

Welcome to your CDP Forests Questionnaire 2023

F0. Introduction

F0.1

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

McCormick & Company, Incorporated (McCormick) is a global leader in flavour. 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. 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 our stakeholders, including those in government and business, who take steps to reduce GHG emissions within their scope of influence. 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>.

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.

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, 2021 | November 30, 2022 |

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.

Timber products

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Palm oil

Commodity disclosure

Disclosing

Stage of the value chain

Manufacturing

Are you disclosing information on embedded commodities?

No, because we have no embedded commodities

Cattle products

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Soy

Commodity disclosure

Disclosing

Stage of the value chain

Manufacturing

Are you disclosing information on embedded commodities?

No, because we have no embedded commodities

Other - Rubber

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Other - Cocoa

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Other - Coffee

Commodity disclosure

This commodity is not produced, sourced or used by our organization

F0.5

(F0.5) Select the option that describes the reporting boundary for which forests-related impacts on your business are being reported

Operational control

F0.6

(F0.6) Select the countries/areas in which you operate.

Australia
Brazil
Canada
China
Costa Rica
Egypt
France
Indonesia
Italy
Mexico
Netherlands
New Zealand
Poland
Russian Federation
Spain
United Kingdom of Great Britain and Northern Ireland
United States of America
Venezuela (Bolivarian Republic of)

F0.7

(F0.7) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No

F0.8

(F0.8) 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 code | MKC-V: 579780107 MKC: 579780206 |
| Yes, a Ticker Symbol | MKC-V MKC |
| Yes, a SEDOL code | MKC-V: N/A MKC: 2550161 |

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

Contracted suppliers (processors)
Contracted suppliers (manufacturers)

Country/Area of origin

Indonesia
Malaysia
Unknown origin

% of procurement spend

<1%

Comment

Soy

Activity

Using as input into manufacturing process for power generation

Form of commodity

Soy bean oil

Source

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

Country/Area of origin

- Brazil
- Canada
- China
- 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 | 11-20% | |
| 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 figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.

Forest risk commodity

Palm oil

Data type

Consumption data

Commodity production/ consumption volume

6,613

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

34.5

Please explain

Using the No Deforestation No Expansion on Peat and No Exploitation (NDPE) profiles for our suppliers, we have a view of the % deforestation-free palm oil used in the mills from which we are supplied. We apply this % for the palm oil we receive and obtain the deforestation-free palm sourced.

Forest risk commodity

Soy

Data type

Consumption data

Commodity production/ consumption volume

12,240

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

42.9

Please explain

Certified under US Sustainable Soy Assurance Protocol

F1.5b

(F1.5b) Provide a breakdown of your DCF and non-DCF volumes relevant to your stage in the supply chain according to how verification is achieved and the highest level of traceability, respectively.

Palm oil – DCF

% of DCF production/consumption volume from areas with no or negligible risk of deforestation/conversion

0

% of DCF production/consumption volume verified through monitoring systems

0

% of DCF production/consumption volume physically certified

34.5

Total percentage of production/consumption volume reported (DCF) [auto-calculated]

34.5

Palm oil – Non DCF

% of non-DCF production/consumption volume from unknown origin

12.2

% of non-DCF production/consumption volume traceable only as far as country level

0

% of non-DCF production/consumption volume traceable only as far as sub-national area

0

% of non-DCF production/consumption volume traceable only as far as processing facility level

0

% of non-DCF production/consumption volume traceable to production unit level

53.3

Total percentage of production/consumption volume reported (non-DCF) [(auto-calculated)]

65.5

Soy – DCF

% of DCF production/consumption volume from areas with no or negligible risk of deforestation/conversion

55.8

% of DCF production/consumption volume verified through monitoring systems

0

% of DCF production/consumption volume physically certified

42.9

Total percentage of production/consumption volume reported (DCF) [auto-calculated]

98.7

Soy – Non DCF

% of non-DCF production/consumption volume from unknown origin

0

% of non-DCF production/consumption volume traceable only as far as country level

1.3

% of non-DCF production/consumption volume traceable only as far as sub-national area

0

% of non-DCF production/consumption volume traceable only as far as processing facility level

0

% of non-DCF production/consumption volume traceable to production unit level

0

**Total percentage of production/consumption volume reported (non-DCF)
[(auto-calculated)]**

1.3

F1.5c

(F1.5c) 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

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

- Kuala Tanjung, Pulo Gadung, Paya Pasir, Bitung, Padang

% of total production/consumption volume

83.1

Please explain

Traced back to location of mill and plantation using public NDPE profiles for supplier.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Bintulu, Pasir Gudang, Butterworth, Lahad Datu

% of total production/consumption volume

4.3

Please explain

Traced back to location of mill and plantation using public NDPE profiles for supplier.

Forest risk commodity

Palm oil

Country/Area of origin

Thailand

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.4

Please explain

Traced back to location of mill and plantation using public NDPE profiles for supplier.

Forest risk commodity

Soy

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

48.8

Please explain

Traceability directly with vendors who confirmed that 5969 tonnes of soy was grown in the states of Iowa and Pennsylvania, USA.

Forest risk commodity

Soy

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

50.6

Please explain

Traceability directly with vendor for who confirmed that 6190 tonnes of soy was sourced from China but jurisdiction not known.

Forest risk commodity

Soy

Country/Area of origin

Brazil

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.6

Please explain

Traceability directly with vendor confirmed that 72 tonnes of soy was grown in Brazil but jurisdiction is unknown.

Forest risk commodity

Palm oil

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

12.2

Please explain

805t (12.2%) of our palm that originates from different countries, is sourced as derivatives which we are not able to trace to a specific region because that would be at level lower than Tier3.

F1.5f

(F1.5f) 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

F1.7

(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.

Forest risk commodity

Palm oil

Have you monitored or estimated your deforestation/conversion footprint?

Yes, we estimate deforestation/conversion footprint based on sourcing area

Coverage

Full consumption volume

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

Since a specified cutoff date, please specify year
2015

Known or estimated deforestation/ conversion footprint (hectares)

2,491

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

We estimate using publicly available data on average land area used to produce 1 tonne of palm oil. According to the UN Food and Agriculture Organisation, the global palm oil production in 2020 was 75.9 million tonnes from 28.6 million hectares of land. That means approximately 0.3768 million hectares were used to grow 1 million tonnes of palm oil. With our 6,613 tonnes (0.0066 million tonnes) of palm oil equates to approximately 2,491 hectares of land.

Forest risk commodity

Soy

Have you monitored or estimated your deforestation/conversion footprint?

Yes, we estimate deforestation/conversion footprint based on sourcing area

Coverage

Full consumption volume

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

Since a specified cutoff date, please specify year

2015

Known or estimated deforestation/ conversion footprint (hectares)

26,551

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

We estimate using publicly available data on average land area used to produce 1 tonne of soybean oil. According to the UN Food and Agriculture Organisation, the global soybean oil production in 2020 was 58.6 million tonnes from 127.1 million hectares of land. That means that 0.2169 million hectares were used to grow 1 million tonnes of soybean oil. Our 12,240 tonnes (0.0122 million tonnes) of soybean oil equates to approximately 26,551 hectares of land.

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 in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods
Other, please specify
Verisk Analytics (External Consultant)

Issues considered

Availability of forest risk commodities
Quality of forests risk commodities
Impact of activity on the status of ecosystems and habitats
Regulation
Climate change
Impact on water security
Brand damage related to forests risk commodities
Corruption
Social impacts

Stakeholders considered

Customers
Employees
Investors
Local communities
Other forest risk commodity users/producers at a local level
Regulators
Suppliers

Please explain

The company identified 27 issues related to human rights and social risks, environmental risks and Governance & political risks. We contracted an external consultant, Verisk Maplecroft (Nasdaq:VRSK) to conduct a desk-based raw material sustainability risk assessment to identify upstream farm-level sustainability risks for McCormick's ingredients. The results of the assessment enabled McCormick to effectively focus and develop appropriate risk mitigation strategies. Palm oil had an overall "High" score.

The assessment identified brand damage related to forest risk commodities as the most important issue. There is continued activism against companies whose brands contain palm oil that is not declared as sustainable. We have also seen the consumer trend and preference for brands that use sustainable palm oil in their products. Verisk Maplecroft utilized its proprietary commodity, country and thematic datasets to provide an independent, comprehensive and data-led view of sustainability challenges across a broad range of ingredients. Building off previously conducted raw material risk assessment frameworks, they employed a methodology that is tailored to McCormick's specific priorities and requirements.

We continued our engagement with key Business to business customers to align on expectations to tackle deforestation. As a result, we have joined forces with our key customers to use the No Deforestation, No Peat and No Exploitation (NDPE) implementation reporting framework which will monitor progress towards using deforestation-free palm oil. That has resulted in McCormick revising and enhancing its palm and soy sustainable policy and commitments.

Soy

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods
External consultants
Other, please specify
Verisk Maplecroft

Issues considered

Availability of forest risk commodities
Quality of forests risk commodities
Impact of activity on the status of ecosystems and habitats
Regulation
Climate change
Impact on water security

- Loss of markets
- Brand damage related to forests risk commodities
- Corruption
- Social impacts

Stakeholders considered

- Customers
- Employees
- Investors
- Local communities
- Regulators
- Suppliers

Please explain

The company identified 27 issues related to human rights and social risks, environmental risks and Governance & political risks. We contracted external consultants, Verisk Maplecroft (Nasdaq:VRSK) to conduct a raw material sustainability risk assessment to identify upstream farm-level sustainability risks for McCormick's ingredients. The results of the assessment enabled McCormick to effectively focus and develop appropriate risk mitigation strategies. Soy had an overall "High" score.

The most important issue on soy was loss of markets. We evaluated that should we not use sustainable soy, we were at risk of losing business. For example, for one customer, we are part of the cross-supplier programme looking at how we move to using sustainable soy in the supply chain.

Additionally, although the risk was identified to be low, only 1.8% of our volume comes from Brazil, we have progressed to become members of Round Table for Sustainable Soy (RTRS) to gain access to sustainable soy.

We continue our engagement with key business to business customers to align on expectations to tackle deforestation. As a result, we have joined forces with our key customers to use the No Deforestation, No Peat and No Exploitation (NDPE) implementation reporting framework which will monitor progress towards using deforestation-free soy. We have also developed a palm and soy sustainable policy with timebound commitments to using deforestation-free soy by 2030.

F2.2

(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

| | Value chain mapping |
|----------|--|
| Palm oil | Yes, we have mapped the entire value chain |
| Soy | Yes, we have mapped the entire value chain |

F2.2a

(F2.2a) Provide details of your organization's value chain mapping for its disclosed commodity(ies).

Forest risk commodity

Palm oil

Scope of value chain mapping

Own operations

Tier 1 suppliers

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

Our value chain mapping for palm oil starts with evaluating reputational risk exposure to our McCormick . Every year we review the customers of products which contain palm oil and engage with them on the process to transition from conventional to sustainable palm oil. We assess where in our operations we use palm oil and where change of input raw material is necessary. We assessed 100% of our Tier 1 suppliers and identified the sustainability or certification status of the palm oil supplied under the Round-table of Sustainable Palm Oil (RSPO) scheme and the deforestation-free status of their palm oil. We have identified a standard group of internal stakeholders to facilitate and support the change to sustainable palm oil. We have mapped different external stakeholders who are influential in driving regulatory changes or developing best in class standards for palm oil Sustainability. For example, we identified and work with the following organisations: RSPO Secretariat, Palm Oil Collaboration Group (POCG); Proforest for the implementation of NDPE Implementation Reporting Framework (IRF) and the Consumer Goods Forum (CGM).

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

Forest risk commodity

Soy

Scope of value chain mapping

Own operations

Tier 1 suppliers

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

Our value chain mapping for soy starts with evaluating where within our operations we use soy. We evaluated the country of origin of the soy we buy from 100% of our Tier 1 suppliers. We assessed and mapped the acceptable certifications for sustainable soy and settled for Round-table for Responsible Soy (RTRS) and US Sustainable Soy Assurance Protocol (SSAP). We assessed which Tier 1 suppliers in the supply chain are able to provide us with certified soy under these two schemes and identified which ones we need to work with to transition from conventional to certified supply.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

F2.3

(F2.3) Do you use a classification system to determine risk of deforestation and/or conversion of other ecosystems for your sourcing areas, and if yes, what methodology is used, and what is the classification used for?

| | Use of a classification system to determine deforestation and/or conversion risk of sourcing areas | Methodology used for classifying levels of risk | Use of risk classification | Attachment indicating risk classification for each sourcing area (optional) |
|---|--|--|--|---|
| 1 | Yes, we use a classification system | Yes. We use the No Deforestation No Expansion on Peat and No Exploitation (NDPE) Implementation Reporting Framework profiles for suppliers to identify risk of deforestation in the Palm oil supplied to us. The NDPE profile has 6 levels of classification from Delivering on NDPE requirements to | The NDPE methodology classifies palm oil volumes into 6 categories equivalent to risk of deforestation. They rank from the lowest risk to highest and are classified as follows: 1. Delivering 2. Progressing 3. Commitment and starting action | 📎 1, 2 |

| | | | |
|--|--|---|--|
| | Unknown where the volume is untraceable. | 4. Awareness 5. Known and 6. Unknown The highest classification of delivering means that the volumes met all requirements to be 100% deforestation-free while Unknown means that the while volumes are traceable, there are no known actions to make them deforestation-free | |
|--|--|---|--|

 ¹Picture2.png

 ²Picture1.png

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 | Yes |
| Soy | Yes |

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.

We define substantive financial impact as that which affects multiple brands, customers and operating business regions. Additionally, any risks or opportunities with an impact of \$20M or more are considered to be financially substantive.

We define strategic impacts as those risks we are unable to mitigate within 2-3years and would therefore affect our strategic long term business plan.

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.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Palm oil

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Availability of certified sustainable material

Primary potential impact

Increased compliance costs

Company-specific description

Due to less availability of and the increased demand for deforestation-free palm oil, the purchase premiums for such product are high. The reputational risk is linked to palm oil that is not traceable to mill because this where the risk of deforestation is high. 21% (1392 tonnes) of our palm oil can't be traced to a mill. Due to this relatively low volume, we don't expect the cost of procuring from traceable mills (and therefore know the deforestation-free status) to have a material impact on operations and extended supply chain.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

34,800

Potential financial impact figure - maximum (currency)

69,600

Explanation of financial impact

Based on quotes obtained from vendors, the premium of traceable to mill palm oil ranges between \$25 to \$50 depending on product type. As mentioned above, 21% (1392 tonnes) of our palm oil can't be traced to a mill. So, the financial impact figure is calculated through:

\$25 per tonne * 1392 tonnes = \$34,800

\$50 per tonne * 1392 tonnes = \$69,600

Primary response to risk

Engagement with suppliers

Description of response

Engage with suppliers to identify mills from which our supplies come or supply us with product from known mills.

We engaged the suppliers of our major volumes of palm oil to understand their plans to move to sustainable palm oil, either RSPO-certified or 100% deforestation-free. For example we worked with two strategic global suppliers to obtain RSPO-certification, use and supply certified palm oil. We had virtual meetings to define expectations and provide support for their certification process which led to them supplying us certified palm oil in 2023.

Cost of response

0

Explanation of cost of response

It is routine for McCormick to engage and develop supplier capability. Therefore, there is not additional cost to McCormick in our response to mitigate the risks.

Forest risk commodity

Soy

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Availability of certified sustainable material

Primary potential impact

Increased compliance costs

Company-specific description

For all the soy that comes from countries at risk of deforestation, there is a reputational risk until and unless either the origin is changed or product is certified as deforestation-free. The objective is to comply with our policy and customer expectations by using soy that is either from deforestation-free areas or certified as deforestation-free.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

Very unlikely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

17,820

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

Only 1.3% (162 tonnes) of our soy is traced to Brazil origin where the risk of soy growing in deforested areas is very high. The premium of sourcing certified Soy is approximately

10% which is approximately \$1100 per tonne as per the latest prices on www.indexmundi.com.
 $\$1100 \times 10\% \times 162 = \$17,820$

Primary response to risk

Engagement with suppliers

Description of response

We engaged with two suppliers to mitigate the deforestation risk associated with soy. For one of the suppliers, they were not able to provide deforestation-free soybean oil and therefore changed to another vegetable oil. For the other supplier, we managed to switch to another existing supplier who is a current supplier of soybean oil that is certified under the US Sustainable Soy Assurance Protocol (SSAP).

Cost of response

0

Explanation of cost of response

It is routine for McCormick to engage and develop supplier capability. Therefore, there is not additional cost to McCormick in our response to mitigate the risks

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 | Yes, we have identified opportunities but are unable to realize them |

F3.2b

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

Palm oil

Primary reason

Opportunities exist, but we are unable to realize them

Please explain

As customers and consumers continue to expect sustainable products, we believe there is a business opportunity to either win new customers and consumers by selling products containing sustainable soy. It would also be an enabler for business retention. The global marketing team is leading a project to assess what product attributes, features and/or claims consumers in Europe believe are worth paying for.

Current hypothesis shows that sustainable packaging is the leading opportunity that customers and consumers can relate to. Sustainable agriculture is still relevant and we have since put a sustainable palm oil logo on one of our top selling brands in the US Market. Unfortunately, we have not seen a material shift in sales that can be attributed to the sustainable labelling and therefore are still working with the project team to see how this opportunity can be realised in 2023-2024.

Soy

Primary reason

Opportunities exist, but we are unable to realize them

Please explain

As customers and consumers continue to expect sustainable products, we believe there is a business opportunity to either win new customers and consumers by selling products containing sustainable soy. It would also be an enabler for business retention. The global marketing team is leading a project to assess what product attributes, features and/or claims consumers in Europe believe are worth paying for. Current hypothesis shows that sustainable packaging is the leading opportunity that customers and consumers can relate to. Sustainable agriculture is relevant and while majority of our soy is free of deforestation risk, we will continue to work to identify how we can realize that opportunity with customers in 2023-2024.

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 or committee | Responsibilities for forest-related issues |
|-------------------------------------|--|
| Board Chair | The PLP Management Committee / CSO was involved in the review of global policy benchmark and approval of our revised Palm Oil and Soy Sustainable Sourcing Policy which was published in 2022. |

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 | <ul style="list-style-type: none"> Monitoring implementation and performance Overseeing the setting of corporate targets Overseeing value chain engagement Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding public policy engagement Reviewing and guiding risk management policies Reviewing and guiding strategy Setting performance objectives | <p>The Board has general oversight of our commitment to Purpose-led Performance (PLP), including our approach to sustainability and environmental, social and governance (ESG) commitments. As part of its oversight, the Board and its committees regularly review our material initiatives and policies related to ESG matters and assess progress with respect to our ESG commitments during quarterly Board meetings and annual Board retreats. The PLP Governing Council, which is the highest management-level committee responsible for the day-to-day management of ESG matters, reports regularly to the Board and its committees on ESG topics covering strategy and risks to major plans of action and key performance indicators. Our commitment to PLP is one of our five guiding principles and the basis for our ESG commitments, which include any such commitments related to forests-related issues.</p> |

F4.1d

(F4.1d) Does your organization have at least one board member with competence on forests-related issues?

Row 1

Board member(s) have competence on forests-related issues

Yes

Criteria used to assess competence on forests-related issues

Experience, knowledge and awareness of deforestation, biodiversity and environmental issues, risks and opportunities are the key criteria to assess competence of leaders managing forest-related issues.

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) | Forests-related responsibilities of this position | Frequency of reporting to the board on forests-related issues | Please explain |
|---|---|---|---|
| Chief Sustainability Officer (CSO) | Managing annual budgets relating to the implementation of forest-related policies and commitments Integrating forests-related issues into business strategy Setting forests-related corporate targets Managing public policy engagement that may impact forests Managing value chain engagement on forests-related issues | Quarterly | <p>The Purpose-led Performance (PLP) Governance Council holds the highest management 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 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</p> |

| | | | |
|--|--|--|--|
| | | | <p>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> |
|--|--|--|--|

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 | Contribution of incentives to the achievement of your organization's forests-related commitments | Please explain |
|-----------------|--|--|--|--|
| Monetary reward | Chief Sustainability Officer (CSO) Chief Purchasing Officer (CPO) | Ending deforestation and/or conversion of other natural ecosystems Increasing commodity volumes with credible third-party certification Adopting UN International Labour Organization principles | CSO and CPO oversee plans and execution of plans related to the management of forest-related issues. | The Chief Procurement Officer (CPO) and the Chief Sustainability Officer (CSO) receives an annual monetary reward for the management of forest related issues. The CPO and CSO have 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, provided as a bonus at the end of the financial year, is granted if the threshold for success is met – for example, when the |

| | | | | |
|---------------------|--|--|--|---|
| | | Increasing traceability of commodity volumes Company performance against a sustainability index with forest-related factors (e.g., CDP Forests Score) | | <p>sustainability targets are met, the CPO and CSO receive a financial bonus. If this is over-achieved, a greater monetary reward is received.</p> <p>Sustainability targets are defined as trajectories towards sourcing 100% RSPO sustainable palm oil by 2025 and being 100% deforestation free by 2030. For soy, financial rewards are based on targets achieving RTRS Sustainable soy by 2025 and being deforestation free by 2030. In terms of methodology measurement, target progress is reviewed annually and the extent of the progress determines the monetary reward.</p> |
| Non-monetary reward | No one is entitled to these incentives | | | 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, and we have no plans to do so

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.

Row 1

Scope

Company-wide

Commodity coverage

Palm oil
Soy

Content

Commitment to eliminate conversion of natural ecosystems
Commitment to no land clearance by burning or clearcutting
Commitment to eliminate deforestation
Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Adoption of the UN International Labour Organization principles
Commitment to best management practices for soils and peat
Commitment to protect rights and livelihoods of local communities
Commitments beyond regulatory compliance
Commitment to transparency
Commitment to stakeholder awareness and engagement
Commitment to align with the SDGs
Recognition of the overall importance of forests and other natural ecosystems
Recognition of potential business impact on forests and other natural ecosystems
Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy
List of timebound milestones and targets
Description of forests-related performance standards for direct operations
Description of forests-related standards for procurement

Document attachment

1

 Palm Oil & Soy Sustainability Sourcing Policy 3.1.22.pdf

Please explain

The policy covers palm oil and soy as the most high-profile commodities whose sourcing could be linked to deforested areas. The policy applies to all our global operations, joint ventures and co-manufacturers to ensure consistent approach to managing the risk in our entire supply chain, direct and indirect. There are no exclusions in the policy. It covers all origins of palm and soy whether they are known or unknown areas of high deforestation.

The policy is communicated to all our palm oil and soy suppliers every year and is reviewed every three years. The next review is in 2025.

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?

| Forest risk commodity | Public commitments made |
|-----------------------|-------------------------|
| Palm oil | Yes |
| Soy | 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

No Deforestation, No Expansion on Peat and No Exploitation” (NDPE) Implementation Reporting Framework (IRF)

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
- Zero gross deforestation/ no deforestation
- No new development on peat regardless of depth
- 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
- Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
- Adoption of the UN International Labour Organization principles
- Facilitate the inclusion of smallholders into the supply chain
- No sourcing of illegally produced and/or traded forest risk commodities
- No sourcing of forest risk commodities from unknown/controversial sources
- Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2015

Forest risk countries/areas that the cutoff date applies to

Applied globally

Reason for selecting cutoff date

Sector-wide agreement/recommendation

Commitment target date

2026-2030

Please explain

For “No conversion of natural ecosystems” and “Zero gross deforestation/ no deforestation”:

We have a commitment to source 100% of palm that is produced in accordance with “No Deforestation, No Peat and No Exploitation “(NDPE) Policies by 2030. This follows a cut-off date for deforestation and conversion of December 31, 2015.

To do so, McCormick uses the Implementation Reporting Framework (IRF) to assess the mill level performance and allocate the mill and volume it supplies to a category of progress. The IRF recognises that there are different steps towards full delivery on NDPE compliant volumes, utilising a Red, Amber Green (RAG) approach – to which McCormick follows.

For “Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities”:

In our new Palm & Soy Sustainable Sourcing commitment, we state the expectations of our supplier which include the respect of indigenous people and local communities through the application of a robust FPIC mechanism. All our 1st tier suppliers of palm oil have processes to apply the FPIC protocols for land purchase and use. They all have a robust FPIC process and any non-compliances are reported through a transparent grievance procedure. We track grievances to assess if they relate to the regions from where McCormick palm oil is sourced. For example, our largest global supplier currently had three grievance cases in 2022 and none of them relate to FPIC issues.

Forest risk commodity

Soy

Criteria

- No conversion of natural ecosystems
- Zero gross deforestation/ no deforestation
- No new development on peat regardless of depth
- 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
Adoption of the UN International Labour Organization principles
No sourcing of illegally produced and/or traded forest risk commodities
No sourcing of forest risk commodities from unknown/controversial sources
Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2015

Forest risk countries/areas that the cutoff date applies to

Applied globally

Reason for selecting cutoff date

Sector-wide agreement/recommendation

Commitment target date

2026-2030

Please explain

For "No conversion of natural ecosystems" and "Zero gross deforestation/ no deforestation":

We have a commitment to source 100% of soy that is deforestation-free by 2030. We will seek to source from vendors that supply soy bean oil that is certified to be deforestation-free following a cut-off date for deforestation and conversion of December 31, 2015.

For "Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities ":

In our Palm & Soy Sustainable Sourcing commitment, we state the expectations of our supplier which include the respect of indigenous people and local communities through the application of a robust FPIC mechanism. This would be relevant to the Cerrado region in Brazil.

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 | McCormick is committed to reducing the impact of our collective operations. Our 2025 environmental sustainability targets are aligned with the global UN Sustainable Development Goals (SDGs), and we are reinforcing our commitments to sustainable sourcing and raw material procurement, as well as limiting our environmental impact. It is the basis of our new palm and soy sustainable sourcing policy. The policy has a target to use deforestation-free palm oil and soy by 2030 with a cut-off date of 2015. For example, McCormick will switch suppliers to those that are confirmed as 'deforestation free' using the NDPE Implementation Reporting Framework Tool (Red Amber Green scoring) for both palm oil and soy. This forms part of our corporate Purpose Led Performance (PLP) long term objectives and strategic business plan. |
| Strategy for long-term objectives | Yes, forests-related issues are integrated | 5-10 | <p>We achieved our initial 2025 target of sourcing 100% RSPO sustainable palm oil in 2020.</p> <p>We have an enhanced and expanded new target to use deforestation-free palm and soy by 2030.</p> <p>Our strategy to achieve this long term goal is to join No Deforestation, No Peat and No Exploitation (NDPE) Implementation Reporting Framework working group and use their tool to track and report progress every year.</p> <p>The strategy is embedded within our sourcing strategies to ensure selection of raw materials and suppliers is based on ability to track the source of palm oil and report its deforestation-free status.</p> <p>We communicate to our suppliers the expectations that support the long term objectives.</p> |

| | | | |
|--------------------|--|------|---|
| | | | Our sustainable palm and soy 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 and soy need to be converted to be certified. |
| Financial planning | Yes, forests-related issues are integrated | 5-10 | <p>We forecast that sourcing more sustainable and deforestation-free palm oil and soy will cost the business financially through raw material premiums and site certification costs.</p> <p>Our roadmap to 2030 details year-on-year raw material changes and site certifications and associated costs. These costs are built into our annual strategic long-term planning (LTP) cycle.</p> <p>Every year, we have a budget allocation for to fund palm oil and soy activities for the following year. This includes compliance costs as we source compliant materials as well resources (employees) required for implementation of our policy to meet the targets.</p> |

F6. Implementation

F6.1

(F6.1) Did you have any forests-related timebound and quantifiable targets that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your forests-related timebound and quantifiable target(s) and progress made.

Target reference number

Target 1

Forest risk commodity

Palm oil

Year target was set

2019

Target coverage

Company-wide

Target category

Third-party certification

Metric

% of volume third-party certified

Traceability point

Third-party certification scheme

RSPO Segregated
RSPO Mass Balance
RSPO Book and Claim

Base year

2018

Base year figure

0

Target year

2025

Target year figure

100

Reporting year figure

100

% of target achieved relative to base year [auto-calculated]

100

Target status in reporting year

Achieved

Is this target linked to a commitment?

Other environmental commitments

Please explain

Our commitment to use 100% RSPO sustainable palm oil in our supply chain by 2025.
We achieved that target in 2020 and maintained it in 2021 and 2022

Target reference number

Target 2

Forest risk commodity

Palm oil

Year target was set

2021

Target coverage

Company-wide

Target category

Traceability

Metric

% of volume traceable to traceability point

Traceability point

Mill

Third-party certification scheme

Base year

2018

Base year figure

0

Target year

2030

Target year figure

100

Reporting year figure

78.95

% of target achieved relative to base year [auto-calculated]

78.95

Target status in reporting year

Revised

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

We have changed the target year from 2025 to 2030 in line with our newly updated palm oil sustainable sourcing policy. To enable us identify, source and use deforestation-free palm as per our new policy, we need to be able to trace the product to mill. In 2022, we traced 5221 tonnes out of 6613t (79%) to mill.

Target reference number

Target 5

Forest risk commodity

Soy

Year target was set

2022

Target coverage

Company-wide

Target category

Traceability

Metric

% of volume traceable to traceability point

Traceability point

Refinery

Third-party certification scheme

Base year

2022

Base year figure

0

Target year

2030

Target year figure

100

Reporting year figure

100

% of target achieved relative to base year [auto-calculated]

100

Target status in reporting year

Achieved

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

To enable us to identify and source deforestation-free soy as per our new policy and commitment to use deforestation-free soy by 2030, we need to be able to trace the product to refinery. We traced 100% of our soy to refinery in 2022.

Target reference number

Target 4

Forest risk commodity

Soy

Year target was set

2021

Target coverage

Company-wide

Target category

Third-party certification

Metric

% of volume third-party certified

Traceability point

Third-party certification scheme

RTRS Credits

Other, please specify

US Sustainable Soy Agricultural Policy (SSAP)

Base year

2022

Base year figure

0

Target year

2030

Target year figure

100

Reporting year figure

44

% of target achieved relative to base year [auto-calculated]

44

Target status in reporting year

Underway

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

5248 tonnes of our 2022 soy bean volume was certified under US Sustainable Soy Agricultural Policy (SSAP) while 162 tonnes made from soy beans originating from Brazil and other origins that could be at risk of deforestation were covered with RTRS credits. The total volume accounted for 44% of our global soy bean oil volume in 2022

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? | Supply chain coverage | Description of traceability system | Exclusions |
|----------|---------------------------------|-----------------------------------|--|----------------|
| Palm oil | Yes | Volume from direct suppliers only | <p>We have adopted the use of the NDPE Implementation Reporting Framework for suppliers that have signed up to it. These suppliers have their own plantations and therefore not reliant on indirect suppliers. The framework identifies the mills that supply each refinery from which we source our palm oil.</p> <p>For example, we used the NDPE framework to trace 79% of the 2022 palm oil volume to the mill and 86% to refinery.</p> <p>For suppliers not signed up to the NDPE IRF, we conduct an annual traceability exercise by directly asking them to furnish us with details of the mills' locations.</p> | Not applicable |
| Soy | Yes | Volume from direct suppliers only | <p>We annually conduct a traceability exercise by directly asking suppliers to confirm the country and geographical areas of their refineries and the source of the soy beans.</p> <p>For example, for 2022, we used this approach to trace over 100% to country of origin and refinery. The soybean oil suppliers have their own refineries and less reliant on indirect suppliers.</p> | 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 | Countries/areas to which this traceability point applies | % of total production/consumption volume traceable |
|-----------------------|---------------------------------------|--|--|
| Palm oil | Municipality or equivalent | Indonesia Malaysia Thailand | 87.8 |
| Soy | Country | Brazil Canada China United States of America | 100 |
| Palm oil | Mill | Indonesia Malaysia Thailand | 79 |
| Soy | Refinery | Brazil Canada China United States of America | 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 | Yes | 43 |

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

3

Form of commodity

Refined palm oil
Palm oil derivatives
Palm kernel oil derivatives

Volume of production/ consumption certified

174.7

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

Volume sourced as certified the RSPO as segregated

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Mass Balance

Chain-of-custody model used

% of total production/consumption volume certified

78

Form of commodity

Refined palm oil
Palm oil derivatives
Palm kernel oil derivatives

Volume of production/ consumption certified

5,126.7

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

Volume sourced as certified the the RSPO using mass balance model

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Credits/Book & Claim

Chain-of-custody model used

% of total production/consumption volume certified

19

Form of commodity

Refined palm oil

Palm oil derivatives

Palm kernel oil derivatives

Volume of production/ consumption certified

1,312

Metric for volume

Metric tons

Is this certified by more than one scheme?

Don't know

Please explain

Volume sourced using RSPO smallholder credits which have a premium over standard credits and can be traced to the local farmers supported by the purchase

Forest risk commodity

Soy

Third-party certification scheme

Other, please specify

US Sustainable Soy Assurance Protocol (SSAP)

Chain-of-custody model used

Segregation

% of total production/consumption volume certified

43

Form of commodity

Soy bean oil

Volume of production/ consumption certified

5,247.79

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

Soy bean oil used with beans sourced from the US and certified under the SSAP scheme

Forest risk commodity

Soy

Third-party certification scheme

ProTerra certification

Chain-of-custody model used

Certificate trading

% of total production/consumption volume certified

1.3

Form of commodity

Soy bean oil

Volume of production/ consumption certified

162

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

Volume sourced using RTRS smallholder farmer credits supporting farmers in India

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

| | |
|----------|---|
| Palm oil | Yes, we have a system in place for our no conversion and/or deforestation commitments |
| Soy | Yes, we have a system in place for our no conversion and/or deforestation commitments |

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

We maintain a global database of all purchased palm oil products and ingredients containing palm derivatives used in our operations. Every year we send a supplier questionnaire to all suppliers asking them to confirm their mills, locations and deforestation status. To improve this data credibility and collection process, we have adopted the industry-leading tool, NDPE Implementation Reporting Framework which will provide all information on refineries, supplying mills and deforestation status of their palm oil.

We also use the RSPO certification process to ensure that our own manufacturing sites and certified to receive, handle and sell RSPO certified materials as part of the chain of custody certification.

Monitoring and verification approach

Third-party verification

% of total volume in compliance

31-40%

% of total suppliers in compliance

<10%

Response to supplier non-compliance

Retain & engage

Exclude

% of non-compliant suppliers engaged

100%

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

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

We review the actions for non-compliant suppliers throughout the year. At least once a year, we revise our three year compliance plan and set supplier targets.

The severity of compliance is based on the volume of palm oil. Suppliers are classified as more severe when the volume of palm oil in uncertified (this threshold is usually greater than 5 tonnes per year). When this is the case and suppliers are non-compliant, McCormick looks to change contracts and use compliant suppliers.

Forest risk commodity

Soy

Operational coverage

Direct operations

Supply chain

Description of control systems

We maintain a global database of all purchased soy bean oil used in our global operations. Every year we send a supplier questionnaire to all suppliers asking them to confirm their refineries and origin of the soy beans used. Using this information, we are able to assess whether the soy beans come from deforestation-risk areas especially in South America. We are able to monitor if the supplies are certified to any of the credible certifications e.g. RTRS, ISCC, US-SSAP etc. In 2022, we managed to switch a large volume of our soy from South America to another type of vegetable oil (canola)

Monitoring and verification approach

Third-party verification

% of total volume in compliance

41-50%

% of total suppliers in compliance

10-20%

Response to supplier non-compliance

Retain & engage

Exclude

% of non-compliant suppliers engaged

100%

Procedures to address and resolve non-compliance with suppliers

Providing information on appropriate actions that can be taken to address non-compliance

Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Other, please specify

Change of origin from Brazil to the US

Please explain

In 2022, we switched a majority of the volume previously sourced from South America to Canola oil. The 1% of soy that still comes from Brazil will be a target for the supplier to either supply RTRS certified product or we will switch suppliers or type of oil

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 | |
|---|---------------------|
| Palm oil | Yes, from suppliers |
| Soy | Yes, from suppliers |

F6.6a

(F6.6a) For your 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

We carry out a supplier assessment of our suppliers using the SMETA audits. The audit assesses a site based on their organisation's standards of labour, health and safety, environment and business ethics. These are key areas for assessing an organisation's responsible business practices and meeting social compliance.

Soy

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

Brazil

Law and/or mandatory standard(s)

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

Comment

We carry out a supplier assessment of our suppliers using the SMETA audits. The audit assesses a site based on their organisation's standards of labour, health and safety, environment and business ethics. These are key areas for assessing an organisation's responsible business practices and meeting social compliance.

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? | Type of smallholder engagement approach | Smallholder engagement approach | Number of smallholders engaged | Please explain |
|----------|--|---|--|--------------------------------|--|
| Palm oil | Yes, working with independent smallholders | Financial and commercial incentives | Other, please specify Purchase of RSPO credits supporting independent smallholder farmers | 3,677 | We support independent smallholder farmers financially by buying RSPO Independent Smallholder credits from farmer cooperatives. Between February and April 2022, we purchased over 1,300 Independent Smallholder credits in support of 3,677 independent smallholder palm oil farmers through 10 farmer cooperatives in Indonesia, Malaysia, and Thailand. |
| Soy | Yes, working with smallholders | Financial and commercial incentives | Other, please specify Purchase of RTRS credits supporting smallholder farmers | 9,000 | We support smallholder farmers financially by buying RTRS credits directly from a farming cooperative in India and with who we have worked with over the last two years. On 2nd March 2022, we supported 9,000 smallholder soybean farmers with 40 centres (or groups) by buying smallholder credits through this farmer cooperative. |

F6.8

(F6.8) Indicate if you are working with your direct suppliers to drive action on forests-related issues and if so, provide details of the engagement.

Forest risk commodity

Palm oil

Are you working with direct suppliers?

Yes, working with direct suppliers

Action(s) on forests-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Supply chain mapping
Capacity building
Financial and commercial incentives
Innovation and collaboration

Details of engagement

Supplier questionnaires on environmental and social indicators
Developing or distributing supply chain mapping tool
Offering on-site training and technical assistance
Organizing capacity building events
Support suppliers to set their own no deforestation/conversion commitments across their entire commodity operation
Support suppliers to develop public time-bound action plans with clear milestones
Paying higher prices linked to best agricultural practices
Purchase guarantee linked to best agricultural practices
Long-term contracts linked to forest related commitments

Description of engagement

We used our supplier mapping toolkit to identify nine suppliers supplying 87% of our global palm oil volumes and set an objective for them to supply deforestation-free palm oil by 2030. We ensured they are using the NDPE IRF methodology which we use to monitor progress year-on-year on their ability to use and supply deforestation-free palm oil. These are strategic suppliers with whom we have long term purchasing contracts and to provide financial incentive to achieve and maintain the objective.

We also set up a supplier development plans for four other global strategic suppliers for RSPO certification. With one supplier, we held meetings to provide technical assistance for the them to attain RSPO accreditation and convert from conventional to RSPO-certified palm oil supplied to McCormick. This was part of the long term contract which ensures we pay a premium for a sustainable product. With the second supplier, we embarked on a new product development collaboration to test the use of sustainable palm oil. Both suppliers set a time-bound plan and have since transitioned to supplying RSPO-certified palm oil.

The 13 suppliers accounted for 99% of our global palm oil volume.

% of suppliers engaged by procurement spend covered by engagement

99

Explain the impact of your engagement on the selected action

We were able to report that 2,284t of our palm oil (35%) was deforestation free and that the suppliers had commitments to supply another 2,946t (45%) palm oil as deforestation-free in the near future.

By converting to the RSPO-certified palm oil, we increased the proportion of our physically certified palm oil by 5% globally.

Is this engagement helping your suppliers engage with their suppliers on the selected action?

Yes

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s)

Targets 1, 2 and 5

Forest risk commodity

Soy

Are you working with direct suppliers?

Yes, working with direct suppliers

Action(s) on forests-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Supply chain mapping

Capacity building

Financial and commercial incentives

Innovation and collaboration

Details of engagement

Paying higher prices linked to best agricultural practices

Financial incentives for certified products

Purchase guarantee linked to best agricultural practices

Long-term contracts linked to forest related commitments

Description of engagement

We made a request for information to all our soybean oil suppliers to understand if they are sourcing soy beans from areas free of deforestation risks. Two suppliers responded they had links to sourcing from Brazil. But they could not verify of the deforestation-free. We set to work with the to identify links to sourcing region and change to sustainable sources. Both suppliers couldn't. So we set to work with two alternative suppliers. In the second case we changed to an alternative supplier already being used with McCormick global network as they were supplying US SSAP certified soy bean oil. In both case we

carried out new product development to make the alternative products suitable for our customers. After approval, the new suppliers were granted purchase contracts which were more expensive due to their deforestation-free and certifiable status.

% of suppliers engaged by procurement spend covered by engagement

43

Explain the impact of your engagement on the selected action

One of the new suppliers offered an alternative vegetable oil which we have since changed. For the other supplier, we are in the process to switch to the US SSAP certified product in 2023. In the end, we will not have any of soybean oil linked to Brazil, the only current source where we have a deforestation risk.

Is this engagement helping your suppliers engage with their suppliers on the selected action?

Yes

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s)

Target 3 & 4

F6.9

(F6.9) Indicate if you are working beyond your first-tier supplier(s) to drive action on forests-related issues, and if so, provide details of the engagement.

Forest risk commodity

Palm oil

Are you working beyond first tier?

Yes, working beyond first tier

Action(s) on forest-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Other

Details of engagement

Other, please specify

Financial incentives for RSPO Certified Independent Smallholders

Description of engagement

Financial support of independent smallholder farmers by purchasing RSPO smallholder credits that allows for increased investment in making the palm oil supply chain more traceable, transparent and sustainable overall. Between February and April 2022, we purchased over 1,300 Independent Smallholder credits in support of 3,677 independent

smallholder palm oil farmers through 10 farmer cooperatives in Indonesia, Malaysia, and Thailand.

Explain the impact of your engagement on the selected action

RSPO Credits have helped independent smallholder increase their yields, provided them with direct access to the sustainable palm oil market that subsequently improves their livelihoods, and reduce the risk of deforestation and land conversion.

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s)

Target 1

Forest risk commodity

Soy

Are you working beyond first tier?

Yes, working beyond first tier

Action(s) on forest-related issues driven by engagement

Other, please specify

Type of engagement

Other

Details of engagement

Other, please specify

Financial incentives for smallholder farmers of soybeans

Description of engagement

Financial support of a smallholder farmer group by purchasing RTRS credits directly from them for the second year running. On 2nd March 2022, we supported 9,000 smallholder soybean farmers with 40 centres (or groups) by buying smallholder credits through this farmer cooperative.

Explain the impact of your engagement on the selected action

The farming group has been able to provide training and finance support to the farmers. They have also developed a mobile app which helps farmers maintain traceability documents. They have mapped all the farmer grower fields with the help of Jio Tagging with KML map.

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s)

Target 4

F6.10

(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?

| | Do you engage in landscape/jurisdictional approaches? | Primary reason for not engaging in landscape and/or jurisdictional approaches | Explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future |
|-------|--|--|---|
| Row 1 | No, we do not engage in landscape/jurisdictional approaches, and we do not plan to within the next two years | Important, but not an immediate priority | As a finished goods manufacturer, we influence our direct suppliers to engage in jurisdictional approaches to progress shared sustainable land use goals. |

F6.11

(F6.11) Do you participate in any other 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

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

UN Global Compact

Roundtable on Sustainable Palm Oil (RSPO)

European Palm Oil Alliance (EPOA)

Other, please specify

Palm Oil Collaboration Group (POCG), Consumer Goods Forum (CGF)

Please explain

McCormick is a UN Global Compact LEAD member. Our palm oil policy directly leads to the advancement of SDG 13 and 15.

As a member of RSPO since 2018, we have engaged multiple times with the secretariat to seek ways of improving our performance and are active in the Consumer Goods Manufacturer group. In 2022, we won the RSPO Shared Responsibility Award for the consumer manufacturer category.

We continue to be an active member of the POCG active working group to advance the NDPE reporting framework for the palm oil supply chain.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

Please explain

We are members of the Consumer Goods Forum and engaged in the Forest Positive initiative with a focus on removing deforestation, forest conversion and degradation from the production of palm and soy.

Forest risk commodity

Soy

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

UN Global Compact
Roundtable on Sustainable Soy (RTRS)

Please explain

McCormick is an active member of the UN Global compact . In doing so we strive to link our palm and soy sustainable sourcing policy to it's direct advancement of two SDGs (13 and 15).

We are also members of the RTRS and are committed to using their standard to drive sustainable sourcing of RTRS-certified soy. McCormick's role here is to increase consumption of RTRS-certified material and we are committed to using the RTRS certification as our global standard for soy. This will help us in our role to achieve the UN Global compact SDGs (13 and 15).

Forest risk commodity

Soy

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

Please explain

We are members of the Consumer Goods Forum and McCormick's role is to engage in the Forest Positive initiative with a focus on removing deforestation, forest conversion and degradation from the production of palm and soy.

F6.12

(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and long-term protection?

No, and we do not plan to implement project(s) within the next two years

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

Not all suppliers have adopted the NDPE reporting framework and therefore there is limited availability of products that can be certified as deforestation-free

Forest risk commodity

Soy

Coverage

Direct operations

Supply chain

Primary barrier/challenge type

Lack of adequate traceability systems

Comment

RTRS does not recognise Soy from the US as deforestation-free despite the knowledge that >80% of soy beans grown in the US can be certified as deforestation-free under the US SSAP. This discrepancy makes it difficult to make progress in using and claiming deforestation-free soy.

There is no other globally recognised scheme that certifies soy for its deforestation status.

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
Supply chain

Main measure

Price premium for certified materials

Comment

We are building costs into our sourcing budgets to account for premiums in sourcing RSPO-certified or deforestation-free palm oil.

Forest risk commodity

Soy

Coverage

Direct operations
Supply chain

Main measure

Development of certification and sustainability standards across entire landscapes/jurisdictions

Comment

A global certification standard for deforestation-free soy would enable companies like McCormick to have global visibility and access to certified deforestation-free soy.

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.

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 | Executive Vice President & Member of Management Committee | Board/Executive board |

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

| | I understand that my response will be shared with all requesting stakeholders | Response permission |
|---------------------------------------|---|---------------------|
| Please select your submission options | Yes | Public |

Please confirm below

I have read and accept the applicable Terms