all corrective actions. We require that all critical suppliers repeat their SMETA audits every three years and that any non-compliances are corrected per audit policy re timing.

Country/Area of origin

Indonesia
Malaysia

Law and/or mandatory standard(s)

Other, please specify
SMETA (Sedex Members Ethical Trade Audit Best Practice Guidance)

Comment

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Please explain
Palm oil	Not applicable	<p>At McCormick, we acknowledge that while smallholders' farmlands are small compared to industrial plantations, they account for approximately 40% of total global palm oil production annually. Smallholders are farmers who grow oil palm, alongside with subsistence crops, where the family provides the majority of labour and the farm provides the principal source of income, and the planted oil palm area are is less than 50 hectares.</p> <p>McCormick acknowledges that supporting these smallholders could contribute to making the palm oil industry more sustainable. However, with McCormick being at the end of the palm oil supply chain means that we have no direct influence over the choices and practises that smallholders implement to produce their palm oil, and therefore smallholders are not relevant for the McCormick business model.</p> <p>We now have 100% of our palm as RSPO sustainable, 15% of it coming via RSPO Credits. We are aware that RSPO credits are supplied by mills, palm kernel crushers and independent smallholders to allow for a diverse supply base with different characteristics.</p> <p>By being an ordinary member of RSPO, McCormick supports RSPO Smallholder Strategy, by working with smallholders to improve their organization and tools to increase their yields as well as support adoption of better management practices, including improved environmental and social performance.</p> <p>We would also expect as part of this strategy that the smallholders that produced the RSPO-certified palm oil we purchase to adhere to the core sustainability requirements of the NDPE, which covers No Deforestation, No Peat, No Exploitation (NDPE).</p>
Soy	Not applicable	<p>At McCormick, 96% of our soy is used and sourced from the United States. Most soybean production in North America operates on an industrial scale, meaning an immaterial proportion of our Soy would be produced by smallholders. We do not currently work with soy producing smallholders but we acknowledge the good agricultural practices and innovative technology that US soybean farmers are using through</p>

		schemes such as the Sustainable Soybean Assurance Protocol (SSAP) to ensure soy production becomes more sustainable.
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F6.8

(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Palm oil	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Supplier audits Offering on-site training and technical assistance Disseminating technical materials Paying higher prices linked to best agricultural practices	100%	In 2020, we reached out to all our direct suppliers of palm oil or palm oil derivatives in North America, EMEA and APZ with a palm oil supply chain mapping template. The suppliers reported the palm oil content of the raw material they supplied, the type of palm oil, status of the supplying site and the raw material certification. We encountered a number of suppliers who did not quite understand the RSPO certification and we provided guidance to a few suppliers on what they needed to do with regards to certification and compliance. One supplier to EMEA was supplying sustainable product but the product was deemed non-compliant by McCormick. The palm oil sustainability team and the supplier quality team had calls with the supplier to educate them on the interpretation of the RSPO standard requirements on supply chain certification. Subsequently and after a few documentation changes, the product was approved and supplied as RSPO

					certified to our UK site. For materials that McCormick considers priority for certification but the suppliers are either not ready or willing, McCormick is openly discussing the increased price paid as incentive to get the suppliers convert to RSPO certified product.
Soy	No, not working with direct suppliers				96% of our soy is used and sourced in North America and forest-related risks assessed to be very low.

F6.9

(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Palm oil	Yes, working beyond first tier	Supply chain mapping	Other, please specify Supplier Code of Conduct	<p>With our commitment to have 100% of our palm oil RSPO sustainable by 2025, we will indirectly influence beyond the first tier suppliers because the certification requires this for the entire supply chain. Therefore when we demand certified products, every player in the value chain will need to be RSPO certified, thus mitigating deforestation risks linked to palm oil.</p> <p>Another route through which we influence beyond first tier suppliers is via the Global Supplier Code of Conduct. In it, we expect our first-tier suppliers to be responsible for ensuring that their own suppliers comply with the Supplier Code of Conduct. This expectation covers all suppliers that provide materials or services in the manufacture, processing, and/or production of products provided by suppliers to McCormick. We may conduct audits and inspections of first-tier</p>

				<p>supplier's records in respect of its suppliers. At McCormick, we expect first-tier suppliers to apply similar standards to their own suppliers and subcontractors by communicating the expectations contained in the Global Supplier Code of Conduct and hold them accountable as well. McCormick also reserves the right to terminate the relationship with any first-tier supplier and/or facility that does not comply with this Code of Conduct.</p>
Soy	Yes, working beyond first tier	Other	Other, please specify Supplier Code of Conduct	<p>One way through which we influence beyond first tier suppliers is via the Global Supplier Code of Conduct. Through doing so, we expect our first-tier suppliers to be responsible for ensuring that their own suppliers comply with the Supplier Code of Conduct. This expectation covers all suppliers that provide materials or services in the manufacture, processing, and/or production of products provided by suppliers to McCormick. We may conduct audits and inspections of first-tier supplier's records in respect of its suppliers.</p> <p>At McCormick, we expect first-tier suppliers to apply similar standards to their own suppliers and subcontractors by communicating the expectations contained in the Global Supplier Code of Conduct and hold them accountable as well. McCormick also reserves the right to terminate the relationship with any first-tier supplier and/or facility that does not comply with this Code of Conduct.</p>

F6.10

(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

UN Global Compact
Roundtable on Sustainable Palm Oil (RSPO)

Jurisdictional approaches

Please explain

We are an ordinary member of the RSPO, the highest membership level. Ordinary members have the right to vote at each meeting of the RSPO General Assembly and access to all RSPO information. Ordinary members or their representatives are eligible for election to the Executive Board by their respective sectors. They can participate in any of the meetings of the General Assembly and Working Groups. As a purchaser of RSPO certified palm oil, our suppliers conform to the RSPO jurisdictional approach to certification.

We are also member of the Consumer Goods Forum (CGF) - Environmental and Social Sustainability Committee. This group is working on Sustainable Palm Oil initiatives from an industry perspective.

Forest risk commodity

Soy

Do you participate in activities/initiatives?

No

Activities

Initiatives

Jurisdictional approaches

Please explain

Our exposure to deforestation risk related to Soy is very small as 95% of our soy is used and sourced in North America.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Initiatives

Jurisdictional approaches

Please explain

We are a member of the Consumer Goods Forum (CGF) - Environmental and Social Sustainability Committee. This group is working on Sustainable Palm Oil initiatives from an industry perspective.

F6.11

(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

Yes

F6.11a

(F6.11a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Forest ecosystem restoration

Primary motivation

Voluntary

Description of project

The Mafatoky Sustainable Vanilla for People and Nature (SVPN) is a public-private partnership under USAID's Global Development Alliance (GDA) mechanism that provides a proven framework for vanilla producers through cooperative incentives and ensures sustainably increasing rural farmer incomes, biodiversity conservation, agroforestry, land-use planning, reforestation, and carbon sequestration while reducing and avoiding greenhouse gas (GHG) emissions. SVPN is a collaborative effort between NCBA CLUSA and McCormick, within the Andapa district of the Sava Region. SVPN activities are framed by the USAID-Madagascar CCP that supports the protection of Madagascar's natural capital, a fundamental component of the country's sustainable

development, through improved conservation of the country's unique biodiversity (Nature), promotion of resilient livelihoods to provide alternatives to unsustainable natural resource management practices (Wealth), and concrete actions to secure effective local management and ownership of natural resources (Power).

Start year

2020

Target year

2022

Project area to date (Hectares)

1,378

Project area in the target year (Hectares)

2,700

Country/Area

Madagascar

Latitude

-14.38223

Longitude

49.51561

Monitoring frequency

Six-monthly or more frequently

Measured outcomes to date

Biodiversity

Carbon sequestration

Please explain

Measurement for Biodiversity is "Number of hectares of biologically significant areas under improved natural resource management."

Carbon Sequestration is being measured by: "Greenhouse Gas Emissions, estimated MT of CO2 equivalent, reduced, sequestered or avoided through sustainable landscapes activities supported by US Government assistance."

Results of the program are likely to be published by USAID.

Project reference

Project 2

Project type

Forest ecosystem restoration

Primary motivation

Voluntary

Description of project

United States Agency for International Development (USAID) Mikajy is a five-year activity in Madagascar to advance biodiversity conservation in forest and coastal ecosystems, strengthen natural resource management and land tenure security among vulnerable populations, and promote sustainable economic growth in rural communities. USAID Mikajy is collaborating with McCormick to foster sustainable and inclusive economic growth by linking biodiversity conservation and improved natural resource management with sustainable livelihood development. Madagascar is a hotspot of global biodiversity with a high proportion of endemic plant and animal species. Despite the expansion of Madagascar's protected area (PA) system and a robust legal framework for environmental protection, the country's biodiversity is threatened by habitat loss; unsustainable harvesting of fisheries, timber, and wildlife; and the breakdown of both traditional and government resource governance. In the last decade, political instability and stagnant economic growth have exacerbated these threats.

Start year

2018

Target year

2023

Project area to date (Hectares)

261,386

Project area in the target year (Hectares)

624,658

Country/Area

Madagascar

Latitude

-15.4312

Longitude

49.72096

Monitoring frequency

Annually

Measured outcomes to date

Biodiversity

Please explain

Measurement for Biodiversity is "Number of hectares of biologically significant areas under improved natural resource management." and "Number of hectares of biologically significant areas under improved biophysical conditions."

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

No, we are waiting for more mature verification standards/processes

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Palm oil

Coverage

Direct operations

Supply chain

Primary barrier/challenge type

Limited availability of certified materials

Comment

Limited global supply of RSPO-certified palm oil derivatives

Forest risk commodity

Soy

Coverage

Direct operations

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

We are currently in the process of mapping soy usage within McCormick by end of 2021

F8.2

(F8.2) Describe the main measures that would improve your organization’s ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Palm oil

Coverage

Direct operations

Main measure

Improved data collection and quality

Comment

Forest risk commodity

Soy

Coverage

Direct operations

Main measure

Improved data collection and quality

Comment

F17 Signoff

F-FI

(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

Disclaimer: In this CDP submission, any use of the terms “material,” “materiality,” “immaterial,” “substantive,” “critical” and other similar terminology refers to topics that reflect McCormick’s significant economic, environmental and social impacts or to topics that substantially influence the assessments and decisions of stakeholders in what the CDP may consider to be “material” or “substantive” topics. McCormick does not use these terms as they have been defined by or construed in accordance with the securities laws or any other laws of the United States or any other jurisdiction, or as these terms are used in the context of financial statements and financial

reporting. No communication in this submission or other sustainability statements are intended to be construed to indicate otherwise.

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
Row 1	VP, Global Strategic Procurement	Chief Procurement Officer (CPO)

SF. Supply chain module

SF0.1

(SF0.1) What is your organization’s annual revenue for the reporting period?

	Annual revenue
Row 1	5,600,000,000

SF0.2

(SF0.2) Do you have an ISIN for your organization that you are willing to share with CDP?

Yes

SF0.2a

(SF0.2a) Please share your ISIN in the table below.

	ISIN country code	ISIN numeric identifier (including single check digit)
Row 1	US	5797802064

SF1.1

(SF1.1) In F6.3 you were asked “Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption”. Can you also indicate, for each of your disclosed commodity(ies), the percentage of certified volume sold to each requesting CDP supply chain member?

Yes

SF1.1a

(SF1.1a) For each of your requesting CDP supply chain members, indicate the percentage of certified volume sold per disclosed commodity(ies).

Requesting member

McDonald's Corporation

Forest risk commodity

Palm oil

Form of commodity

Refined palm oil

Palm oil derivatives

Palm kernel oil derivatives

Third-party certification scheme

RSPO Mass Balance

Total volume of commodity sold to member

178

Metric

Metric tons

What % of the volume reported in column 5 is certified?

91-99%

Comment

99% of the palm oil in McDonald's products is Mass Balance certified. The balance is certified under RSPO Book and Claim.

Requesting member

McDonald's Corporation

Forest risk commodity

Palm oil

Form of commodity

Palm oil derivatives

Palm kernel oil derivatives

Third-party certification scheme

RSPO Book and Claim

Total volume of commodity sold to member

1.8

Metric

Metric tons

What % of the volume reported in column 5 is certified?

<10%

Comment

1% of the palm oil in McDonald's products is RSPO Book & Claim certified. The majority of the palm oil (99%) is Mass Balance certified

SF2.1

(SF2.1) Please propose any mutually beneficial forests-related projects you could collaborate on with specific CDP supply chain members.

SF2.2

(SF2.2) Have requests or initiatives by CDP supply chain members prompted your organization to take organizational-level action to reduce or remove deforestation/forest degradation from your operations or your supply chain?

No

SF3.1

(SF3.1) For your disclosed commodity(ies), do you estimate the GHG emission reductions and/or removals from land use and land use change that have occurred in your direct operations and/or supply chain?

Palm oil

Estimate GHG emissions and removals from land use and land use change

No

Please explain

Soy

Estimate GHG emissions and removals from land use and land use change

No

Please explain

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain questions?
I am submitting my response	Investors Customers	Public	Yes, I will submit the Supply Chain questions now

Please confirm below

I have read and accept the applicable Terms