



Purpose-led Performance Report

2017

Report updated on January 17, 2020.



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To Our Stakeholders:

Throughout McCormick’s 128-year history, we have been guided by a commitment to providing our customers, consumers and employees with the highest-quality flavor products and solutions, with a responsibility to our people and the world around us.

In charting our path forward, we have focused our efforts to clearly articulate who we are and what we stand for. We recently introduced a new McCormick Vision—to Bring the Joy of Flavor to Life—and Mission—to Make Every Meal and Moment Better. To bring our Vision and Mission to life, we have also defined five guiding Principles.

These Principles speak to our core values, and **Purpose-led Performance** is chief among them. By formally embedding this Principle within our strategic road map, we have increased our commitment to make every day better, with responsibility to people, communities and the planet.

During my first year and a half as Chairman, President and Chief Executive Officer (CEO), I have witnessed firsthand how this commitment comes to life from source to shelf. We are committed to operating ethically and honestly, with a focus on always doing what’s right. And though I’m proud of McCormick’s progress to date, our focus on Purpose-led

Performance also represents the beginning of an even greater journey. In this report, you will read about the ways we are working to embed sustainability throughout our operations, maintain a clear sense of transparency and actively participate in our communities across the globe.

We look forward to furthering McCormick’s Purpose-led Performance journey—fostering a more diverse and inclusive workforce, building more resilient communities and contributing to a more sustainable planet—in 2017 and beyond. I invite you to share your thoughts on how we can continue to do even better.

OCTOBER 2017

OUR PRINCIPLES



Passion for
FLAVOR



Power of
PEOPLE



Taste you
TRUST



Driven to
INNOVATE



Purpose-led
PERFORMANCE

Lawrence Kurzius

Chairman, President and CEO
McCormick & Company, Inc.



2017

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OUR PURPOSE-LED PERFORMANCE Approach

At McCormick, we are equally dedicated to strengthening our business and improving the world around us—an approach we call Purpose-led Performance (PLP). It exemplifies our commitment to deliver industry-leading financial performance while doing what's right, with responsibility to the long-term vitality of people, communities and the planet we share.

SECTION

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People, Communities and Planet

—
We bring Purpose-led Performance to
life through three key areas.

SECTION
01

A Closer Look at Our Goals

Our 2015 CSR report included a set of 2019 goals, many of which we've met and made great progress toward. In 2017, we laid out a series of commitments and clear performance targets for 2025. Our commitments represent a bold agenda for McCormick and will drive progress against the United Nations Sustainable Development Goals (SDGs).

PEOPLE

We are focused on serving as a champion for equality and health & wellness, among our employees and in our communities. This includes maintaining a high-performance culture that values the diversity and contributions of each employee, and promoting well-being through products and programs.



	COMMITMENTS	UNITED NATIONS SDGs	2025 GOALS*
PEOPLE	Champion equality	5 (Gender Equality)	<ul style="list-style-type: none"> • 30% people of color in leadership positions in the U.S. • 50% women in leadership positions globally • 30% employee participation in Ambassador Groups globally
		10 (Reduced Inequalities)	
	Educate and develop employees	3 (Good Health and Well-Being)	<ul style="list-style-type: none"> • 95% of all employees globally with active development goals in the HR system
		4 (Quality Education)	
		5 (Gender Equality)	
		10 (Reduced Inequalities)	
	Drive better health outcomes	3 (Good Health and Well-Being)	<ul style="list-style-type: none"> • 50% increase in number of McCormick Science Institute citations in professional literature • 80% of employees participating in voluntary health and well-being programs globally • 90% of products with improved transparency (non-GMO, BPA-free, organic, other)
		4 (Quality Education)	
		12 (Responsible Consumption and Production)	


*2015 is the benchmark year against which we will measure our progress.

SECTION
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COMMUNITIES

We are committed to building vibrant, resilient communities where we live, work and source. This includes our charitable giving efforts and our work to improve livelihoods in farming communities across the globe. At McCormick, we also challenge each other to be involved citizens and community members who understand the importance of living and working in a larger world.

	COMMITMENTS	UNITED NATIONS SDGs	 2025 GOALS*
COMMUNITIES	Increase resilience and improve livelihoods of communities and small farmers—especially women	15 (Life on Land)	<ul style="list-style-type: none"> • Increase resilience of 90% of smallholder farmers that grow our key iconic herbs and spices, as measured by increasing skills and capacity, income, access to financial services, education, and nutrition and health
		12 (Responsible Consumption and Production)	
		10 (Reduced Inequalities)	
		8 (Decent Work and Economic Growth)	
		5 (Gender Equality)	
		1 (No Poverty)	
		2 (Zero Hunger)	
	Increase employee volunteering and giving through corporate programs	3 (Good Health and Well-Being)	<ul style="list-style-type: none"> • 80% of employees participating in Charity Day globally


*2015 is the benchmark year against which we will measure our progress.

SECTION
01



PLANET

We take responsibility for the long-term sustainability of our products and the world around them. We are working to adopt a systems approach—informed by science—to embed sustainability across our operations and supply chain.

COMMITMENTS	UNITED NATIONS SDGs	 2025 GOALS*
Increase use of branded, sustainably grown herbs and spices	12 (Responsible Consumption and Production)	<ul style="list-style-type: none"> Source all herbs and spices in our portfolio sustainably, beginning with 100% of our branded iconic ingredients
Reduce greenhouse gas (GHG) emissions	13 (Climate Action)	<ul style="list-style-type: none"> 20% reduction in GHG emissions (Scope 1 & Scope 2, associated with McCormick-owned facilities)
	7 (Affordable and Clean Energy)	
	11 (Sustainable Cities and Communities)	
Reduce water use	6 (Clean Water and Sanitation)	<ul style="list-style-type: none"> 20% reduction in water use across our facilities
Solid waste recycling	12 (Responsible Consumption and Production)	<ul style="list-style-type: none"> 80% recycling and recovery of solid waste from our facilities
Reduce packaging carbon footprint through the life cycle	13 (Climate Action)	<ul style="list-style-type: none"> 25% reduction in carbon footprint from packaging

*2015 is the benchmark year against which we will measure our progress.



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SECTION

02

OUR COMMITMENT To People

Each day, McCormick's flavors come to life through our employees and the people who experience our products. Because our success is the work of so many individuals, we strive to be a champion for equality and health and wellness, among our employees and in our communities.

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Diversity & Inclusion

Global diversity and inclusion remains a core value and strategic business priority for McCormick, and our people culture—built on respect, diversity, inclusion and accountability—is a key differentiator in today’s highly competitive talent marketplace.

Four focus areas guide our approach to diversity and inclusion:

- 1. Workforce**
Diverse voices at every level
- 2. Workplace**
Inclusive culture and practices
- 3. Marketplace**
Enable growth and innovation
- 4. Community**
Champion for equality

Between 2014 and 2016, we made significant progress in diversifying our Board of Directors:

+7 pts. **+17 pts.**

The proportion of female members increased from 20% to 27%.

The proportion of members who identify as people of color rose from 10% to 27%.

McCormick Leadership:

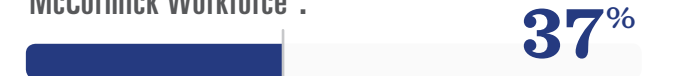


Women make up 48% of McCormick’s global leadership.

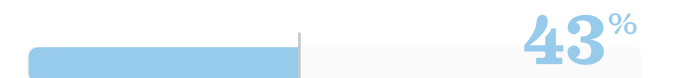


People of color make up 23% of U.S. leadership.

McCormick Workforce*:



Women make up 37% of our total workforce.



People of color make up 43% of our U.S. workforce.

*Percentages updated on October 12, 2017.

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Diversity & Inclusion

One of the ways in which we support diversity is through our Employee Ambassador Groups (EAGs), which serve as resources for community-building, professional development and employee engagement. In 2016, we added two new EAGs in the Americas and expanded the Women's International Network (WIN), adding chapters in France and the U.K. In 2016, our EAGs partnered with organizations including the American Heart Association, For the Love of a Veteran and Esperanza Center.



Global D&I Day

During our third annual Global Diversity & Inclusion Day, employees participated in activities to raise awareness for our diversity and inclusion efforts.

1,200 | **11**
employees | countries



Our commitment to advancing diversity and inclusion was recognized by *DiversityInc*, which named McCormick to its “25 Noteworthy Companies” list in 2016 and to its “Top 50 Companies for Diversity” list in 2017.

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Training & Development

For over 80 years, McCormick employees have taken part in our Multiple Management Board program, through which they participate in company decision-making, build relationships with leadership, and develop the necessary skills and competencies to become the next generation of McCormick leaders.

We have also established other formal global leadership programs to help our employees succeed. These include:

Ignite

Our women's leadership program.

Informal, Emerging & Strategic Leadership

Programs that focus on developing leaders at various levels.



Empowering the Next Generation of McCormick Leaders



95%

By 2025, we aim to have 95% of all employees with active development goals in our global HR system and we'll add our non-exempt and production employees to this system over the next 18 months.

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Health & Wellness

We believe that food that tastes good should also be good for you. Studies funded by the McCormick Science Institute—an independent research institute funded by McCormick—suggest that herbs and spices may contribute to health by:

1. Exerting beneficial physiological effects, such as supporting appropriate blood glucose concentrations.
2. Increasing the acceptance and/or intake of healthier foods.

Additionally, we're committed to making our company a healthy and thriving workplace for employees. Our health and wellness center in Maryland offers health services, on-site exercise options and healthy eating classes. We also offer health-related rewards and discounts for our employees globally. We host an annual Safety & Wellness Day where McCormick employees learn how to develop and maintain healthy lifestyles in and outside of work, while also practicing the highest safety standards in our manufacturing and distribution facilities.

OUR GOALS



80% BY 2025

Employees participating in voluntary health & well-being programs globally.



50% BY 2025

Increase in the number of MSI citations in professional literature.



90% BY 2025

Products with improved transparency (non-GMO, BPA-free, organic, other).



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PLP REPORT

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OUR COMMITMENT To Communities

With a supply chain of 3,000 agricultural products, sourced from over 80 countries and facilities in more than 50 locations across 27 countries, McCormick is a truly global company. We've increased our original commitment to benefit 13,000 farmers, and now aim to positively impact 35,000 farmers through programs that uplift and strengthen their communities by 2025.

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Improving Livelihoods & Resilience in Farming Communities

McCormick relies on farmers around the world to produce the raw materials we use in our products.

We work with a variety of external partners and stakeholders—including suppliers and non-governmental organizations (NGOs)—to identify the specific needs of our sourcing communities and create projects to enhance social and economic livelihoods around the world. For example, we are implementing digital management systems that help smallholder farmers in developing countries gain access to formal markets while also increasing the productivity of their crop yields. To date, more than 3,000 farmers have improved their access to operational management solutions, including agricultural best practices and market pricing—increasing their incomes today while also improving the long-term productivity of their crops. We aim to enroll 90% of farmers across our five iconic herbs and spices in these systems by 2025.

OUR GOAL 

Increase Resilience of 90% of smallholder farmers that grow our iconic herbs and spices by 2025, as measured by increasing skills and capacity, income, access to financial services and education, and improved health and nutrition.

5 Iconic Ingredients



Vanilla



Red Pepper



Black Pepper



Oregano



Cinnamon

SECTION
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Responsible Sourcing

EMPOWERING WOMEN

Responsible sourcing includes fully recognizing the fundamental, though often hidden, role women play on farms across our global supply chain. We know that if women had access to the same productive resources as men, yields would increase by 20–30%¹, thereby improving women’s economic viability and that of their communities.

As part of our commitment to empower women across our supply chain by 2025, we aim to:



Map the contributions of women on-farm in 100% of our iconic ingredient sourcing communities.



Pilot an integrated global approach to gender equality and women’s economic empowerment.

SUPPLIER DIVERSITY

The inclusion of diverse suppliers across McCormick’s supply chain is a strategic, economic and business imperative that fosters economic growth among diverse communities and builds strategic alliances with key customers. In 2017, we expanded our supplier diversity program globally and will continue to work toward our goal of a 5% year-over-year spending increase with diverse-owned companies.

In 2017, McCormick will become a member of WEConnect International, a global network whose goal is to help international women-owned businesses develop and seek procurement opportunities around the world. Current members include several Fortune 500 companies with a similar mission to empower women globally.

¹ FAO 2011

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Human Rights & Supply Chain

Another way in which we are putting our commitment to responsible sourcing into practice is by enforcing strict guidelines against all forms of forced labor, including child labor, and requiring that all our suppliers adhere to our comprehensive Code of Conduct. We have improvement plans in place for our highest-risk countries and ingredients, and expect our supply partners to reduce and ultimately eliminate incidents of unethical practices throughout our supply chain.



In evaluating our global suppliers, less than 3% have been flagged as high risk. We also partner with the Supplier Ethical Data Exchange (SEDEX) to manage all supplier performance around human rights, health and safety, the environment and business ethics. We are also taking steps to increase access to education in the communities where we source by sponsoring “village adoption” programs that improve school infrastructure and reduce dropout rates, rewarding students for exceptional attendance, building child care facilities and donating to medical clinics across our origin communities.

97% Of our global suppliers are not considered high risk



Increasing education in working communities

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Charitable Giving & Employee Volunteering

McCormick and our 11,000 employees are passionately committed to supporting thriving, healthy communities where we live and work.

Through our signature charitable giving program, Flavor For Life™, McCormick works with partners including the American Heart Association, United Way and the YMCA

to educate community members on how to use herbs and spices to replace sugar, salt and fat in their diets. In 2016, McCormick donated over \$550,000 in funding and employees' charitable contributions to the program, which positively impacted 30,000 people. In 2017, we are extending the program to include mobile food pantries, mobile nutrition

and physical fitness activities, school-based programs and low-cost food preparation instruction at community centers, among many other interactive activities. By 2020, we aim to have Flavor For Life™ programs in all of our U.S. locations.

McCormick donated over \$6.8 million globally in 2016.



McCormick's 2016 Annual Charity Day

75th
ANNIVERSARY

15
LOCATIONS

2,000
U.S. EMPLOYEES PARTICIPATED

OVER \$1.9 million
RAISED FOR CHARITIES



By 2025, we aim to reach 80% global participation.

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Helping Communities Around the World



In March 2017, McCormick and CARE partnered to provide critical aid to the victims of Cyclone Enawo.

1. United States

Through our signature Flavor For Life™ program, McCormick and our local partners in Baltimore, MD, launched Y on the Fly, a mobile van stocked with equipment and activities aimed at encouraging physical activity, healthy lifestyles and nutritional education among youth.

2. Poland

McCormick launched Kulinarnie Mocni (“Culinary Strong”), a program that aims to combat social exclusion through cooking. Program trainers (including McCormick employees) showed 4,000 community members how to create flavorful, healthy meals that fit within their household budget.

3. Turkey

McCormick’s local partner Kutas is helping approximately 1,000 farmers in Denizli, Turkey, improve their oregano yields through the use of Farmforce, an integrated mobile platform that manages smallholder farming activity.

4. Vietnam

Working with our vendors, McCormick trained 2,340 black pepper farmers on innovative agricultural farming techniques, and implemented the first drip irrigation systems in the area, reducing farmers’ costs by 30 to 40% through reductions in water, electricity, labor and fertilizer use, while also decreasing pesticide residue.

5. Indonesia

McCormick partnered with CBI and USAID to train over 270 vanilla farmers on the multistage process of seedling cutting, distribution and planting to maximize crop yields, increase knowledge about best practices in crop cultivation and improve livelihoods.

6. Madagascar

We are working with export partners to improve the quality, yields and traceability of vanilla while helping to improve farmers’ incomes and livelihoods by ensuring that they receive a fair price for their crops, providing financial management training and enabling the construction of new housing at half the normal cost.



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OUR COMMITMENT To The Planet

As the world's largest flavor company, we are aligning our corporate agenda—including our environmental commitments—with the United Nations Sustainable Development Goals (SDGs). We'll continue to perform against this comprehensive agenda designed to reduce stress on our planet while achieving increased efficiencies across the organization.

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Reducing Our Environmental Impact

We take an integrated approach to meeting these commitments through our 4R framework – Reduce, Reuse, Recycle, Renew. The 4Rs help us to prioritize the issues that are most important to our business.

OUR 4R FRAMEWORK AT WORK

	REDUCE	REUSE	RECYCLE	RENEW
GOURMET GARDEN (AUSTRALIA)	40% energy savings in cooling needs thanks to new freezers (ammonia over high-pressure CO2)	100% of rooftop rainwater harvested and deployed in our plant	50% of our waste recycled or recovered	100% of herb crops transitioned to sustainable, organic growing methods
HUNT VALLEY PLANT (UNITED STATES)	Reducing raw material and packaging waste resulted in over \$2 million in savings	Employed corrugated box reuse program to utilize the same containers for shipment of incoming packaging material multiple times	Currently diverting 80% of solid waste from landfills through our plant's recycling program	The annual energy savings of our solar parking canopies are equivalent to 80 Maryland homes

As we move into more condiment product categories over the next year—due to our recent acquisition of the French's Food Company—we are keeping a keen eye on the potential need to renew and replenish even more of the water we use.



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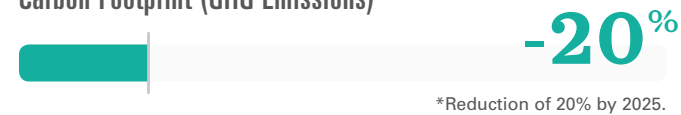
Reducing Our Environmental Impact

We are committed to combating the effects of climate change by adhering to targets informed by science for the reduction of our carbon emissions, energy consumption, waste and water use. To achieve these goals, we are working to increase the use of renewable energy, deploy more technology and improve efficiencies through our new global *Journey to Excellence* and *Total Productive Maintenance* programs.

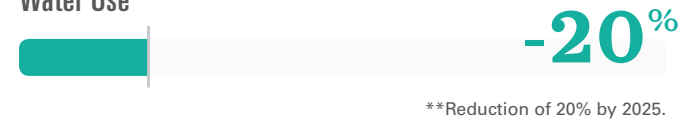


OUR GOALS

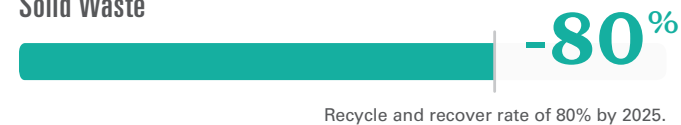
Carbon Footprint (GHG Emissions)



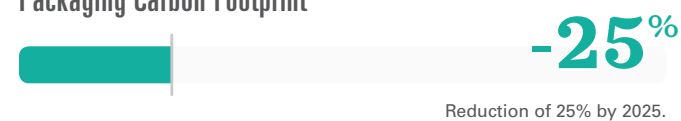
Water Use



Solid Waste



Packaging Carbon Footprint



* To be validated by 2018 through a science-based method. Applies to Scope 1 & 2 emissions where McCormick has operation control.

**Adjusted for product mix effects and production volume.

The baseline measurement year is 2015.

OUR PROGRESS

Compressed Air & LED Lighting



Our Hunt Valley plant's combination of compressed air and LED lighting projects will result in an estimated 15% reduction in the site's overall electric bill.

Solar Power



Our Hunt Valley plant also has solar canopies that generated 846,900 kWh in 2016 and reduced our greenhouse gas emissions by approximately 330 metric tons of CO₂e.

Through McCormick's global Environmental Management System (EMS), we identify and manage environmental risks across company operations with an eye toward continuous improvement. Our EMS uses a global scoring system based on leading and lagging indicators to measure progress, including factors such as incidence, EMS implementation, meeting engineering standards for environmental control systems and associated parametric monitoring programs. Ultimately, we aim for every facility to achieve "highly protected" status, a goal we are halfway to reaching.

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Sustainable Sourcing & Food Safety

We are working to increase sustainability across our agricultural supply chain, from which 80% of our carbon footprint results. We take a landscape approach, which leverages partnerships to integrate policy and practice while ensuring equitable use of land and strengthening measures to combat and adapt to climate change. We recently joined [IBM's blockchain solution](#), a collaboration of leading companies working to strengthen the global food supply chain through technological innovation.

As part of our sustainable sourcing commitment, we also insist on meeting stringent food safety standards across our supply chain. We have a strong record on food safety as a result of our commitment of resources, engagement with our supply chain partners and close cooperation with regulatory authorities. We encourage our suppliers to adopt the highest standards applicable, such as the Global Food Safety Initiative and Global G.A.P. We also sustainably source the ingredients that go into our spices and food products, including using cage-free eggs and organic options. In fact, we'll only use cage-free eggs in McCormick products by 2025.

Our Goals  **100%**

We aim to sustainably source 100% of our branded iconic ingredients—vanilla, red pepper, black pepper, oregano and cinnamon—by 2025. Our sustainable sourcing initiatives reflect McCormick's commitment to addressing risk, building and strengthening sourcing capacity and integrating continuous improvements in how we bring these iconic spices to our customers and consumers.

Earlier this year, *Corporate Knights* ranked McCormick:

- #14** | on its Global 100 Sustainability Index
- #1** | in the consumer staples industry overall

These rankings, announced during the World Economic Forum's annual meeting in Davos, Switzerland, are a strong indication of our success and solid sustainability performance.



Sustainability Certification

To ensure the long-term health of people, communities and the planet, we are proactively encouraging all farming communities to adopt best practices that meet McCormick's own standards or those of external certifying bodies such as USDA Organics or the Rainforest Alliance. These efforts are closely linked to our targets for 100% sustainably sourced iconic ingredients by 2025.

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Product & Packaging Commitments

In addition to superior protection of quality and flavor, as well as convenience and ease of use, our packaging designers and engineers are always on the lookout for ways to capture more environmental benefits. In the past year, we have made the following updates to reduce our environmental impact:

1. Redesigned our iconic OLD BAY® and Black Pepper cans with a fully recyclable PET container, which is easy to use and keeps spices fresher for longer. This represents:



-16%

Reduction in associated carbon emissions

2. Achieved a 10% reduction in material for all of our glass jars in Europe. This helps us:



Reduce the weight—and associated carbon emissions—from production and transport.

These and other packaging innovations not only help us curb our resource and carbon footprint, but also contribute to other important objectives on our sustainability agenda, such as the elimination of BPA (Bisphenol A) from all of our packaging by the end of 2018.





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About This Report

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About McCormick

Founded in 1889, McCormick & Company is a global leader in flavor. The company manufactures, markets and distributes spices, seasoning mixes, condiments and other flavor products to three primary segments of the food industry: retail outlets, food manufacturers and food service businesses.

McCormick operates in two business segments: consumer and industrial. Through the consumer segment, McCormick brands reach approximately 150 countries and territories, with leading brands such as McCormick®, Lawry's®, OLD BAY®, Gourmet Garden®, Zatarain's®, Stubb's®, Thai Kitchen®, Simply Asia®, French's® and Frank's RedHot®. The company's international brands include Club House® (Canada), Schwartz® (UK), Ducros® (France), Kohinoor® (India), and Aeroplane® and Gourmet Garden® (Australia). Our customers span a variety of retail outlets that include grocery, mass merchandise, warehouse clubs, e-commerce, and discount and drug stores.

McCormick's industrial business provides a wide range of products to multinational food manufacturers and food service customers, including seasoning blends, spices and herbs, condiments, coating systems and compound flavors.

Sparks, MD

Headquarters location

11,000

Employees worldwide, located in 27 countries

\$4.4 billion

2016 net sales

Worldwide

Major manufacturing operations in North America, Europe, the Middle East and Asia Pacific

A key part of our value chain is the agricultural producers that provide the raw materials for our products. The most significant raw materials used in our business are pepper, dairy products, capsicums (red pepper and paprika), garlic, onion, rice, wheat flour and vanilla.

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Purpose-led Performance Governance

We believe strong governance is the foundation for driving Purpose-led Performance (PLP). Many of our PLP impacts are managed at the operational level, while overall coordination and strategic direction is provided by McCormick’s PLP Governance Committee. This committee reports directly to the Board Chairman, President and CEO, and 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.

Given McCormick’s position as a global flavor company, we fully understand the deep connections between our business and the major environmental and social trends impacting the world, including climate change, health and wellness, workforce diversity and community economic development. As such, we are actively working to continue improving our environmental management systems, enhancing the sustainability of our packaging and using our products to deliver healthy, flavorful eating options. We will continue to publish a PLP report every two years to provide updates on our progress.

Public Policy

We believe it is important to educate policymakers and participate in public dialogue around issues we can positively contribute to. At the same time, we are careful to maintain our independence, as evidenced in our policies. McCormick does not contribute to candidates for public office or individual political campaigns, and employees at all levels must comply with applicable laws and internal policies.

For more information on our political activity policy, please visit:

www.mccormickcorporation.com/Investor-Center/Corporate-Governance/Political-Activity-Policy

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Stakeholder Engagement

At McCormick, we seek to engage with key stakeholders to better inform our efforts, maximize our impact and create value for society.



External Partnerships

In 2016, McCormick partnered with several non-governmental organizations (NGOs) to execute our Purpose-led Performance work across the globe. For example, we partnered with World Wildlife Fund, CARE, and NCBA/CLUSA to create viable cooperatives that benefit our farming communities through environmental relief efforts and farmer livelihood programs in Madagascar. We also participated in charitable giving efforts with the United Way and partnered with the YMCA and American Heart Association to execute our signature charitable giving program, Flavor For Life, in Central Maryland, USA. We will continue to seek out exceptional organizations to help us deliver on our commitment to Purpose-led Performance.



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Our Approach to Reporting

MATERIALITY

To ensure that we prioritize the most important issues for our stakeholders and our business, we engaged Business for Social Responsibility (BSR), a global nonprofit consulting organization, to conduct a formal materiality analysis in 2017. This analysis included extensive research, review of internal reports on key sustainability issues and trends, interviews with external and company personnel, and in-depth analysis of each issue according to the significance of its social, environmental and economic impacts, as well as its ability to influence the assessments and decisions of stakeholders.

Once the most relevant topics were identified for inclusion in the analysis, BSR assessed each against a set of criteria to determine its significance with respect to social, environmental and economic conditions, the opinions of stakeholders and McCormick's business operations. Stakeholder input fed into the materiality process in terms of both issue identification and prioritization; this input was gathered directly through interviews with external and internal stakeholders, and indirectly through stakeholder publications on issues directly related to the landscape of PLP issues facing McCormick. Each stakeholder was interviewed to assess their perspective on the most critical PLP issues.

The materiality process provided a solid framework for identifying and prioritizing McCormick's key social, environmental and economic issues.

Through this process, 10 issues were ranked as most material (Tier 1) in terms of importance to McCormick and its external stakeholders.

The below list displays the most material issues to our business, listed in order of importance to potential business impact and stakeholder interest.

Tier 1 Issues

- Product Safety
- Occupational Safety & Health
- Environmental Management Systems
- Resource Efficiency
- Sustainable Packaging
- Supplier Livelihoods
- Supplier Engagement
- Supplier Resilience
- Business Ethics
- Diversity & Inclusion



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About This Report

This report represents McCormick’s first PLP report and the data referenced relates to the company’s activities and performance for the 2016 fiscal year. During the reporting period, there were no significant changes to the company’s size, structure or ownership. Given the reporting period, the numbers and content included in this report do not reflect McCormick’s 2017 acquisition of French’s Food Company. The Performance Report, included at the end of this report, was created in reference to the GRI standards.

The operations covered in this report include our wholly owned operations and joint venture operations over which McCormick & Company exercises operating control.

As part of our materiality analysis, McCormick’s material issues were assessed against our value chain in order to establish the appropriate boundaries for this report.

We have used a variety of data collection methods, including survey results and software applications. The general information and data in this report have not been verified by an external assurance organization, but we have conducted numerous internal reviews of report drafts and are confident in its accuracy and portrayal of McCormick’s operations.

For additional information about McCormick & Company, please visit: www.mccormickcorporation.com





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Performance Report

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Progress Toward Our 2019 CSR Goals

In our 2015 CSR Report, we outlined a set of goals to accomplish by 2019. The chart below describes those goals, and provides an update on progress toward them through 2016.

Pillar	Goal	Progress Through 2016
Power of People	Promote workforce diversity and achieve an increase in the proportion of leadership positions held by women globally and people of color (POC) in the U.S.	<ul style="list-style-type: none"> • 48% women globally • 22% POC in U.S.
	Establish employee engagement benchmark in 2016 and achieve an increase in employee engagement rating each survey year.	Benchmark established in 2016; next survey year is 2019
	Achieve a 3% reduction in workplace injuries/accidents across manufacturing facilities globally by 2019.	<p>McCormick measures Total Incident Response Rate (TIR) – rate of safety incidents per 100 full-time employees. World-class safety performance is indicated by a TIR score lower than 1.0.</p> <p>For McCormick:</p> <ul style="list-style-type: none"> • 2015 - TIR = 0.7 • 2016 - TIR = 0.5
	Exceed 100,000 hours of annual employee volunteer hours.	Baseline year for measurement is 2017. McCormick has launched volunteer giving/tracking software this year, beginning in the U.S., to assist with measurement.
Taste You Trust	Increase funding for farming community programs by 50%.	40% increase through 2016
	Educate intermediate suppliers of agricultural inputs on sustainable farming and build their capability to support agricultural farmers to implement best practices.	All targeted key suppliers have been educated on McCormick expectations on farming best practices. 50% of planned initiatives completed to build capability of key suppliers.
	Identify 100% of suppliers with high-risk profile and take steps to manage risk, including enrolling suppliers into Supplier Ethical Data Exchange (SEDEX) program.	100% high-risk suppliers identified. 90% enrolled in SEDEX. SMETA audits completed at targeted high-risk suppliers.

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Pillar	Goal	Progress Through 2016
Inspiring Healthy Choices	Annual increase in the participation level of employees in the global Eating Well program.	Baseline for Eating Well program began in mid-2016. The program continues to expand, with: <ul style="list-style-type: none"> • More Weight Watchers and fitness classes offered in Maryland • Increased number of annual wellness screenings in the U.S. • Improved tracking of sales for bottled water and health & wellness offerings in U.S. cafeterias
	Launch the McCormick Eating Well program globally.	Plans to expand program globally by 2018.
	20% increase in global marketing spend aimed at educating consumers and industry leaders on the role of flavor in healthier eating by 2019.	44% increase
Delivering High Performance	10% reduction in electricity use by 2019.	1% reduction
	10% reduction in water use by 2019.	7% reduction
	5% reduction in GHG emissions by 2019.	31% reduction
	10% reduction in solid waste by 2019.	6% increase
	20% reduction in bottle packaging weight by 2019.	18% reduction

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Our Approach to Reporting

This report was produced in reference to the GRI Standards, and the figures reported represent FY 2016. As we move forward on our Purpose-led Performance journey, we will continue to measure and disclose data related to other top-tier material issues.

General Disclosure	Description	Cross-Reference or Answer
102-1	Name of the organization	McCormick and Company, Incorporated
102-2	Primary activities, brands, products and services	<p>McCormick & Company is a global leader in flavor. The company manufactures, markets and distributes spices, seasoning mixes, condiments and other flavor products to the entire food industry (retailers, food manufacturers and food service businesses). McCormick is also a partner in many joint ventures involved in the manufacture and sale of flavorful products.</p> <p>The company operates in two business segments: consumer and industrial. Through the consumer segment, McCormick brands reach consumers in approximately 150 countries and territories, and customers span a variety of retailers that include grocery, mass merchandise, warehouse clubs, discount and drug stores, and e-commerce retailers served directly and indirectly through distributors or wholesalers. McCormick's leading brands in the Americas include McCormick, Lawry's, Club House, Gourmet Garden, OLD BAY, Zatarain's, Stubb's, Thai Kitchen and Simply Asia. In Europe, the Middle East and Africa (EMEA), McCormick's major brands include Ducros, Schwartz, Kamis and Drogheria & Alimentari. In the Asia Pacific region, we market our products under the McCormick and DaQiao brands. In Australia, the company markets spices and seasonings under the McCormick brand, its dessert products under the Aeroplane brand and its packaged chilled herbs under the Gourmet Garden brand. In India, McCormick's wholly-owned subsidiary trades under the Kohinoor brand. In addition to marketing McCormick's branded products, the company is also a leading supplier of private-label items (also known as store brands).</p> <p>Through McCormick's industrial segment, the company provides a wide range of products to multinational food manufacturers and foodservice customers. McCormick supplies these customers with customized flavor solutions.</p>
102-3	Location of headquarters	Sparks, Maryland, USA
102-4	Location of operations	Principal manufacturing properties include Australia, Canada, China, France, India, Italy, Mexico, Poland, United Arab Emirates, United Kingdom and United States
102-5	Ownership and legal form	Public corporation

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General Disclosure	Description	Cross-Reference or Answer
102-6	Markets served	About McCormick - Company information including markets served
102-7	Scale of the organization	Net revenues - \$4.41 billion Number of employees - 11,000 Quantity of products and services - McCormick has brands in approximately 150 countries and territories Current debt - \$393.2 million Shareholders' equity - \$1.638 billion
102-10	Significant changes to the organization and its supply chain	None
102-11	Precautionary principle or approach	Our purchases of raw materials are subject to fluctuations in market price and availability caused by weather, growing and harvesting conditions, market conditions, governmental actions and other factors beyond our control.
102-13	Membership of associations	McCormick & Company participates in local, national and international organizations, including: FOOD AND MANUFACTURING INDUSTRY GROUPS Grocery Manufacturers Association (GMA) Food Marketing Institute (FMI) Consumer Goods Forum (CGF) USDA Center for Nutrition Policy and Promotion (CNPP) Academy of Nutrition and Dietetics (AND) SUPPLIER DIVERSITY Women Presidents' Educational Organization Women's Business Enterprise National Council (WBENC) Canadian Aboriginal & Minority Supplier Council (CAMSC) Capital Region Minority Supplier Development Council Diverse Manufacturing Supply Chain Alliance (DMSCA) National Veteran-Owned Business Association (NaVOBA) National Minority Supplier Development Council (NMDSC) ETHICAL SOURCING AND SUSTAINABLE AGRICULTURE Sustainable Spices Initiative (SSI) Supplier Ethical Data Exchange (SEDEX) National Cooperative Business Association (NCBA)

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General Disclosure	Description	Cross-Reference or Answer
102-14	Statement from senior decision-maker	CEO Letter
102-15	Key impacts, risks and opportunities	2016 Form 10-K
102-16	Values, principles, standards and norms of behavior	Business Ethics Policy
102-18	Governance structure	Corporate Governance
102-40	List of stakeholder groups	<ul style="list-style-type: none"> Employees Consumers Suppliers Investors Peers Customers
102-41	Collective bargaining agreements	McCormick & Company has no collective bargaining contracts in the United States. At our foreign subsidiaries, approximately 2,800 employees are covered by collective bargaining agreements or similar arrangements.
102-45	Entities included in the consolidated financial statements	2016 Form 10-K

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General Disclosure	Description	Cross-Reference or Answer
102-46	Defining report content and topic boundaries	<p>This year, as part of our reporting process and overall Purpose-led Performance planning, we undertook a priority-issue analysis to identify key areas of risk and opportunity. This process, and the process for defining report content, is as follows:</p> <ul style="list-style-type: none"> - We conducted a comprehensive review of environmental, social, governance and economic topics relevant to our business operations and stakeholders. - We directly reached out to stakeholders to gain their input on the prioritization of these issues and their impacts on McCormick’s supply chain. We engaged internal and external stakeholders, including investors, environmental NGOs and human rights organizations. - We analyzed a wide range of sources representing consumers’ and customers’ priority concerns, combining insights from direct stakeholder engagement with the evaluation of stakeholder documents and industry studies. - We mapped the resulting company and stakeholder prioritizations to a matrix, identifying the highest-scoring issues as priority areas for both McCormick’s continued business success and our focus on Purpose-led Performance.
102-47	List of material topics	<ul style="list-style-type: none"> Product Safety Occupational Health & Safety Environmental Management Systems Resource Efficiency Sustainable Packaging Supplier Livelihoods Supplier Engagement Supplier Resilience Business Ethics Diversity & Inclusion
102-49	Changes in reporting	<p>Our 2015 report included a list of material topics, outlined in our 2014 materiality assessment:</p> <ul style="list-style-type: none"> - Product Safety - Occupational Health & Safety - Environmental Management Systems - Supply Chain Risk Assessment - Supplier Livelihoods - Supplier Engagement - Diversity & Inclusion <p>We updated our materiality assessment to reflect the changing needs of our supply chain and business environment, as well as the world around us.</p>

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General Disclosure	Description	Cross-Reference or Answer
102-49	Changes in reporting	<p>Our 2015 report included a list of material topics, outlined in our 2014 materiality assessment:</p> <ul style="list-style-type: none"> - Product Safety - Occupational Health & Safety - Environmental Management Systems - Supply Chain Risk Assessment - Supplier Livelihoods - Supplier Engagement - Diversity & Inclusion <p>We updated our materiality assessment to reflect the changing needs of our supply chain and business environment, as well as the world around us.</p>
102-50	Reporting period	This report covers the January 1, 2016–September 1, 2017 period. GRI data covers FY 2016 only.
102-51	Date of most recent report	2016 Interim Report
102-52	Reporting cycle	Biennially
102-53	Contact point for questions regarding the report	Lori Robinson
102-54	Claim of reporting in accordance with the GRI Standards	Performance Report
102-55	GRI Content Index	Performance Report

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GRI 103: Topics and Topic Boundaries 2016

Material Topics	Management Approach Cross-Reference	Geographical Locations Associated with Topic Impacts	Stakeholders Associated with Topic Impacts
GRI 201: Economic Performance 2016	2016 Form 10-K	Markets where our products are sold. Key markets include: Australia, Canada, China, France, India, Italy, Mexico, Poland, United Kingdom and United States.	Communities Consumers Industry associations Ingredient suppliers Investors Regulatory agencies Retail customers Workforce
GRI 204: Procurement Practices 2016	A Closer Look at Our Goals Our Commitment to Communities Our Commitment to the Planet	Countries where McCormick ingredients are sourced, primarily Brazil, Canada, China, India, Indonesia, Madagascar, Mexico, Turkey, United States and Vietnam	Communities Customers Industry associations Investors Suppliers
GRI 206: Anti-Competitive Behavior 2016	2016 Form 10-K	Countries where McCormick manufactures products, including Australia, Canada, China, France, India, Italy, Mexico, Poland, United Arab Emirates, United Kingdom and United States	Industry associations Investors Regulatory agencies
GRI 305: Emissions 2016	A Closer Look at Our Goals Our Commitment to the Planet	Countries where McCormick manufactures products, including Australia, Canada, China, France, India, Italy, Mexico, Poland, United Arab Emirates, United Kingdom and United States	Communities Customers Industry associations Investors Regulatory agencies
GRI 308: Supplier Environmental Assessment	Our Commitment to the Planet	Countries where McCormick ingredients are sourced, primarily Brazil, Canada, China, India, Indonesia, Madagascar, Mexico, Turkey, United States and Vietnam	Communities Industry associations Regulatory agencies Suppliers

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GRI 200-400: Topic-Specific Disclosures 2016

Material Topics	Management Approach Cross-Reference	Geographical Locations Associated with Topic Impacts	Stakeholders Associated with Topic Impacts
GRI 401: Employment	A Closer Look at Our Goals Our Commitment to People	Countries where McCormick manufactures and has corporate operations, including Australia, Canada, China, France, India, Italy, Mexico, Poland, United Arab Emirates, United Kingdom and United States	Workforce
GRI 404: Training and Education	A Closer Look at Our Goals Our Commitment to People	Countries where McCormick manufactures and has corporate operations, including Australia, Canada, China, France, India, Italy, Mexico, Poland, United Arab Emirates, United Kingdom and United States	Workforce
GRI 408: Child Labor	Our Commitment to Communities	Countries where McCormick ingredients are sourced, primarily Brazil, Canada, China, India, Indonesia, Madagascar, Mexico, Turkey, United States and Vietnam	Communities Customers Industry associations Investors Regulatory agencies Suppliers
GRI 409: Forced or Compulsory Labor	Our Commitment to Communities	Countries where McCormick ingredients are sourced, primarily Brazil, Canada, China, India, Indonesia, Madagascar, Mexico, Turkey, United States and Vietnam	Communities Customers Industry associations Investors Regulatory agencies Suppliers
GRI 414: Supplier Social Assessment	Our Commitment to Communities	Countries where McCormick ingredients are sourced, primarily Brazil, Canada, China, India, Indonesia, Madagascar, Mexico, Turkey, United States and Vietnam	Communities Customers Industry associations Investors Regulatory agencies Suppliers
GRI 416: Customer Health and Safety	Our Commitment to People	Markets where our products are sold. Key markets include: Australia, Canada, China, France, India, Italy, Mexico, Poland, United Kingdom and United States.	Communities Customers Investors Regulatory agencies Suppliers

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GRI 200-400: Topic-Specific Disclosures 2016

General Disclosure	Description	Cross-Reference or Answer
GRI 302: Energy		
302-2	Energy consumption within the organization	260394.1 mwh
303-1	Water withdrawal	1,261 megaliters/yr
GRI 305: Emissions		
305-1	Direct (Scope 1) GHG emissions	20,146 MT CO ₂ eq
305-2	Indirect (Scope 2) GHG emissions	71,636 MT CO ₂ eq
305-5	Reduction of GHG emissions	31% (Scope 1 & Scope 2)
GRI 306: Effluents and Waste		
306-3	Significant spills	None
GRI 403: Occupational Health & Safety		
403-1	Worker representation in formal joint management-worker health and safety committees	McCormick's North America supply chain utilizes technicians to promote site-level safety through a formal Safety Functional Leader program, which creates safety system ownership and the technician level. The SFL program covers all workers.

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General Disclosure	Description	Cross-Reference or Answer
GRI 404: Training and Education		
404-1	Total hours of training completed by employees by gender	Male: 32,402.05 Female: 26,996.37
404-2	Programs for upgrading employee skills and transition assistance programs	E-learning courses: 500 Instructor-led: 413
404-3	Percentage of employees receiving regular performance and career development reviews	A Closer Look at Our Goals
GRI 405: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	Our Commitment to People
GRI 412: Human Rights Assessment		
412-2	Employee training on human rights policies or procedures	Supplier Code of Conduct

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General Disclosure	Description	Cross-Reference or Answer
GRI 413: Local Communities		
413-1	Operations with local community engagement, impact assessments and development programs	Our Commitment to Communities
GRI 416: Customer Health and Safety		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No instances of material non-compliance with regulations concerning health and safety impact of products and services occurred in 2016. No fines, penalties or warnings.
GRI 417: Marketing and Labeling		
417-2	Incidents of non-compliance concerning product and service information and labeling	No instances of material non-compliance with regulations concerning product information and labeling occurred in 2016.
417-3	Incidents of non-compliance concerning marketing communications	No incidents of non-compliance with regulations concerning marketing communications occurred in 2016 that resulted in a fine, penalty or warning.
N/A	Total corporate giving	\$ 6,826,976

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2017 End-of-Year Update

Disclosure	Description	Cross-Reference or Answer
GRI 201: Economic Performance 2017		
	2017 Financial Data	2017 Form 10-K Proxy 8-K*
GRI 302: Energy		
302-1	Energy consumption within the organization (GJ)	1,112,077
302-1	Renewable energy use (GJ)	3,647**
GRI 303: Water and Effluents		
303-1	Water withdrawal (m ³)	1,791,215
GRI 305: Emissions		
	GHG emissions (metric tons CO ₂ e)	109,789
GRI 306: Effluents and Waste		
306-2	Waste generated (metric tonnes)	47,655
306-2	Waste recycled (metric tonnes)	28,758
306-3	Significant spills	None

*Update as of October 6, 2019 to reflect a revenue re-statement due to the adoption of accounting standards update ASU2014-09
** Corrected data

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VOC Emissions (metric tonnes)	
2018†	13
2017	13
2016	13
2015	13
2014	13
SOx Emissions (metric tonnes)	
2018†	0
2017	0
2016	1
2015	1
2014	49
NOx Emissions (metric tonnes)	
2018†	25
2017	19
2016	14
2015	14
2014	43

Total Particulate Matter (PM) Emissions (metric tonnes)			
2018†	2		
2017	2		
2016	1		
2015	1		
2014	12		
Additional Data	2016	2017	2018†
Employee Injury Rate (200,000 hrs)*	.3	.27	.35
Fatalities	0	0	0
Employee Turnover (%)	12%	14%	14%††
Women in Executive Management (%)**	27%	27%	27%
Name of Largest Supplier Publicly Listed ***	Dairy Farmers of America	Dairy Farmers of America	Dairy Farmers of America OLAM International Ltd.***
Green / Clean revenue (Non-GMO, organic or sustainably sourced products as a % of total revenue)	52%	52%	52%
Standardized Clean Revenue Segment	Organic and Sustainably Harvested: Food and Beverages	Amount from that segment	2,759,108,419

†Addition of 2018 data
 ††Updated on January 17, 2020 to align with report methodology for 2018 and 2019
 *Refers to Loss Time Injury Rate
 **Refers to Direct Reports to the CEO
 *** Publicly Listed

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Addendum –Additional Disclosures

Data	Notes/Explanation
Environmental Violations > \$10,000 for 2018	McCormick has not had any significant environmental violations or penalties in the past four fiscal years. Penalties less than \$10,000 individually are not considered significant.
Scope 1 GHG emission data for 2018	Scope 1 greenhouse gas emissions 31,830 metric tons CO2 eq.
Scope 2 GHG emission data for 2018	Scope 2 greenhouse gas emissions 93,662 metric tons CO2 eq.
2018 Municipal and Ground Water Consumption	<ul style="list-style-type: none"> • 2018 Total Municipal Water Supplies (or from other water utilities): 1.9 million cubic meters • 2018 Fresh Groundwater: 0.3 million cubic meters • Total Net Fresh Water Consumption: 2.2 million cubic meters
Waste/recycling data 2018	2018 Total waste generated: 54,104 metric tons. Total waste recycled: 33,125 metric tons. Total waste disposed: 20,979 metric tons.
Energy reduction projects data 2018	Climate Change related emission reduction projects summary. Estimated annual CO2e savings (metric tons CO2e): 1683 Total annual investment required: \$2,334,000 Total anticipated annual cost savings: \$248,00 Average payback Period: 9 years
Safety Lost Time Incident Rate per 200,000 hours worked	0.35 Employee Injury rate 2018 and 0.27 for 2017

Energy Consumption Data for 2018	
Non-renewable fuels (nuclear fuels, coal, oil, natural gas, etc.) purchased	180,486 MWh
Non-renewable electricity purchased	188,619 MWh
Steam/heating/cooling and other energy purchased	7,854 MWh
Total renewable energy purchased or generated	4,418 MWh
Total non-renewable energy sold	0 MWh

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Addendum – Transparent Labelling

McCormick is in favor of transparency in product labelling and we are strong supporters of efforts to establish a uniform national standard in the United States for labeling bioengineered foods and ingredients that applies throughout the country. Our view is that the 2020 implementation of the proposed National Bioengineered Food Disclosure Standard is a step in the right direction. We remain opposed to state-by-state standards which will create significant challenges for companies whose operations span the entire country. Many of our products have always been Non-GMO and in continuation of this history we have included Non-GMO labels on McCormick branded herbs, spices and extracts in the U.S. Additionally, we've successfully transitioned over 80% of our U.S. Gourmet Line

to Organic and Non-GMO Project verified. We agree with the scientific consensus, as established by highly reputable organizations such as the U.S. Food and Drug Administration, the European Food Safety Authority, and the World Health Organization, that bioengineered crops are safe and nutritious. But we also recognize that consumers in some markets prefer foods and ingredients that are not made with bioengineered ingredients, and thus we will continue to take steps to ensure that we are able to meet that consumer preference throughout our line of products. In addition, we will in the future ensure that any of our products that contain bioengineered ingredients will be disclosed accordingly.