

McCormick (MKC) Sustainability Report

Profile:

McCormick is the world's largest manufacturer of spices, seasoning mixes, and condiments. McCormick sources roughly 14,000 ingredients from more than 85 countries. McCormick owns brands like Frank's RedHot, Old Bay, and Lawry's.

What McCormick Does Well:

McCormick instituted purpose-led performance goals in 2017 to have a positive impact on stakeholders and the planet. The 2017 goals use a baseline year of 2015 and 2025 as the target year; all goals aligned with the UN's Sustainable Development Goals too. Some goals were:

- 30% and 50% of leadership being people of color and women, respectively, in the US
- 100% sustainable sourcing of branded iconic ingredients (vanilla, red pepper, black pepper, oregano, and cinnamon)
- Improve the livelihood of 90% of small farmers who grow iconic ingredients for the company, as measured by income, access to education, and financial services support.
- 20% reduction in Scope 1 and Scope 2 emissions
- 20% reduction in water use

In the company's 2022 progress report, McCormick made impressive strides, met, or exceeded many of these goals. Ethnically diverse groups represent 26% of leadership roles while women represented 43%. 84% of iconic ingredients are being responsibly sourced, with red pepper and vanilla both nearly 100% so, and 89% of farmers having improved resilience and livelihoods.

In 2021, the company accomplished multiple emissions goals four years ahead of schedule, which led to loftier targets for 2030 as well as a Net Zero by 2050 plan. Since 2020 alone, Scope 1 and Scope 2 emissions were lowered by 40% and Scope 3 emissions have declined nearly 21%. The Net Zero by 2050 plan has also been approved by the Science-Based Targets initiative for Scope 1 and 2 emissions.

A few other noteworthy highlights are:

- Named the most sustainable Consumer Staple and Food Products company on Corporate Knight's *Global 100 Sustainability Corporations* list. McCormick was the 22nd highest rated company overall
- 54th most sustainable company according to Barron's 2023 *100 Most Sustainable Companies* for the fifth time out of six years
- Only U.S.-headquartered food producer to be named a *Global Compact LEAD* company by the United Nations for its ongoing commitment to the UN Global Compact and its Ten Principles for responsible business.
- In 2021, McCormick was awarded the inaugural *Terra Carta Seal* by His Royal Highness The King of Wales, which recognizes companies around the world for their commitments to creating sustainable futures
- The Company currently uses 100% renewable electricity to power all three of its UK facilities and has contracts to do the same in Poland and Italy. The company also has some plants in the US running exclusively on renewable electricity.
- KnowTheChain notes "a strengthened supplier code with a more robust provision on freedom of association and collective bargaining and requiring suppliers to establish grievance mechanisms for workers"

Concerns:

McCormick's goals haven't all gone according to plan. The company recently extended their plastic packaging goal to 2030 from an original timeline of 2025. Since 2015, the company has gotten to 84% of

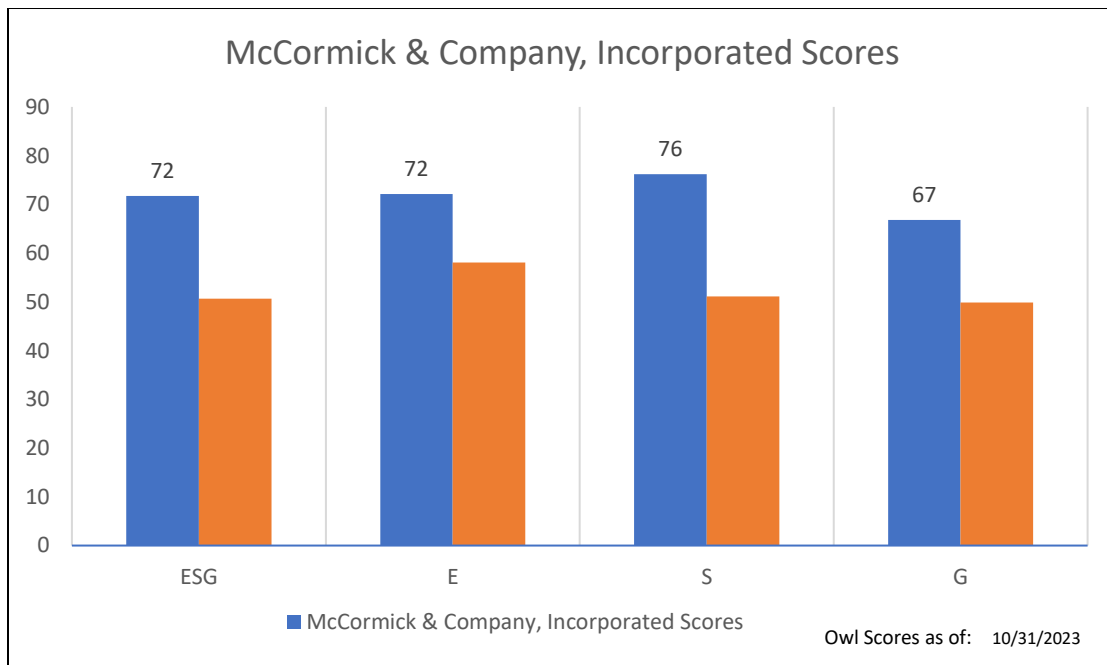
plastic packaging that can be reused, recycled, or repurposed, which hasn't improved since 2018 and is below the target of 100%.

McCormick has also been subject to consumer allegations and settlements. A 2021 Consumer Report study found that some McCormick spices had “some concern” of containing heavy metals. McCormick recently published a [blog](#) post, after lawsuits were filed, stating that the lawsuits were dismissed by the courts and all products are “safe and healthy to consume.” McCormick also faced a class action lawsuit regarding “deceptive or misleading” advertising of some products from 2013-2021. While McCormick did settle the lawsuit and agree to pay \$3 million, the company denied any wrongdoing.

Shareholder Engagement:

None.

ESG Scores:



Conclusion:

McCormick is not only a highly regarded brand but maintains an admirable reputation when it comes to sustainability goals and progress. Therefore, our firm believes McCormick is a responsible investment in the food industry.

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