28/07/2022 15:33

Welcome to your CDP Water Security Questionnaire 2022

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

McCormick & Company, Incorporated (McCormick) is a global leader in flavor. With over $6 billion in annual sales across 170 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. Our most popular brands with trademark registrations include McCormick, French's, Frank's RedHot, Stubb's, OLD BAY, Lawry's, Zatarain's, Ducros, Vahiné, Cholula, Schwartz, Kamis, DaQiao, Club House, Aeroplane and Gourmet Garden. Every day, no matter where or what you eat or drink, you can enjoy food flavored by McCormick. Founded in 1889 and headquartered in Hunt Valley, Maryland USA, McCormick is guided by our principles and committed to our Purpose – To Stand Together for the Future of Flavor. McCormick envisions A World United by Flavor where healthy, sustainable and delicious go hand in hand.
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.
McCormick's responses in this Questionnaire may contain forward-looking statements that involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements are not guarantees of future performance and the Company's actual results may differ significantly from the results discussed in the forward-looking statements. McCormick assumes no obligation to revise or update any information included in this Questionnaire.

W-FB0.1a

(W-FB0.1a) Which activities in the food, beverage, and tobacco sector does your organization engage in?

Processing/Manufacturing

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	December 1, 2020	November 30, 2021

W0.3

(W0.3) Select the countries/areas in which you operate.

Australia
Canada
China
El Salvador
France
India
Italy
Mexico
Poland
Portugal
South Africa
Thailand
Turkey
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
Facilities which use less than 500,000 gallons (1,900 m3) per year.	Water usage facilities are excluded which use less than 0.25% of McCormick's total water use per year. We believe the total number of excluded facilities are also insignificant and does not have a significant impact on the overall water usage.

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, an ISIN code	MKC-V: US5797801074 MKC: US5797802064
Yes, a CUSIP number	MKC-V: 579780107 MKC: 579780206
Yes, a Ticker symbol	MKC-V MKC
Yes, a SEDOL code	MKC-V: N/A MKC: 2550161

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	For our direct use sufficient amounts 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. McCormick's direct operations however are not water intensive, therefore this is not considered very important as we are not a large consumer of water. For our indirect use (supply chain – scope 3) sufficient amounts of good quality water are required to grow the agricultural raw materials we source. We are continuing to work with farmers to reduce the amount of water required to grow crops. We have partnered with drip irrigation providers to supply farmers with modern irrigation systems at a subsidized rate. Overall, this was viewed as important instead of very important. While it is considered very important at some sites, it is not an issue at many sites therefore overall we consider this important. We do not believe this is likely to change in the next five years.
Sufficient amounts of recycled, brackish and/or produced water available for use	Not very important	Not very important	The majority of the water we use in manufacturing (direct use) is for cleaning of food processing equipment and as an ingredient in some of our products. Recycled and brackish water is not feasible for this purpose. This is considered not very important because we cannot use brackish or recycled water. McCormick does not believe this is important for the sourcing of our agricultural raw materials (indirect use). We do not believe this is likely to change in the next five years.

W-FB1.1a

(W-FB1.1a) Which water-intensive agricultural commodities that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.

Agricultural commodities	% of revenue dependent on these agricultural commodities	Produced and/or sourced	Please explain
Palm oil	Less than 10%	Sourced	The percent revenue for this commodity is less than 10%.
Rice	Less than 10%	Sourced	The percent revenue for this commodity is less than 10%.
Soy	Less than 10%	Sourced	The percent revenue for this commodity is less than 10%.
Other, please specify Black Pepper	Don't know	Sourced	Black Pepper is one of McCormick's five iconic ingredients and represents the greatest percentage of the herbs and spices portfolio in terms of volume procured annually. Black Pepper is included in varying amounts in McCormick's product portfolio, and we do not have a figure on the % of revenue dependent on this agricultural commodity.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	The reason we monitor water at our facilities is so that we know how much water we are using as an organization. Water usage facilities are excluded which use less than 0.25% of McCormick's total water use per year. We believe the total number of excluded facilities are also insignificant and does not have a significant impact on the overall water usage. McCormick defines facilities as any manufacturing plants, distribution centers and office buildings.
Water withdrawals – volumes by source	100%	The reason we monitor this is to know which facilities are dependent on ground water. A majority of our operations obtain water from municipal supplies. Immaterial water usage facilities are excluded which use less than

		0.25% of McCormick's total water use per year. We believe the total number of excluded facilities are also insignificant and does not have a significant impact on the overall water usage. McCormick defines facilities as any manufacturing plants, distribution centers and office buildings.
Water withdrawals quality	100%	As a food company the quality of the water coming into the facility is very important. Immaterial water usage facilities are excluded which use less than 0.25% of McCormick's total water use per year. We believe the total number of excluded facilities are also insignificant and does not have a significant impact on the overall water usage. McCormick defines facilities as any manufacturing plants, distribution centers and office buildings.
Water discharges – total volumes	100%	McCormick have estimated water discharge in 2021 for our facilities. Discharge is equal to Withdrawal - Consumption. Immaterial water usage facilities are excluded which use less than 0.25% of McCormick's total water use per year. We believe the total number of excluded facilities are also insignificant and does not have a significant impact on the overall water usage. McCormick defines facilities as any manufacturing plants, distribution centers and office buildings.
Water discharges – volumes by destination	100%	Estimated discharge volumes have been assigned to known discharge destinations to calculate discharge by destination. Immaterial water usage facilities are excluded which use less than 0.25% of McCormick's total water use per year. We believe the total number of excluded facilities are also insignificant and does not have a significant impact on the overall water usage. McCormick defines facilities as any manufacturing plants, distribution centers and office buildings.
Water discharges – volumes by treatment method	100%	The treatment methods are important to ensure the correct treatment systems are in place as needed to properly treat our water before discharge. Immaterial water usage facilities are excluded which use less than 0.25% of

		McCormick's total water use per year. We believe the total number of excluded facilities are also insignificant and does not have a significant impact on the overall water usage. McCormick defines facilities as any manufacturing plants, distribution centers and office buildings.
Water discharge quality – by standard effluent parameters	100%	The water discharge quality is important to know as part of our environmental management program to ensure we are in compliance. Immaterial water usage facilities are excluded which use less than 0.25% of McCormick's total water use per year. We believe the total number of excluded facilities are also insignificant and does not have a significant impact on the overall water usage. McCormick defines facilities as any manufacturing plants, distribution centers and office buildings.
Water discharge quality – temperature	1-25	The destination of water temperature is important to know as part of our environmental management program to ensure we are in compliance. The majority of McCormick's facilities discharge to municipal treatment systems for further treatment and in those cases temperature is not as critical as direct discharge to a receiving body of water.
Water consumption – total volume	100%	Consumption was estimated using the percentage of water in products and total volumes. Discharge is equal to Withdrawal - Consumption. Immaterial water usage facilities are excluded which use less than 0.25% of McCormick's total water use per year. We believe the total number of excluded facilities are also insignificant and does not have a significant impact on the overall water usage. McCormick defines facilities as any manufacturing plants, distribution centers and office buildings.
Water recycled/reused	Not monitored	This is not monitored. The majority of the water we use in manufacturing (direct use) is for cleaning of food processing equipment and as an ingredient in some of our products. Recycled water is not feasible for this purpose.

The provision of fully-functioning, safely managed WASH services to all workers	100%	It is important that McCormick provide adequate water and sanitation at our facilities.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	2,443	Higher	The water withdrawals have increased by 9% from 2020 to 2021. Water withdrawals are not expected to change significantly in the future, as there are many variables which impact water withdrawals, such as length of production runs and changeovers which are not expected to change.
Total discharges	2,236	Higher	Discharge is equal to Withdrawal - Consumption. Discharge has increased by 4% from 2020 to 2021. This is mainly due to an increase in total water withdrawal.
Total consumption	206	Higher	McCormick's water consumption reported covers the water which is present in its products. Consumption has increased from 2020 to 2021 since the estimation methodology was updated to include water in products produced in facilities other than condiment plants.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	26-50	About the same	WRI Aqueduct	McCormick use the WRI Aqueduct tool to understand how our facilities relate to areas

					of water stress. This was used to determine which sites are in water stressed areas, to improve our internal understanding of water risks. Water stress is defined by the WRI Aqueduct tool as the ratio of total water withdrawals to the available renewable surface and groundwater. The percentage of facilities in areas of water stress remained about the same at 36%.

W-FB1.2e

(W-FB1.2e) For each commodity reported in question W-FB1.1a, do you know the proportion that is produced/sourced from areas with water stress?

Agricultural commodities	The proportion of this commodity produced in areas with water stress is known	The proportion of this commodity sourced from areas with water stress is known	Please explain
Palm oil	Not applicable	Yes	McCormick sources 80% of our palm from the Indonesian states of Kuala Tanjung, Pulo Gadung, Paya Pasir, Bitung and Padang and 10% from the Malaysian states of Bintulu, Pasir Gudang, Butterworth and Lahad Datu which are not areas of water stress. The source of the remaining 10% is unknown.
Rice	Not applicable	No, we do not have this data and have no plans to obtain it	This commodity is not a short term focus in this area due to other strategic raw materials objectives from a global sourcing standpoint.
Soy	Not applicable	Yes	McCormick sources 30% of their soy from Iowa and Pennsylvania in the United States and 28% from Shenzen in China, these regions are not areas of water stress. 40% of McCormick's soy comes from Puantarenas in Costa Rica which is a region of low to medium water stress.

			The source of the remaining 4% is not clearly defined.
Other commodities from W-FB1.1a, please specify Black Pepper	Not applicable	No, not currently but we intend to collect this data within the next two years	McCormick sources black pepper from suppliers in Vietnam, Brazil, India and Indonesia. We have not yet mapped these growing regions against water stressed areas.

W-FB1.2g

(W-FB1.2g) What proportion of the sourced agricultural commodities reported in W-FB1.1a originate from areas with water stress?

Agricultural commodities	% of total agricultural commodity sourced from areas with water stress	Please explain
Palm oil	0%	McCormick sources 80% of our palm from the Indonesian states of Kuala Tanjung, Pulo Gadung, Paya Pasir, Bitung and Padang and 10% from the Malaysian states of Bintulu, Pasir Gudang, Butterworth and Lahad Datu which are not areas of water stress. The source of the remaining 10% is unknown.
Soy	0%	McCormick sources 30% of our soy from Iowa and Pennsylvania in the United States and 28% from Shenzen in China, these regions are not areas of water stress. 40% of McCormick's soy comes from Puantarenas in Costa Rica which is a region of low to medium water stress. The source of the remaining 4% is not clearly defined.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	2.92	Higher	In 2020, McCormick improved its data on water, allowing for breakdowns by withdrawal source. This is relevant as one facility withdraws water from this

				category. Withdrawals have increased by 7% compared with 2020. Withdrawals from fresh surface water occurs only at one site in Australia, which is dependent on rainfall patterns.
Brackish surface water/Seawater	Not relevant			This is not applicable, as no sites withdraw brackish water or seawater.
Groundwater – renewable	Relevant	366.75	Higher	In 2020, McCormick improved its data on water, allowing for breakdowns by withdrawal source. This is relevant as five facilities withdraw water from this source. In 2021, water withdrawals from this source were 21% higher compared to 2020.
Groundwater – non-renewable	Not relevant			This is not applicable, as no sites withdraw ground water from non – renewable sources.
Produced/Entrained water	Not relevant			This is not applicable, as no sites withdraw produced/entrained water.
Third party sources	Relevant	2,073.13	Higher	In 2020, McCormick improved its data on water, allowing for breakdowns by withdrawal source. This is relevant as a majority of facilities withdraw water from municipal supplies. In 2021, water withdrawals from this source were 7.6% higher than in 2020.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain

Fresh surface water	Relevant	145.71	Lower	In 2020, McCormick improved its data on water, allowing for breakdowns by discharge destination. This is a relevant as two facilities discharge to surface water. In 2021, this was 5% lower than in 2020.
Brackish surface water/seawater	Not relevant			This is not applicable, as no sites discharge to brackish water or seawater.
Groundwater	Not relevant			This is not applicable, as no sites discharge to ground water.
Third-party destinations	Relevant	2,090.79	Higher	In 2020, McCormick improved its data on water, allowing for breakdowns by discharge destination. This is relevant as a majority of our facilities discharge to third party destinations. This increased by 5% in 2021 compared with 2020.

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Not relevant				McCormick discharges do not require tertiary treatment processes.
Secondary treatment	Relevant	7	Much lower	1-10	PH adjustment and dissolved air flotation

					treatment occurs at several sites which go on to municipal treatment to remove fats, oil and grease.
Primary treatment only	Relevant	1,954	Lower	51-60	PH control measures are done before sending on to municipal treatment.
Discharge to the natural environment without treatment	Not relevant				McCormick does not discharge to our surrounding natural environment without treatment.
Discharge to a third party without treatment	Relevant	275	About the same	31-40	Remaining water discharge is sent via municipal water systems to third party treatment plants.
Other	Not relevant				McCormick is not aware of water discharge from our facilities not covered by the above.

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	6,317,900,000	2,443	2,586,123.61850184	We anticipate that the forward trend is will be downward for water efficiency as McCormick has made progress against our water efficiency goal for 2030.

W-FB1.3

(W-FB1.3) Do you collect/calculate water intensity for each commodity reported in question W-FB1.1a?

Agricultural commodities	Water intensity information for this produced commodity is collected/calculated	Water intensity information for this sourced commodity is collected/calculated	Please explain
Palm oil	Not applicable	No, not currently and we have no plans to collect/calculate this data within the next two years	We do not produce this commodity.
Rice	Not applicable	No, not currently and we have no plans to collect/calculate this data within the next two years	We do not produce this commodity.
Soy	Not applicable	No, not currently and we have no plans to collect/calculate this data within the next two years	We do not produce this commodity.
Other commodities from W-FB1.1a, please specify Black Pepper	Not applicable	No, not currently and we have no plans to collect/calculate this data within the next two years	We do not produce this commodity.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

None currently, but we plan to request this within the next two years

Rationale for this coverage

The majority of water in our supply chain is used at farm level. Our direct suppliers use a limited amount of water in their facilities. Many of McCormick's spice and herb products are grown by small holder farmers, numbering in the thousands, who supply our vendors. We are working with our direct suppliers and farmers on solutions to reduce and track water usage. Our aim is to introduce sustainability certification, including Rainforest Alliance, across our branded iconics (black pepper, cinnamon, oregano, red pepper and vanilla) by 2025. These standards specify that the farm must have a water conservation program that ensures the rational use of water resources. It must consider water re circulation and reuse, maintenance of the water distribution network and the minimizing of water use. The farm must keep an inventory and indicate on a map the surface and underground water sources found on the property. The farm must record the annual water volume and consumption from these sources.

Comment

These standards ensure that water is managed at farm level. Hectares of land certified by a third party is how we measure success. The more farmers sustainably certified, the more successful our farmers are at understanding and managing their water use sustainably. Third party verified sustainability certifications require farmers to adhere to critical water standards. This allows us to understand any water-related risks in our supply chain.

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Incentivizing for improved water management and stewardship

Details of engagement

Offer financial incentives to suppliers improving water management and stewardship across their own operations and supply chain

% of suppliers by number

Less than 1%

% of total procurement spend

Unknown

Rationale for the coverage of your engagement

We are continuing to work on and fund a number of sustainability initiatives with our suppliers and other strategic partners to assist farmers in implementing better agricultural practices across our top five iconic supply chains (black pepper, cinnamon, red pepper, oregano and vanilla), including water management. These include farmer training and education, increasing the awareness and uptake of sustainability certification , working with Government and Centers of Education in research and development and introducing technology to efficiently manage water usage. This is aligned with McCormick's goal to sustainably source 100% of our branded iconic raw materials by 2025.

Impact of the engagement and measures of success

Training farmers to implement sustainability standards, including a water management and tracking program. Farms will be audited by a third party and success will be measured by the awarding of certification to the farm. Our JV in India has supported red pepper farmers in implementing drip and mulch practices on 2,573 acres of land and this saves up to 9,200 million litres of water annually.

Comment

McCormick incentivizes suppliers by providing funding for farmer training and other farm-level initiatives.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W-FB3.1

(W-FB3.1) How does your organization identify and classify potential water pollutants associated with its food, beverage, and tobacco sector activities that could have a detrimental impact on water ecosystems or human health?

McCormick has an environmental policy which commits the company to complying with relevant environmental legal requirements, pollution prevention and continuous improvement. There is an environmental management system which applies to our manufacturing facilities that requires proper management of our environmental aspects. This includes waste water discharge. There are global waste water treatment design and monitoring standards which apply to facilities which require more sophisticated waste water treatment systems. There is a global environmental assessment program to ensure facilities meet the McCormick requirements and a scoring system which identified gaps were facilities need additional improvement. The assessment program consists of a detailed protocol which includes checking of the elements of the management system, compliance with regulatory requirements, our effluent design standards and effluent monitoring program. The types of pollutants McCormick discharges in general consist of oil and grease, total suspended solids and Biological Oxygen Demand (BOD) containing waste water. For instance, for our own facilities which use biological treatment, we have a an effluent design standard of 30 mg /l BODS, or 30 mg/l TSS. This varies by site depending upon the products made and some may only generate sanitary waste water. The required waste water treatment systems will vary based on the type of waste water generated and the availability of a municipal treatment system. In some cases, sites will do some level of pre-treatment prior to discharge to municipal treatment. A new wastewater treatment systems installed at our Peterborough, UK facility will help us to manage our wastewater more effectively. We have comprehensive wastewater effluent monitoring programs at our McKutas facility in Izmir, Turkey; McPesa in Mexico City, Mexico; Stefanowo, Poland; Wuhan, Shanghai and Guangzhou, China; Hunt Valley, Maryland, U.S., and Clayton, Australia, ensure compliance and result in efficient and proper operation of our wastewater treatment systems.

McCormick expects our agricultural suppliers to continuously improve their water use efficiency and conservation through better management and, where applicable, to develop water management plans and investment in technologies to support responsible water use. We also expect our agricultural suppliers to acknowledge, understand and manage the impacts their crop production has on watersheds, water availability and quality for local communities. 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.

McCormick has commissioned WWF to conduct Supply Risk Analyses across the five iconic supply chains to evaluate risks and potential impacts associated with the production of specific commodities in specific regions. This includes an indicator for water pollution, which is calculated using the WWF Water Risk Filter’s Commodity Water Risk Assessment Tool. The tool provides a score out of five for water contamination risk, with a lower score indicating a lower risk.

W-FB3.1a

(W-FB3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your food, beverage, and tobacco sector activities.

Potential water pollutant

Fertilizers

Activity/value chain stage

Agriculture – supply chain

Description of water pollutant and potential impacts

Excessive nutrients in some fertilizers can cause eutrophication. This can cause an algal bloom and/or the dense growth of other aquatic plants which can deplete the water of oxygen and subsequently result in the death of animal life.

Management procedures

Fertilizer management

Please explain

McCormick is working with partners towards third-party verified sustainability certifications for the five iconic herbs and spices in their supply chain. Implementing these standards requires a farm level management system that includes avoiding fertilizer run-off. Specifically, farms must apply fertilizers precisely to make nutrients available when and where crops need them and to minimize loss to or contamination of the environment. Successful management is measured through the number of hectares of land compliant with third-party verified sustainability standards.

Potential water pollutant

Pesticides and other agrochemical products

Activity/value chain stage

Agriculture – supply chain

Description of water pollutant and potential impacts

Excessive use of crop protection and other agrochemicals can result in the contamination of natural bodies of water. Depending on the type of chemical used, the toxicity may cause the death of non-targeted organisms.

Management procedures

Pesticide management
Substitution of pesticides for less toxic or environmentally hazardous alternatives
Follow regulation standards

Please explain

McCormick is working with partners towards third-party verified sustainability certifications for the five iconic herbs and spices in their supply chain. Implementing Sustainable Agriculture Network (SAN) and other standards requires a farm level management system that includes an Integrated Pest Management program to keep

pesticides and other interventions to levels that are economically justified and reduce or minimize risks to human health and the environment. All users must receive pesticide risk training, and all inputs must be effectively managed. Successful management is measured through the number of hectares of land compliant with third-party verified sustainability standards.

Potential water pollutant

Other, please specify

Waste water from manufacturing sites

Activity/value chain stage

Manufacturing – direct operations

Description of water pollutant and potential impacts

McCormick generates waste water primarily from the wet cleaning of food manufacturing equipment. The types of pollutants McCormick discharges in general consist of oil and grease, total suspended solids and BOD containing waste water. This varies by site depending upon the products made and some may only generate sanitary waste water. The required waste water treatment systems will vary based on the type of waste water generated and the availability of a municipal treatment system. In some cases, sites will do some level of pre-treatment prior to discharge to municipal treatment. The discharge of untreated waste water would be harmful due to higher levels of BOD and other pollutants.

Management procedures

Waste water management

Please explain

McCormick has an environmental policy which commits the company to complying with relevant environmental legal requirements, pollution prevention and continuous improvement. There is an environmental management system which applies to our manufacturing facilities that requires proper management of our environmental aspects. This includes waste water discharge. There are global waste water treatment design and monitoring standards which apply to facilities which require more sophisticated waste water treatment systems. There is a global environmental assessment program to ensure facilities meet the McCormick requirements and a scoring system which identified gaps were facilities need additional improvement. The assessment program consists of a detailed protocol which includes checking of the elements of the management system, compliance with regulatory requirements, our effluent design standards and effluent monitoring program. This is how successful management is measured. The types of pollutants McCormick discharges in general consist of oil and grease, total suspended solids and BOD containing waste water. This varies by site depending upon the products made and some may only generate sanitary waste water. The required waste water treatment systems will vary based on the type of waste water generated and the availability of a municipal treatment system. In some cases, sites will do some level of pre-treatment prior to discharge to municipal treatment.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

1 to 3 years

Type of tools and methods used

Tools on the market
Enterprise risk management
International methodologies and standards

Tools and methods used

WRI Aqueduct

Contextual issues considered

Water availability at a basin/catchment level

Stakeholders considered

Other, please specify

Other internal stakeholders

Comment

Value chain stage

Supply chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

Every three years or more

How far into the future are risks considered?

1 to 3 years

Type of tools and methods used

Tools on the market
Databases
Other

Tools and methods used

External consultants
Other, please specify
SEDEX and WWF

Contextual issues considered

Implications of water on your key commodities/raw materials

Stakeholders considered

Suppliers

Comment

McCormick assesses all high risk and critical tier 1 suppliers through an online ESG platform and third party audits. McCormick has commissioned WWF to provide supply chain risk assessments for our five iconics materials at field level (black pepper, cinnamon, oregano, red pepper and vanilla). These assessments include water related risk associated with specific commodities and regions.

W3.3b

(W3.3b) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

We have chosen the procedure outlined in 3.3a because it is the best available approach that we are aware of to evaluate the risk. We have chosen this level of coverage and scale based on our assessment of the risk to McCormick. The majority of our water risks are in our supply chain. We use the WRI Aqueduct model to evaluate our facilities and our Enterprise Risk Management Program for the supply chain. McCormick's Supplier Code of Conduct and Sustainable Agriculture Policy requires suppliers to abide by applicable laws including those pertaining to the environment including water requirements. Suppliers are encouraged to conserve resources, including water, and establish policies to protect the environment as appropriate. This determines which suppliers we provide assistance to in order to counteract

the issues identified. Recently we have engaged in formal partnerships to help define our long term sustainability strategy, including water footprint/risks associated with our supply chains. Although still in early stages of development we believe the outcome would allow us to engage more proactively with the different elements of our value chain insofar as water footprints / risks are concerned.

McCormick has commissioned WWF to conduct Supply Risk Analyses across the five iconic supply chains to evaluate risks and potential impacts associated with the production of specific commodities in specific regions. This includes indicators for water scarcity and pollution, which are calculated using the WWF Water Risk Filter's Commodity Water Risk Assessment Tool. For areas identified as high risk, as part of our Grown for Good framework, we request that our suppliers conduct a supply chain specific assessment and put into place a program that addresses identified gaps. Progression of implementation is then tracked and farm level audits are conducted to ensure compliance.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, only in our value chain beyond our direct operations

W4.1a

(W4.1a) 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 risks that are reasonably possible, financially significant, and are defined by an impact of $20M or more.

CDP's definition of substantive risk and our response to questions presenting "substantive" risks should not be considered to relate to matters or facts deemed "material" to reasonable investors as referred to under U.S. securities laws or similar requirements from other jurisdictions. Investors should refer to disclosures in our Annual Report on Form 10-K ("10-k") and in other filings with the US Securities and Exchange Commission, including our quarterly reports on form 10-Q and our current reports on Form 8-K, for a discussion of "material" matters.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	0	Less than 1%	Water risk screening for our facilities is determined by the WRI Aqueduct tool. While McCormick has facilities which are in areas of water stress, this does not represent a material risk to the company. Our facilities are not water intensive and in most cases water could be trucked in if unavailable. While this would be more costly it would not rise to the level of being material to the company.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

United States of America

Other, please specify

McCormick Global

Number of facilities exposed to water risk

0

% company-wide facilities this represents

Less than 1%

% company's total global revenue that could be affected

Less than 1%

Comment

Water risk screening for our facilities is determined by the WRI Aqueduct tool. While McCormick has facilities which are in areas of water stress, this does not represent a material risk to the company. Our facilities are not water intensive and in most cases water could be trucked in if unavailable. While this would be more costly it would not rise to the level of being material to the company.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Brazil
Amazonas

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Acute physical
Drought

Primary potential impact

Supply chain disruption

Company-specific description

Changes in precipitation can cause weather extremes and droughts which may affect the raw agricultural crops grown by farmers in McCormick's supply chain. For example, McCormick source black pepper from Vietnam, Brazil, Indonesia, India, which may be prone to water-related risks in the future, such as drought and water scarcity. Black pepper represents the highest volume for any herb or spice procured by McCormick. A significant percentage of this is sourced from Brazil and therefore crop failure due to drought would impact both supply availability and price.

Timeframe

1-3 years

Magnitude of potential impact

Medium-low

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

4,300,000

Potential financial impact figure - maximum (currency)

17,400,000

Explanation of financial impact

Impact is mostly in terms of yield loss and thus price hikes. Dollar impact depends on severity.

Primary response to risk

Upstream

Increase supplier diversification

Description of response

McCormick implements dual or multi-origin sourcing of its agricultural raw materials where possible. For example, black pepper is sourced from Vietnam, Brazil, Indonesia, India etc. to reduce the impact of a poor harvest in a particular region. As part of McCormick's Purpose-led Performance (PLP) strategy, we have a target to increase the resilience of 90% of smallholder farmers who grow our five iconic ingredients (black pepper, cinnamon, oregano, red pepper and vanilla). To date we have partnered in training over 20,000 smallholder farmers on Good Agricultural Practices (GAP) which teaches methods that will increase a crop's resilience to extreme weather conditions. This includes the introduction of drip irrigation systems and other water management methods.

Cost of response

3,000,000

Explanation of cost of response

This figure is our annual spend on all sustainable sourcing initiatives.

Country/Area & River basin

India

Other, please specify

We source from multiple regions

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Acute physical

Drought

Primary potential impact

Supply chain disruption

Company-specific description

Black pepper and red pepper are two of many commodities sourced from India in high volumes. Crop failure due to drought would impact both supply availability and price.

Timeframe

4-6 years

Magnitude of potential impact

Low

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

150,000

Potential financial impact figure - maximum (currency)

560,000

Explanation of financial impact

Impact is mostly in terms of yield loss and thus price hikes. Dollar impact depends on severity.

Primary response to risk

Upstream
Increase supplier diversification

Description of response

McCormick implements dual or multi-origin sourcing of its agricultural raw materials where possible. For example, black pepper is sourced from Vietnam, Brazil, Indonesia, India etc. to reduce the impact of a poor harvest in a particular region. As part of McCormick's Purpose-led Performance (PLP) strategy, we have a target to increase the resilience of 90% of smallholder farmers who grow our five iconic ingredients (black pepper, cinnamon, oregano, red pepper and vanilla). To date we have partnered in training over 20,000 smallholder farmers on Good Agricultural Practices (GAP) which teaches methods that will increase a crop's resilience to extreme weather conditions. This includes the introduction of drip irrigation systems and water management methods.

Cost of response

3,000,000

Explanation of cost of response

This figure is our annual spend on all sustainable sourcing initiatives.

Country/Area & River basin

Indonesia

Other, please specify

We source from multiple regions

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Chronic physical

Water scarcity

Primary potential impact

Supply chain disruption

Company-specific description

Black pepper, cinnamon and vanilla are sourced from Indonesia in high volumes. Crop failure due to water scarcity would impact both supply availability and price.

Timeframe

4-6 years

Magnitude of potential impact

Medium-low

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

1,900,000

Potential financial impact figure - maximum (currency)

7,700,000

Explanation of financial impact

Impact is mostly in terms of yield loss and thus price hikes. Dollar impact depends on severity.

Primary response to risk

Supplier engagement

Work with supplier to engage with local communities

Description of response

McCormick implements dual or multi-origin sourcing of its agricultural raw materials where possible. For example, black pepper is sourced from Vietnam, Brazil, Indonesia, India etc. to reduce the impact of a poor harvest in a particular region. As part of McCormick's Purpose-led Performance (PLP) strategy, we have a target to increase the

resilience of 90% of smallholder farmers who grow our five iconic ingredients (black pepper, cinnamon, oregano, red pepper and vanilla). To date we have partnered in training over 20,000 smallholder farmers on Good Agricultural Practices (GAP) which teaches methods that will increase a crop's resilience to extreme weather conditions. This includes the introduction of drip irrigation systems and water management methods.

Cost of response

3,000,000

Explanation of cost of response

This figure is our annual spend on all sustainable sourcing initiatives.

Country/Area & River basin

Viet Nam
Mekong

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Chronic physical
Water scarcity

Primary potential impact

Supply chain disruption

Company-specific description

Black pepper represents the highest volume for any herb or spice procured by McCormick. A significant percentage of this is sourced from Vietnam and therefore crop failure due to drought would impact both supply availability and price.

Timeframe

4-6 years

Magnitude of potential impact

Medium-low

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

5,000,000

Potential financial impact figure - maximum (currency)

10,000,000

Explanation of financial impact

Impact is mostly in terms of yield loss and thus price hikes. Dollar impact depends on severity.

Primary response to risk

Supplier engagement

Work with supplier to engage with local communities

Description of response

McCormick implements dual or multi-origin sourcing of its agricultural raw materials where possible. For example, black pepper is sourced from Vietnam, Brazil, Indonesia, India etc. to reduce the impact of a poor harvest in a particular region. As part of McCormick's Purpose-led Performance (PLP) strategy, we have a target to increase the resilience of 90% of smallholder farmers who grow our five iconic ingredients (black pepper, cinnamon, oregano, red pepper and vanilla). To date we have partnered in training over 20,000 smallholder farmers on Good Agricultural Practices (GAP) which teaches methods that will increase a crop's resilience to extreme weather conditions. This includes the introduction of drip irrigation systems and water management methods.

Cost of response

3,000,000

Explanation of cost of response

This figure is our annual spend on all sustainable sourcing initiatives.

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	Water risk screening for our facilities is determined by the WRI Aqueduct tool. While McCormick has facilities which are in areas of water stress, this does not represent a material risk to the company. Our facilities are not water intensive and in most cases water could be trucked in if unavailable. While this would be more costly it would not rise to the level of being material to the company. For example, our Mojave facility in the United States was identified as being a region of water stress. However, the site is near a large urban area where water is from municipal supplies, and the volumes used are not significant. Water could be trucked in if the water supply was at risk.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Resilience

Primary water-related opportunity

Increased supply chain resilience

Company-specific description & strategy to realize opportunity

McCormick's supply chain includes agricultural products sourced from over 80 countries, many of which are vulnerable to water related risks. For example, Black Pepper is currently procured from various countries, including Vietnam, Brazil, Indonesia and India. Changes in precipitation can cause weather extremes and droughts which may affect the raw agricultural crops grown by farmers in McCormick's supply chain. In 2017 McCormick launched their Purpose-Led Performance (PLP) strategy, which included the goal of increasing the resilience of 90% of smallholder farmers that grow our five iconic herbs and spices by 2025. We are working towards implementing sustainability certification across the five iconics, which actively promotes regenerative agriculture practices. In 2021, third-party verified sustainability certification was awarded to over 23,000 hectares of farms across India, Indonesia, Madagascar, Turkey and Vietnam from which we source our iconic ingredients. Our goal is for all farms growing our five iconics to be sustainably certified by 2025. The implementation of sustainability initiatives builds more resilient supply chains by increasing resistance to environmental and other shocks. The relationships we have built at supplier and farmer level have provided McCormick with additional insights on availability and pricing, and built loyalty with suppliers. This opportunity is considered strategic as these strategic partnerships played a significant role in supply continuity throughout the coronavirus pandemic.

Estimated timeframe for realization

4 to 6 years

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

3,500,000

Potential financial impact figure – maximum (currency)

5,000,000

Explanation of financial impact

Poor resiliency impact usually comes via lack of Good Agricultural Practices (GAP), water input and crop protection management. Impact is usually felt in terms of yield loss, poorer quality and appearance and disease.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

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

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs	McCormick's policy on water is covered in its documented environmental policy which addresses its conservation of natural resources including water. Our policy demonstrates that we are committed to reducing water pollution caused by our facilities and managing our use of water in a sustainable way. McCormick has clear targets around water management. One of our principal Purpose-led Performance goal is a 20% reduction in the water intensity. This is in line with the United Nations Sustainable Development Goal 6 (Clean Water and Sanitation).

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-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, McCormick's Board, led by the Chairman of the Board, has general oversight of environmental related issues by regularly reviewing material initiatives and policies related to environmental matters and assessing progress with respect to environmental commitments. For example, the Chairman of the Board reviewed and signed off on McCormick's Goals, which includes both a commitment to reducing water use in owned facilities by 20% and a commitment to helping smallholder farmers work together to reduce water usage through drip irrigation.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Setting performance objectives	The Board and its Committees have general oversight of McCormick's Purpose-Led Performance (PLP) strategy, including its sustainability and environmental, social and governance (ESG) commitments. The Board and/or its Committees receive regular reports from management on, among other things, material initiatives and policies related to ESG matters and progress with respect to our ESG commitments. In addition, management's reports often cover ESG strategy and risks to major plans of action and key performance objectives and progress made towards meeting McCormick's established PLP goals and targets. A summary of the allocation of general oversight of ESG matters among the Board and its Committees is as follows: Board of Directors – provides general oversight of ESG matters with an emphasis on directing McCormick's strategy and setting its course for growth; Nominating and Corporate Governance Committee – leads the oversight of McCormick's corporate responsibility programs and ESG matters; Compensation and Human Capital Committee – oversees ESG matters relating to people and human capital; Audit Committee – oversees the

			management of risks, including those relating to ESG matters.

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues
Row 1	Yes	The Chairman of our Board has competence on climate-, water-, and forests-related issues. This is assessed based on his demonstrated understanding of the critical issues McCormick faces with regard to climate change, water security and deforestation. The Chairman of our Board was the one that commissioned the development of McCormick's Purpose-Led Performance (PLP) strategy.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify

Chief Administration Officer

Responsibility

Assessing water-related risks and opportunities

Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Annually

Please explain

The Purpose-led Performance (PLP) Governing Council holds the highest management-level of direct responsibility for water-related issues, including both assessing and managing water-related risks and opportunities and providing overall coordination and strategic direction for driving Purpose-led Performance.

The Council is led by the President, Global Flavor Solutions, International-EMEA and Chief Administrative Officer and is composed of senior executives with direct responsibility for a variety of functional areas, including sales and marketing, supply chain, human resources, environment, packaging, sourcing, community relations, and communications.

The PLP Governing Council reports regularly to the Board on strategy, risk, major plans of action, key performance indicators, etc.

The Council also separately reports to the McCormick Management Committee, the top-level senior management committee.

Name of the position(s) and/or committee(s)

Other committee, please specify

PLP Governing Council

Responsibility

Assessing water-related risks and opportunities

Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Annually

Please explain

The Purpose-led Performance (PLP) Governing Council holds the highest management-level of direct responsibility for water-related issues. The committee is responsible for both assessing and managing water-related risks and opportunities and providing coordination and strategic direction for driving PLP. The Council is led by the President, Global Flavor Solutions, International-EMEA and Chief Administrative Officer and is composed of senior executives with direct responsibility for a variety of functional areas, including sales and marketing, supply chain, human resources, environment, packaging, sourcing, community relations, and communications. 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 water-related issues as a result. They report regularly to the Board and the McCormick Management Committee on strategy, risk, major plans of action, key performance indicators, etc.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	Achieving our water reduction goal is included in the annual objectives of our Chief Supply Chain Officer.

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Other C-suite Officer Chief Supply Chain Officer	Improvements in efficiency - direct operations Improvements in waste water quality - supply chain	Our Chief Supply Chain Officer has an annual objective to meet our global water use reduction goal. The efficiency target is 20% reduction in water use per ton of product by 2025. This efficiency metric was chosen as McCormick is not a large water user, and allows for growth within the business.
Non-monetary reward	No one is entitled to these incentives		We do not offer non-monetary incentives for water-related issues.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, trade associations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

On page 20 of the 2021 PLP Report, "We partner with third-party experts to identify opportunities to reduce our water use at targeted facilities around the world, helping achieve our goal of a 20% reduction in water use per ton of product produced from our facilities. McCormick is also working to facilitate access to safe drinking water for communities through various means such as investing in reverse osmosis water purification facilities in nine villages in India, benefiting an estimated 30,000 individuals. McCormick also supports watershed improvement and drip irrigation implementation projects in India, saving up to 9,200 million liters of water annually."

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

No, and we have no plans to do so

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	In 2017, McCormick launched its PLP strategy, which factors in water-related issues into our long term plan. For example, among the targets was the goal of sustainably sourcing 100% of our iconic branded materials by 2025. In order to achieve this, we are working toward third party certification by certifications that are benchmarked as FSA Silver and above (including but not limited to Rainforest Alliance, Grown For Good, and FSA Silver). These certifications include water management factors. For example, Rainforest Alliance certification requires water to be used efficiently and within natural limits and that water pollution in minimized. As part of our PLP, we have also included a water use reduction goal for our facilities. The PLP work is integrated into McCormick's overall business strategy. In our direct operations we factor in water treatment and discharge standards, both internally and externally, within our long term strategic planning.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	In 2017, McCormick launched its PLP strategy, which factors in water-related issues into our long term plan. For example, among the targets was the goal of sustainably sourcing 100% of our iconic branded materials by 2025. In order to achieve this, we are working toward third party certification by certifications that are benchmarked as FSA Silver and above (including but not limited to Rainforest Alliance, Grown For Good, and FSA Silver). These certifications include water management factors. For example, Rainforest Alliance certification requires water to be used efficiently and within natural limits and that water pollution in minimized. As part of our PLP, we have also included a water use reduction goal for our facilities. In our direct operations we factor in water treatment and

			discharge standards, both internally and externally, within our long term strategic planning.
Financial planning	Yes, water-related issues are integrated	5-10	In 2017, McCormick launched its PLP strategy, which factors in water-related issues into our long term plan. For example, among the targets was the goal of sustainably sourcing 100% of our iconic branded materials by 2025. In order to achieve this, we are working toward third party certification by certifications that are benchmarked as FSA Silver and above (including but not limited to Rainforest Alliance, Grown For Good, and FSA Silver). These certifications include water management factors. For example, Rainforest Alliance certification requires water to be used efficiently and within natural limits and that water pollution in minimized. As part of our PLP, we have also included a water use reduction goal for our facilities. The PLP work is integrated into McCormick's overall business strategy and planning. In our direct operations we factor in water treatment and discharge standards, both internally and externally, within our long term strategic planning.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

45

Anticipated forward trend for CAPEX (+/- % change)

0

Water-related OPEX (+/- % change)

Anticipated forward trend for OPEX (+/- % change)

Please explain

McCormick expects to invest capital at about the same level for the next several years. The OPEX data is not available.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment
Row 1	Yes	

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization's business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Water-related	The Supply Risk Analysis-Specialized (SRA-s) is an analytical framework developed by WWF that can be used to evaluate risks and potential impacts associated with the production of agricultural commodities sourced or financed by McCormick. The methodology, based on 'systems thinking' and with a holistic approach, reveals the greatest sourcing risks in a defined geographical area. This methodology accounts for public policy concerns, such as the Lacey Act and the EU's Forest Law Enforcement Governance and Trade (FLEGT) Action Plan, environmental and social externalities such as the potential impacts of climate change, water stress, biodiversity loss, corruption and impacts to indigenous groups. It is a robust tool that creates a	The analysis is raw material/origin based and seeks to address water scarcity by understanding to what extent the commodity relies on irrigation and what the status of the water supply is. It also considers to what extent is commodity production associated with freshwater and/or offshore (marine) pollution. Water Scarcity - WWF analysis: Black pepper is considered to be drought sensitive, though in general, the crop is predominately rain-fed. Ideal growing conditions for black pepper include evenly spread annual rainfall of 1250-2000 mm, with a mean temperature between 23-32 degrees Celsius, and relative humidity of 75-80%. Water stress has varying impacts on yields depend on timing and severity.	The assessment has brought light to water scarcity risks in several regions that McCormick operates in. The company is working in collaboration with NGO partners on water use/availability management, as well as Good Agricultural Practices (GAP) training that increases yields, reduce water waste and runoffs Water Pollution.

		standardized assessment of the most critical risks.		

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

We currently do not have an internal price on water and are investigating using valuation tools as one means of developing an internal valuation process.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, and we do not plan to address this within the next two years	Important but not an immediate business priority	This is not a focus area for McCormick and we currently do not have the resources to carry out such assessments.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Other, please specify SDG	Targets are monitored at the corporate level	McCormick has clear targets around water management and one of our principal Purpose-led Performance goals is a 25% reduction in water use from our facilities by 2030, this excludes water used in products. This is in line with the United Nations Sustainable Development Goal 6 (Clean Water and Sanitation). This target is monitored globally on a monthly basis.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number
Target 1

Category of target
Water withdrawals

Level
Company-wide

Primary motivation
Commitment to the UN Sustainable Development Goals

Description of target
20% reduction in water intensity from the baseline year of FY2015 to be achieved by the end of FY2025.

Quantitative metric
% reduction per unit of production

Baseline year
2015

Start year
2017

Target year
2025

% of target achieved
0

Please explain
This was year six of ten in the goal program. The baseline for this target includes any facilities which were acquired since the baseline year of 2015.

Target reference number
Target 2

Category of target
Water use efficiency

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

25% reduction in water use from our facilities to be met by 2030, this excludes water use in products.

Quantitative metric

Baseline year

2020

Start year

2021

Target year

2030

% of target achieved

0

Please explain

We are in the process of increasing our ambition for our water and waste goals and will report toward them in the coming years.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Total Withdrawals	AA1000AS	McCormick verified total water withdrawals. In 2021, the water withdrawal was 2,443 megaliters.

W10. Sign off

W-FI

(W-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” 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.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Chief Supply Chain Officer	Other C-Suite Officer

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate’s Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes