28/07/2022 15:28

Welcome to your CDP Forests Questionnaire 2022

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 flavourful 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, 2020	November 30, 2021

F0.3

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

USD

F0.4

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

	Commodity disclosure	Stage of the value chain
Timber products	This commodity is not produced, sourced or used by our organization	
Palm oil	Disclosing	Manufacturing
Cattle products	This commodity is not produced, sourced or used by our organization	
Soy	Disclosing	Manufacturing
Other - Rubber	This commodity is not produced, sourced or used by our organization	
Other - Cocoa	This commodity is not produced, sourced or used by our organization	
Other - Coffee	This commodity is not produced, sourced or used by our organization	

F0.5

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

No

F0.6

(F0.6) 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

Multiple contracted producers

Contracted suppliers (processors)

Contracted suppliers (manufacturers)

Country/Area of origin

Indonesia

Malaysia

% of procurement spend

<1%

Comment

Soy

Activity

Using as input into manufacturing process for power generation

Form of commodity

Soy bean oil

Source

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

Country/Area of origin

Brazil
China
Mexico
United States of America

% of procurement spend

1-5%

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	1-5%	
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

5,713.78

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

32

Please explain

We use the No-Deforestation, No Peat and and No-Exploitation Implementation Reporting Framework (NDPE IRF) to monitor how much volume of our palm oil is deforestation-free. For our 2021 volume, 1805 tonnes of palm oil (32% of global volume) was independently verified through NDPE IRF to be deforestation-free.

Forest risk commodity

Soy

Data type

Consumption data

Commodity production/ consumption volume

12,492.79

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?

No, but we are planning to verify volumes as deforestation- and/or conversion-free in the next two years

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

Please explain

We have made a commitment to have 100% of our soy bean oil as deforestation and/or conversion free by 2030.

F1.5b

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

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

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

% of total production/consumption volume

49

Please explain

We track back the origins of our palm oil, from the supplying plant, to the refineries, mills and wherever possible, to the plantation. We annually ask our suppliers to provide this traceability data as method to verify palm comes from deforestation-free areas.
2786 tonnes of our palm oil volume (49%) is sourced from Indonesia. The country and states of origin were identifiable using the NDPE IRF tool as well declaration of mills by suppliers.

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

51

Please explain

2927 tonnes of our palm oil volume (51%) is sourced from Malaysia. The country and states of origin were identifiable using the NDPE IRF tool as well declaration of mills by suppliers.

Forest risk commodity

Soy

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

71.6

Please explain

We annually ask all our global soy suppliers to provide the location of their refineries and origin of the soy beans.
71.6% of our soy bean oil is made from soy grown in Iowa and Pennsylvania in the US.

Forest risk commodity

Soy

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

26.6

Please explain

We annually ask all our global soy suppliers to provide the location of their refineries and origin of the soy beans.
26.6% of our soy bean oil is made from soy grown in Shenzen in China

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Forest risk commodity

Soy

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

0.1

Please explain

We annually ask all our global soy suppliers to provide the location of their refineries and origin of the soy beans.
0.1% of our soy bean oil comes Canada but we are not able to identify the specific origin of the soy beans at the moment.

Forest risk commodity

Soy

Country/Area of origin

Brazil

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

1.8

Please explain

We annually ask all our global soy suppliers to provide the location of their refineries and origin of the soy beans.
1.8% of our soy bean oil comes Brazil but we are not able to identify the specific origin of the soy beans at the moment.

F1.5e

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

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

No

Data type

Volume produced/consumed

Metric

Country/Area of origin

State or equivalent jurisdiction

% of total production/consumption volume

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

Comment

McCormick neither produces nor consumes biofuel derived from palm oil

F1.6

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

No

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)

2,048

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

We have adopted the No-deforestation, No-development on peat and No-exploitation implementation reporting framework (NDPE IRF) tool that tracks progress, identify where action is needed, and work to implement the necessary changes to achieve deforestation-free palm.
All refineries provide information about all the mills they buy from, looking at social and environmental issues related to NDPE commitments. A profile for each mill is generated which identifies compliant volumes.
Every year, we ask suppliers to provide us with their NDPE profiles and use the IRF profiles to demonstrate the percentage of volumes in our supply chain that is delivering on NDPE commitments.
The profiles also give an indication of gaps, the basis for timebound action plans for implementation to improve and progress towards delivering NDPE
This information so publicly available but we ask our suppliers to provide it to ensure we have a point for dialogues on gaps and improvement plans.
In 2021, the world production of palm oil was 76 million tonnes (according to www.mpevans.co.uk). We used 0.0058 million tonnes of palm oil, equivalent to about 0.008% of the global palm oil volume. Global palm oil is estimated to be grown on more than 27million hectares. Using the proportion of 0.008% volume, we estimate that our deforestation/conversion footprint is approximately 2,048 hectares

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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)

6,246

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

We are working with the No-deforestation, No-development on peat and No-exploitation implementation reporting framework (NDPE IRF) stakeholders to use their tool to track progress, identify where action is needed, and work to implement the necessary changes to achieve deforestation-free soy.
All refineries will provide information about where they buy soy beans from, looking at social and environmental issues related to NDPE commitments. A profile for refinery will

be generated, identifying compliant volumes.
In the meantime, every year, we ask suppliers to provide us with the source of their soy beans that they use to process soy bean oil sold to McCormick.
It is estimated that the yield of soy bean oil is 0.5tonnes per hectare. We used 12,493 tonnes of soy bean oil. We therefore estimate that our deforestation/conversion footprint is approximately 6,246 hectares

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

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 partially mapped the value chain
Soy	Yes, we have partially mapped the 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
Customers

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

We keep a record of all the ingredients containing palm oil used in our own operations. As part of our supplier quality procedures, we have visibility of the manufacturing sites of these ingredients.
Every year, we ask suppliers to confirm the mills that supply the palm oil used to make ingredients they supply to McCormick. Using the supplier responses, we can trace 86% of palm oil to the mill using our Tier 1 suppliers.

As part of our RSPO commitments, every year, we reconcile the palm oil purchased and sold by mapping which finished products contain palm oil, the quantity, type and RSPO-certification status. This enables us to make product claims to our customers

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

We keep a record of all the ingredients containing soy bean oil used in our own operations.

Every year, we ask suppliers to confirm the refineries that crush the soy used to make ingredients they supply to McCormick. Using the supplier responses, we can trace 98% of palm oil to the refineries using our Tier 1 suppliers.

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)

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?
Supply chain

Primary risk driver

Availability of certified sustainable material

Primary potential impact

Increased compliance costs

Company-specific description

As the standard for compliance to sustainable palm oil moves towards deforestation-free products, we expect higher costs for supply chain compliance to No Deforestation, No Peat and No Exploitation (NDPE) because of higher premiums for complaint products.

We have joined the NDPE Implementation Reporting Framework (IRF) that will enable us monitor and report progress on deforestation-free palm coming through our supply chain. We commit to use deforestation-free palm oil by 2030. We will only seek to use materials that are NDPE compliant and therefore there will be increased compliance costs towards changing to deforestation-free palm oil. We do not expect the cost of implementing our NDPE commitment 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)

25,000

Potential financial impact figure - maximum (currency)

50,000

Explanation of financial

Although 100% of our palm oil is RSPO Sustainable, about 17% (approximately 980 tonnes) isn't traceable to mill/plantation. Based on quotations received by suppliers depending on product type and volumes available, the premium for traceable-to-mill product varies between $25-50 per tonne, the basis for the figures given above. This cost is insignificant and would not have any material financial impact on our operations.

Primary response to risk

Greater traceability of forest-risk commodities

Description of response

We have adopted the use of NDPE Implementation Reporting Framework (IRF) as the tool to measure and report progress towards deforestation-free palm oil.
Refineries complete a detailed questionnaire about each mill that they buy from. This looks at a wide range of factors and initiatives across both social and environmental issues related to NDPE commitments. A profile is automatically generated based on the responses, which identifies the volumes that can be shown to at each category, towards delivering NDPE, using a traffic light system, red through green.

Using these profiles, we are able to see how much of our palm oil is deforestation free and develop actions for the remainder of the volume. Although 86% of our global palm oil is reportable through this framework, we have a target to verify that 100% deforestation-free palm oil by 2030. We can then make corporate or brand claims about this and eliminate the reputational risk.

Cost of response

98,567

Explanation of cost of response

The cost of response is based on the conversion of conventional material to certified product ($48,567) + the cost of hiring a resource to oversee the implementation of the NDPE commitments ($50,000).

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

As the standard for compliance to sustainable soy moves towards deforestation-free products, we expect higher costs for supply chain compliance to No Deforestation, No Peat and No Exploitation (NDPE).
As the NDPE Implementation Reporting Framework (IRF) gets rolled out to monitor and report progress on deforestation-free soy, we commit to use deforestation-free soy by

2030. Only 1.8% of our global soy comes from Brazil, a deforestation risky country, Only 1.8% of our global soy comes from Brazil, a deforestation risky country. We will seek to soy bean oil made from beans grown in the US or those that are certified to be deforestation-free through the credible schemes like RTRS, ISCC etc. The certified material will carry a premium over conventional products but do not expect these costs to have a material impact on operations and extended supply chain.

Timeframe

4-6 years

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

42,725

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial

We estimate that the on cost for deforestation-free or Round Table for Sustainable Soy (RTRS) compliant soy would attract a price premium of approximately 10% premium which is approximately $190 per tonne according to the latest Soybean Oil Monthly Price (www.indexmundi.com).
As only 1.8% (220 tonnes) of our soy is exposed to deforestation risk in Brazil, this would equate to approximately $42,725
This cost is insignificant and would not have any material financial impact on our operations or extended supply chain.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

For the soy bean oil purchased using soy beans from Brazil, we will seek to change to RTRS-certified material by 2024 at a cost of approximately $42,725

Cost of response

42,725

Explanation of cost of response

The only cost to source 100% certified sustainable material would be the premiums to convert the conventional material to certified product . This therefore equates to the financial impact as there would be no additional resource costs required for this.

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 none with potential to have a substantive financial or strategic impact on business

Please explain

The Global Sustainability Study 2021, conducted by global strategy and pricing consultancy Simon-Kucher & Partners, reveals that 85% of consumers indicate that they have shifted their purchase behaviour towards being more sustainable in the past five years.

We identified and executed the opportunity to market our branded products containing sustainable palm oil by making on pack claims. However, it is difficult to quantify any forest-related financial benefit from these on pack claims due to lack of specific data availability. We are looking into ways of quantifying the benefits within the next 5 years.

Soy

Primary reason

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

Please explain

The Global Sustainability Study 2021, conducted by global strategy and pricing consultancy Simon-Kucher & Partners, reveals that 85% of consumers indicate that they have shifted their purchase behaviour towards being more sustainable in the past five.

There is an opportunity to market our branded products containing sustainable soy by

making on pack claims. This would relate to products made with Soy originating from Brazil. As the proportion of this soy is low at 1.8%, the financial benefit will be small. However, there's an opportunity for reputational benefit as this would build upon other sustainability credentials linked to our brands.
However, it is difficult to quantify any forest-related financial benefit from such on pack claims due to lack of specific data availability. We are looking into ways of quantifying the benefits in the next 5 years.

F4. Governance

F4.1

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

Yes

F4.1a

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

Position of individual	Please explain
Board Chair	McCormick has a proud legacy and commitment to doing what’s right for people, the communities where we live, work, and source 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, in 2020, the Chairman of the Board signed off on the decision for McCormick to join the UN Global Compact. In joining the UN Global Compact’s Action Platform, McCormick’s Board supports The Nature Based Solutions Action Area which includes the avoidance of funding for deforestation and other activities that harm ecosystems.

F4.1b

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

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain

Row 1	Scheduled - some meetings	Monitoring implementation and performance Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Setting performance objectives	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.

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

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.

F4.2

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

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Chief Sustainability Officer (CSO)	Both assessing and managing forests-related risks and opportunities	Quarterly	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. 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. This cross-functional committee is tasked to embed principals of PLP into every aspect of the business and is best positioned to manage and drive progress on forests-related issues as a result. The PLP Governance Council reports directly to the Board during quarterly Board meetings on strategy, risk, major plans of action, key performance indicators, etc. The PLP Governance Council also separately reports to the McCormick Management Committee which is the top-level senior management committee monthly.

F4.3

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

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

F4.3a

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

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Chief Sustainability Officer (CSO) Chief Purchasing Officer (CPO)	Achievement of commitments and targets Supply chain engagement	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 sustainability targets are met, the CPO and CSO receive a financial bonus. If this is over-achieved, a greater monetary reward is received. 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.
Non-monetary reward	No one is entitled to these incentives	No indicator for incentivized performance	not applicable

F4.4

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

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

F4.5

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

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

F4.5a

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

	Scope	Content	Please explain
Row 1	Company-wide	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) Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Description of business dependency on forests 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	Our Palm and Soy Sustainable Sourcing Policy has NDPE commitments. This is reviewed and updated every 3 years. Mechanisms to implement the policy include - monitoring supplier progress each year by identifying where each raw material comes from (country, region and deforestation-free status) - Training and educating suppliers on McCormick commitments, supplier expectations and objectives (see below for targets) Previously McCormick could identify where palm oil and soy has been sourced. Going forwards, and through the updated process, McCormick will identify deforestation free palm oil and soy. This will contribute to our three targets: 1. 100% RSPO Sustainable palm oil by 2025 2. 100% RTRS Sustainable Soy by 2025 3. Deforestation free palm oil and soy by 2030. a. This includes 100% traceability to mill (identifying the individual mill producers)

		Description of forests-related performance standards for direct operations Description of forests-related standards for procurement	

F4.5b

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

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Palm oil	Yes	Company-wide	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) Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to resolving both social and environmental issues in own operations and supply chain Commitment to stakeholder awareness and engagement	Our Palm and Soy Sustainable Sourcing Policy has NDPE commitments. This is reviewed and updated every 3 years. Mechanisms to implement the policy include - monitoring supplier progress each year and identifying where each raw material comes from (region, deforestation free) - Training and educating suppliers on McCormick commitments, supplier expectations and objectives (see below for targets) Previously McCormick could identify where palm oil and soy has been sourced. Going forwards, and through the updated process, McCormick will identify deforestation free palm oil and soy. This will contribute to our three targets: 1. 100% RSPO Sustainable palm oil by 2025

			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 commitments and targets Description of forests-related performance standards for direct operations Description of forests-related standards for procurement	2. 100% RTRS Sustainable Soy by 2025 3. Deforestation free palm oil and soy by 2030. a. This includes 100% traceability to mill (identifying the individual mill producers)
Soy	Yes	Company-wide	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) Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance	Our Palm and Soy Sustainable Sourcing Policy has NDPE commitments. This is reviewed and updated every 3 years. Mechanisms to implement the policy include - monitoring supplier progress each year and identifying where each raw material comes from (region, deforestation free) - Training and educating suppliers on McCormick commitments, supplier expectations and objectives (see below for targets) Previously McCormick could identify where palm oil and soy has been sourced. Going

			Commitment to transparency Commitment to resolving both social and environmental issues in own operations and supply chain 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 commitments and targets Description of forests-related performance standards for direct operations Description of forests-related standards for procurement	forwards, and through the updated process, McCormick will identify deforestation free palm oil and soy. This will contribute to our three targets: 1. 100% RSPO Sustainable palm oil by 2025 2. 100% RTRS Sustainable Soy by 2025 3. Deforestation free palm oil and soy by 2030. a. This includes 100% traceability to mill (identifying the individual mill producers)

F4.6

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

Yes

F4.6a

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

Other, please specify
Our public Palm and Soy Sustainable Sourcing Policy

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
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

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. This covers Indonesia and Malaysia, our focussed area of traceability, making up over 99% of our palm oil source

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 has six grievances cases and only two relate to FPIC issues. These two cases do not involve any of the regions from which McCormick’s palm oil is sourced.

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

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 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. 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	We achieved our initial 2025 target of sourcing 100% RSPO sustainable palm oil in 2021. We have an enhanced and expanded new target to use deforestation-free palm and soy by 2030. 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. 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. We communicate to our suppliers the expectations that support the long term objectives. 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	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. 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. 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.

F6. Implementation

F6.1

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

Yes

F6.1a

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

Target reference number

Target 1

Forest risk commodity

Palm oil

Type of target

Third-party certification

Description of target

Source 100% RSPO-certified palm oil by 2025

Linked commitment

Other environmental commitments

Traceability point

Third-party certification scheme

RSPO Identity Preserved
RSPO Segregated
RSPO Mass Balance
RSPO Book and Claim

Start year

2018

Target year

2025

Quantitative metric

Target (number)

Target (%)

100

% of target achieved

100

Please explain

100% of our palm is now RSPO sustainable. This has been met through 86% of the palm oil is certified through RSPO's Segregated and Mass Balance modules and 14% via RSPO's Book & Claim.

Target reference number

Target 2

Forest risk commodity

Palm oil

Type of target

Traceability

Description of target

Trace 100% of palm oil used in our supply chain to the mill by 2025.

Linked commitment

Zero net/gross deforestation

Traceability point

Mill

Third-party certification scheme

Start year

2021

Target year

2025

Quantitative metric

Target (number)

Target (%)
100

% of target achieved
86

Please explain
4,891 tonnes of our global palm oil volume (86%) purchased in 2021 was traceable to mills. We obtained this data from supplier declarations in the annual McCormick survey and/or as confirmed via the NDPE Implementation Reporting Framework

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Target reference number
Target 4

Forest risk commodity
Soy

Type of target
Third-party certification

Description of target
100% of purchased soy bean oil will be sustainable and certified to internationally recognised standards by 2025

Linked commitment
Zero net/gross deforestation

Traceability point

Third-party certification scheme
RTRS Credits
Other, please specify
US Sustainable Soy Agricultural Policy (SSAP)

Start year
2021

Target year
2025

Quantitative metric

Target (number)

Target (%)
100

% of target achieved
42

Please explain
5,006 tonnes of our 2021 soy bean volume was certified under US Sustainable Soy Agricultural Policy (SSAP) while 220 tonnes made from soy beans originating from Brazil were covered with RTRS credits. The total volume accounted for 42% of our global soy bean oil volume.

Target reference number
Target 3

Forest risk commodity
Palm oil

Type of target
Traceability

Description of target
100% of palm oil to be deforestation-free by 2030

Linked commitment
Zero net/gross deforestation

Traceability point

Refinery

Third-party certification scheme

Start year
2021

Target year
2030

Quantitative metric

Target (number)

Target (%)
100

% of target achieved

83

Please explain

4,939 tonnes of our global palm oil volume (86%) purchased in 2021 was traceable to refineries. This data was obtained by supplier questionnaire confirming the refineries from which all supplies came from.

Target reference number

Target 5

Forest risk commodity

Soy

Type of target

Traceability

Description of target

100% of purchased soy bean oil to be deforestation-free by 2030

Linked commitment

Zero net/gross deforestation

Traceability point

Refinery

Third-party certification scheme

Start year

2021

Target year

2030

Quantitative metric

Target (number)

Target (%)

100

% of target achieved

98

Please explain

12,273 tonnes of soy bean oil purchased in 2021 was traceable back to refineries. We used a supplier questionnaire asking for confirmation of supplying refineries. This volume accounts for 98% of our global soy bean volume

F6.2

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

	Do you have system(s) in place?	Description of traceability system	Exclusions
Palm oil	Yes	We have also adopted the use of the NDPE Implementation Reporting Framework for suppliers that have signed up to it. The framework identifies the mills that supply each refinery from which we source our palm oil. For example, we used the NDPE framework to trace 86% of the 2021 palm oil volume to the mill. 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	Not applicable
Soy	Yes	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. For example, for 2021, we used this approach to trace over 98% of our soy beans to a geographical area in the countries of origin. We have adopted the use of the NDPE Implementation Reporting Framework which in future could be adapted for traceability of soy bens to country of origin.	Not applicable

F6.2a

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

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Palm oil	Country	100
Palm oil	Municipality or equivalent	86
Palm oil	Mill	86
Soy	Country	100

Soy	Municipality or equivalent	98
Soy	Refinery	98
Palm oil	Refinery	17

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	41.8

F6.3a

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

Forest risk commodity
Palm oil

Third-party certification scheme
RSPO Segregated

Chain-of-custody model used

% of total production/consumption volume certified
2

Form of commodity
Refined palm oil
Palm oil derivatives

Volume of production/ consumption certified
131

Metric for volume
Metric tons

Is this certified by more than one scheme?
No

Please explain

2% of our palm oil is RSPO certified using the Segregated model. McCormick's objective here is to use more of the RSPO Segregated palm oil. We support our suppliers to improve and build capacity for availing RSPO Segregated material for McCormick to purchase. Actions taken to do so include offering premiums, long-term contracts and a plan to secure the correct standard of supply.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Mass Balance

Chain-of-custody model used

% of total production/consumption volume certified

84

Form of commodity

Refined palm oil
Palm oil derivatives
Palm kernel oil derivatives

Volume of production/ consumption certified

4,786

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

84% of our palm oil is RSPO certified using the Mass Balance model. Mass Balance is used when Segregated material is not available. McCormick encourages suppliers with uncertified palm oil and to supply Mass Balance produce when Segregated material is not available. Actions taken to do so include offering premiums, long-term contracts and a plan to secure the correct standard of supply.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Credits/Book & Claim

Chain-of-custody model used

% of total production/consumption volume certified

14

Form of commodity

Refined palm oil
Palm oil derivatives
Palm kernel oil derivatives

Volume of production/ consumption certified

797

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

14% of our palm oil is RSPO certified using the Book & Claim / Credits scheme

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Forest risk commodity

Soy

Third-party certification scheme

RTRS Credits

Chain-of-custody model used

% of total production/consumption volume certified

2

Form of commodity

Soy bean oil

Volume of production/ consumption certified

220

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

2% of our soy is sustainable under the RTRS credit scheme

Forest risk commodity

Soy

Third-party certification scheme

Other, please specify

US Soy Sustainability Assurance Protocol

Chain-of-custody model used

Not applicable

% of total production/consumption volume certified

40

Form of commodity

Soy bean oil

Volume of production/ consumption certified

5,006

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

40% of our soybean oil is made from soybeans certified under the United States Soy Sustainability Assurance Protocol (SSAP). McCormick is encouraging our suppliers of soy using soybeans from other countries to either use US certified SSAP soybeans, tracing the origins of supply, or supply the sustainable RTRS materials segregated (when not in the US). Additionally, we ask our suppliers currently using uncertified soybeans to seek certification, where in this case we encourage US suppliers to align with the SSAP certification. Actions taken to do so include offering premiums, long-term contracts and a plan to secure the correct standard of supply.

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

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

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

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. For example, we asked 18 suppliers to comply by supplying RSPO-certified ingredients before the end of 2022 and we have had training sessions with suppliers to explain our expectations and offer knowledge support to get certification.

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 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

Monitoring and verification approach

Third-party verification

% of total volume in compliance

41-50%

% of total suppliers in compliance

21-30%

Response to supplier non-compliance

Retain & engage

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

We have set up an annual review of the actions for non-compliant suppliers and the severity is based on the origin, e.g., soy that is sourced from Latin America, such as Brazil, is classified as severe, regardless of volume.

The first annual review of non-compliant suppliers was in 2021 and we have identified which suppliers need to start supplying RTRS material from South America or US SSAP certified soybean oil from the US. We are also working with one supplier of Brazilian origin soybean oil to switch to using US SSAP certified soybeans from the US before the end of 2022. The severity is defined as whether they are suppling uncertified soy beans from Brazil and if uncertified, McCormick shift to compliant suppliers.

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

F6.8

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

	Are you working	Type of direct supplier	Direct supplier engagement approach	% of suppliers engaged	Please explain

	with direct suppliers?	engagement approach			
Palm oil	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Supplier audits Offering on-site training and technical assistance Disseminating technical materials Support suppliers to set their own no deforestation/conversion commitments across their entire commodity operation Encourage suppliers to work collaboratively on sector, landscape, or jurisdictional initiatives 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	10-20%	Each year McCormick reaches out to 100% of our suppliers to understand their level of compliance with being sustainably certified palm oil. In doing so 12% of our suppliers account for almost 90% of our palm oil volume globally. For these suppliers, we have developed a questionnaire for palm oil to map their supply chain back to refineries, mills and plantations where possible. For example, our Traceability To mill and Plantations Questionnaire. We also encourage these suppliers to adopt toolkits, for example the NDPE IRF toolkit monitors and reports progress towards producing and supplying deforestation-free palm oil. Additionally, and for 100% of our suppliers, we have used a combination of activities that includes virtual meetings to build capacity and enhance transparency, while at the same time increasing supply of compliant palm oil to our factories. In our

					strategic sourcing, we are also targeting suppliers with a clear vision to use deforestation-free palm oil. Here we budget to pay more to these suppliers, while committing to longer term contracts to ensure that we have a sustainable supply of RSPO-certified and deforestation-free palm oil.
Soy	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives	Supplier questionnaires on environmental and social indicators Supplier audits Offering on-site training and technical assistance 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	100%	We sent a questionnaire to all our 10 soybean oil suppliers, making up 100% of our suppliers , to map their supply chain back to the country/province of origin of the soybeans they use. In addition to supplier audits, we have engaged with them to understand and provide support to achieve our requirements. For example, we are working with one supplier to change the origin of their soybeans from Brazil to the US before the end of 2022.

F6.9

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

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain

Palm oil	Yes, working beyond first tier	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tools Supplier questionnaires on environmental and social indicators Offering on-site training and technical assistance Disseminating technical materials Other, please specify Supplier Code of Conduct	With our commitments to trace 100% of our palm oil to mill and to source deforestation-free palm by 2030, we are supporting our tier 1 suppliers with tools and information they can use with their own suppliers to complete the supply chain mapping. In some cases, we have directly interacted with the Tier 2 suppliers to impress on the reason why we are asking for certain measures and certifications to be met. For example, to build capacity, we reached out to a Tier 2 supplier to explain how NDPE profiles work and why they should consider enrolling in the framework. Another route through which we influence beyond first tier suppliers is via the Global Supplier Code of Conduct. In it, we expect our first-tier suppliers to be responsible for ensuring that their own suppliers comply with the Supplier Code of Conduct. This expectation covers all suppliers that provide materials or services in the manufacture, processing, and/or production of products provided by suppliers to McCormick. We may conduct audits and inspections of first-tier supplier's records in respect of its suppliers. At McCormick, we expect first-tier suppliers to apply similar standards to their own suppliers and subcontractors by communicating the expectations contained in the Global Supplier Code of Conduct and hold them accountable as well. McCormick also reserves the right to terminate the relationship with any first-tier supplier and/or facility that does not comply with this Code of Conduct.
Soy	Yes, working beyond first tier	Supply chain mapping Capacity building	Other, please specify Supplier Code of Conduct	With our commitments to source deforestation-free palm by 2030, we are supporting our tier 1 suppliers with tools and information they can use with their own suppliers to complete the supply chain mapping. In some cases, we have directly interacted

				with the Tier 2 suppliers to impress on the reason why we are asking for certain measures and certifications to be met. For example, one of our North American tier 1 supplier is a trader and we engaged directly with their supplier to provide traceability information because they did not believe the US soy has any sustainability issues. We used the opportunity to explain the importance and necessity for them to supply us with certified soy bean oil that ensures we have a sustainable supply chain of the product. One way through which we influence beyond first tier suppliers is via the Global Supplier Code of Conduct. Through doing so, we expect our first-tier suppliers to be responsible for ensuring that their own suppliers comply with the Supplier Code of Conduct. This expectation covers all suppliers that provide materials or services in the manufacture, processing, and/or production of products provided by suppliers to McCormick. We may conduct audits and inspections of first-tier supplier's records in respect of its suppliers. At McCormick, we expect first-tier suppliers to apply similar standards to their own suppliers and subcontractors by communicating the expectations contained in the Global Supplier Code of Conduct and hold them accountable as well. McCormick also reserves the right to terminate the relationship with any first-tier supplier and/or facility that does not comply with this Code of Conduct.

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	Please explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future
Row 1	No, but we are planning to engage in landscape/jurisdictional approaches in the next two years	Important, but not an immediate priority	We use our palm and soy sustainable sourcing policy to communicate with our suppliers expectations on protecting and conserving landscapes of value as defined by the High Conservation Value (HCV) and High Carbon Stock (HCS) approaches.

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 an active member of the UN Global compact. We link our palm and soy sustainable sourcing policy to its direct advancement of two SDGs (13 and 15). McCormick has been an ordinary member of RSPO since 2018. We have engaged with the EPOA to discuss ways in which we can build capacity in the European supply chain

to increase supply and uptake of RSPO-sustainable palm oil.
We have recently joined the POCG active working group that is currently developing a No Exploitation reporting framework for the palm oil supply chain

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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

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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 protection?

Yes

F6.12a

(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Forest ecosystem restoration

Primary motivation

Voluntary

Description of project

The Mafatoky Sustainable Vanilla for People and Nature (SVPN) is a public-private partnership under USAID's Global Development Alliance (GDA) mechanism that provides a proven framework for vanilla producers through cooperative incentives and ensures sustainably increasing rural farmer incomes, biodiversity conservation, agroforestry, land-use planning, reforestation, and carbon sequestration while reducing and avoiding greenhouse gas (GHG) emissions. SVPN is a collaborative effort between NCBA CLUSA and McCormick, within the Andapa district of the Sava Region. SVPN activities are framed by the USAID-Madagascar CCP that supports the protection of Madagascar's natural capital, a fundamental component of the country's sustainable development, through improved conservation of the country's unique biodiversity (Nature), promotion of resilient livelihoods to provide alternatives to unsustainable natural resource management practices (Wealth), and concrete actions to secure effective local management and ownership of natural resources (Power).

Start year

2020

Target year

2022

Project area to date (Hectares)

1,378

Project area in the target year (Hectares)

2,700

Country/Area

Madagascar

Latitude

-14.38223

Longitude

49.51561

Monitoring frequency

Six-monthly or more frequently

Measured outcomes to date

Biodiversity

Carbon sequestration

Please explain

Measurement for Biodiversity is "Number of hectares of biologically significant areas under improved natural resource management." Carbon Sequestration is being measured by: "Greenhouse Gas Emissions, estimated MT of CO2 equivalent, reduced, sequestrated or avoided through sustainable landscapes activities supported by US Government assistance." 1,378 hectares of forest ecosystems have been restored to date, reaching 51% of our target outcome and results of the program are likely to be published by USAID.

Project reference

Project 2

Project type

Forest ecosystem restoration

Primary motivation

Voluntary

Description of project

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

Start year

2018

Target year

2023

Project area to date (Hectares)

261,386

Project area in the target year (Hectares)

624,658

Country/Area

Madagascar

Latitude

-15.4312

Longitude

49.72096

Monitoring frequency

Annually

Measured outcomes to date

Biodiversity

Please explain

Measurement for Biodiversity is "Number of hectares of biologically significant areas under improved natural resource management." and "Number of hectares of biologically significant areas under improved biophysical conditions." 261,386 hectares of forest ecosystems have been restored to date, reaching 42% of our target outcome.

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

RSPO-certified segregated product is still not as readily available as mass balance product.

Forest risk commodity
Palm oil

Coverage
Supply chain

Primary barrier/challenge type
Value chain complexity

Comment
For the ingredients supplied containing palm oil derivatives, the complex extended supply chain for such materials reduces the scale for RSPO-certification along the value chain

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Forest risk commodity
Palm oil

Coverage
Direct operations
Supply chain

Primary barrier/challenge type
Limited public awareness and/or market demand

Comment
Some customers are either not aware of the significance of using RSPO-certified palm oil ingredients or it is not a priority for them. This reduces the overall demand especially for derivatives which are used in small quantities

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Forest risk commodity
Soy

Coverage
Direct operations
Supply chain

Primary barrier/challenge type
Limited availability of certified materials

Comment
RTRS-certified Soy supply is still lagging behind demand

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

Supply chain

Main measure

Greater supplier awareness/engagement

Comment

This would help build capacity within the supply chain to make sustainable palm oil more available

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Forest risk commodity

Soy

Coverage

Supply chain

Main measure

Greater supplier awareness/engagement

Comment

This would help build capacity within the supply chain to make sustainable soy bean more available

F17 Signoff

F-FI

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

Disclaimer: In this CDP submission, any use of the terms "material," "materiality," "immaterial," "substantive" and other similar terminology refers to topics that reflect McCormick's significant economic, environmental and social impacts or to topics that substantially influence the assessments and decisions of stakeholders in what the CDP may consider to be "material" or "substantive" topics. McCormick does not use these terms as they have been defined by or construed in accordance with the securities laws or any other laws of the United States or any other jurisdiction, or as these terms are used in the context of financial statements and financial reporting. No communication in this submission or other sustainability statements are intended to be construed to indicate otherwise.

F17.1

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

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