



## **FORCED AND CHILD LABOUR STATEMENT FOR THE CANADIAN ACT 2023**

This is the report for purposes of Canada's "Fighting Against Forced Labour and Child Labour in Supply Chains Act" (the "Canada Act") of La Cie McCormick Canada Co. and The French's Food Co., Inc. (collectively "McCormick" or the "Company"), which are the relevant reporting entities under the Canada Act. This report was prepared for fiscal year 2023-2024.

The Canada Act calls for the establishment of an online public registry of annual reports filed with the Minister of Public Safety. Reporting entities must report on the steps the entity has taken during its previous financial year to prevent and/or reduce the risk that forced or child labour are used at any step to manufacture goods or in the production of goods in a reporting entity's supply chain or imported into Canada. This report has been approved by the board of directors of McCormick.

### **Forced Labour and Child Labour**

According to the ILO's Forced Labour Convention, 1930 (No. 29), forced or compulsory labour is all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily. It can occur where work is forced upon people by state authorities, by private enterprises or by individuals. The concept of forced labour covers a wide range of coercive labour practices, which occur in all types of economic activity and in all parts of the world.

The term "child labour" is defined in the Canada Act as labour or services provided or offered to be provided by persons under the age of 18 years and that

- (a) are provided or offered to be provided in Canada under circumstances that are contrary to the laws applicable in Canada;
- (b) are provided or offered to be provided under circumstances that are mentally, physically, socially or morally dangerous to them;
- (c) interfere with their schooling by depriving them of the opportunity to attend school, obliging them to leave school prematurely or requiring them to attempt to combine school attendance with excessively long and heavy work; or
- (d) constitute the worst forms of child labour as defined in article 3 of the Worst Forms of Child Labour Convention, 1999, adopted at Geneva on June 17, 1999. (travail des enfants)

### **Organizational structure, operations and supply chains**

La Cie McCormick Canada Co. and The French's Food Co., Inc. are wholly-owned subsidiary of McCormick & Co., Inc., which is a global flavour company founded in 1889 that manufactures, markets, and distributes spices, seasoning mixes, condiments, and other flavorful products to three primary segments of the food industry – retail outlets, food manufacturers, and foodservice businesses. McCormick & Co., Inc.'s business is divided into consumer and flavor solution segments with approximately 14,000 employees worldwide, and major manufacturing operations in North America, Europe, the Middle East and Africa, and Asia Pacific. In Canada, McCormick



employs approximately 700 employees and our Canadian head office is located in London, Ontario.

A key part of McCormick's value chain is the agricultural producers that provide the raw materials for our products. McCormick ingredients are sourced from a variety of locations, including Brazil, Canada, China, India, Indonesia, Madagascar, Mexico, Turkey, United States, and Vietnam. The most significant raw materials used in our business are pepper, dairy products, vanilla, rice, capsicums (red peppers and paprika), onions, garlic, and wheat flour. Pepper and other spices and herbs are generally sourced from countries other than the United States. Other raw materials, like dairy products and onion, are primarily sourced locally, either within Canada or from McCormick & Co., Inc.'s other international locations. A variety of mechanisms are used to source agricultural raw materials, including joint venture partners and strategic alliances. McCormick & Co., Inc. 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.

Globally McCormick & Co. Inc. is diligently reporting and disclosing information regarding forced labour and child labour under below listed legislations:

1. Australia – under Modern Slavery Act 2018;
2. United Kingdom – under Modern Slavery Act 2015;
3. US (California) – under California Transparency in Supply Chains Act; and
4. Mexico- General Law on the prevention, punishment and eradication of offences in the field of trafficking of persons and for the protection and assistance of the victims of these offenses.

### **The risk of forced labour and child labour practices**

At McCormick, we pride ourselves in delivering high-quality agricultural products that exceed the expectations of our consumers and customers. To achieve this, our products are manufactured in accordance with the highest environmental, social, and governance standards. Due to the nature of our business, we source approximately 14,000 ingredients from over 85 different countries and, in many cases, multiple regions within those countries. Each community faces their own unique challenges and therefore it's important for us to get a deeper understanding of the risks and opportunities that each community faces.

McCormick diligently strives to address any identified risks related to forced labour and child labour within its supply chain. The company takes proactive measures, including contacting suppliers and other business partners to complete third-party risk questionnaires and implement mitigation plans. In situations where alternative remediation efforts fall short, McCormick retains the right to terminate contracts. For example, in Madagascar, the industry identified child labour as a risk within vanilla supply chains. In addition to educating and auditing the farmers on our



zero-tolerance policy, we have also proactively invested in school facilities and libraries within the communities from which we source, in collaboration with our suppliers.

### **Actions taken by McCormick to assess and address child labour and forced labour risks**

McCormick requires its suppliers to be aware of and comply with all applicable laws and regulations of the countries where they conduct business; conduct business responsibly, with integrity, honesty and transparency; and to adhere to McCormick's standards as set forth in its various policies and codes of conduct, as discussed further below, particularly as they apply to the following employment practices: Labor; Working Hours; Compensation; Non-Discrimination; Workplace Health & Safety; and Respect of the Environment.

We use the U.S. Department of Labor's High Risk List for Child Labor and Forced Labor as the basis for determining risk in regions and countries where we source ingredients. We continuously assess plans for our highest-risk countries and ingredients and require our supply partners to reduce and ultimately eliminate incidents of unethical practice throughout our supply chain. For instance, McCormick is part of the SSI (Sustainable Spices Initiative) impact working group, which aims to collaboratively address industry-wide human rights issues, including child labour.

McCormick also works with the Supplier Ethical Data Exchange (SEDEX) and Supplier Member Ethical Trade Audit (SMETA) for various environmental, social and governance assessments for all existing and new suppliers that are defined as high risk in our supply chain.

McCormick has also partnered with Verisk Maplecroft, a global risk intelligence company, to assess environmental, social and governance risks across our agricultural raw materials representing our largest volume and spend.

Suppliers identified as High Risk of Forced Labor or Child Labor are required to have a SMETA audit completed on a regular cadence defined by McCormick. And all audits, reaudits, and updates must be submitted and uploaded via the SEDEX portal. The forced labour component of a SMETA audit requires the auditors to examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place. These audits provide a baseline of data allowing McCormick to more accurately and comprehensively assess the supplier's compliance with McCormick's Global Supplier Code of Conduct and potential areas for improvement.

To the best of the Company's knowledge, measures implemented to address forced labour and child labour risk within McCormick supply chain have not resulted in any discernible loss of income to the most vulnerable families.

As a general principle, McCormick is deeply committed to supporting local communities by actively engaging in initiatives that enhance their well-being. Through strategic partnerships, investment in local infrastructure, and capacity-building programs, we aim to foster sustainable development and empower community members.

An example of one of the Company's well-being initiatives, in India and Vietnam, included supporting the installation of clean drinking water facilities when access to clean drinking water was identified as a challenge for local communities.



## **Our policies and supplier code of conduct**

It has always been important that materials used by McCormick in its products are obtained through ethical and fair labour conditions. In general, McCormick's agricultural products are acquired from suppliers who ultimately source raw materials from small individual farms managed by family farmers. In all countries where McCormick processes products, products are processed in facilities that comply with McCormick's standards and existing local laws. In McCormick's processing facilities (foreign and domestic), employees are provided with fair wages, regular working hours, and a clean working environment.

McCormick's Global Supplier Code of Conduct makes clear the Company's commitment to fair labour standards and helps ensure that the Company aligns itself with suppliers that share this commitment and expect the same of their own suppliers. This Code of Conduct states that all vendors, suppliers and contractors who wish to conduct business with McCormick are required to conform to certain principles and practices, such as the following:

- Fair employment practices, including those prohibiting child labour, prison or forced labour, or any form of indentured servitude with stipulations of fair working hours and compensation as well for a safe working environment;
- Compliance with applicable laws, including those pertinent to equal employment opportunities, wages and benefits, and worker and product safety; and
- Ethical business conduct based on compliance with the law, avoidance of conflicts of interest, and respect for the environment.

McCormick seeks to ensure that quality, safety and employment standards are maintained throughout the Company's supply chain and the Company reviews its supplier base to determine if corrective actions are needed. Moreover, McCormick maintains an anonymous hotline staffed by an independent organization for employees to report actual or potential violations of McCormick's policies and codes of conduct without fear of retaliation.

McCormick's efforts so far in aligning with the Canada Act requirements include the following:

### ***Verification and audit of product supply chains***

While McCormick's Supplier Code of Conduct has been in place for several years, the Company, as described above, has designed a risk-based verification process to identify high-risk suppliers and developed an appropriate, responsible sourcing audit approach to help ensure the Company's product suppliers are in compliance with our Code of Conduct. The Company conducts risk assessments and audits of suppliers prior to and regularly throughout the business relationship. If any instances of critical non-compliance are discovered, the supplier must correct them and have them verified by an independent auditor before the Company will resume purchasing from the supplier. If the vendor is unable to comply within a set time, the Company may terminate its relationship with the supplier.

### ***Contracting Practices***

McCormick's Global Supplier Code of Conduct is designed to be embedded into the Company's procurement practices (and thereby help assure such procurement is free from forced labour, child labour, slavery and human trafficking) by:

- including references to the Code of Conduct in major request for quotations;



- incorporating language in all supply agreements and contracts requiring suppliers to warrant compliance with the Code of Conduct and acknowledge that any known violation may result in immediate termination of any and all business;
- providing a link to the Code of Conduct in certain purchase order terms and conditions stating that acceptance of the purchase order constitutes an agreement to adhere to the latest version of the Code of Conduct;
- requiring acknowledgement of the Code of Conduct as part of all new suppliers onboarding process;
- issuing the latest Code of Conduct to McCormick's current supplier community and allowing access to a website that uploads any revisions in the future; and
- collaborating with suppliers to share best practices.

### ***Internal accountability and staff training***

It is the Company's policy to be a good corporate citizen, as set forth in our Business Ethics Policy (see [ir.mccormick.com](http://ir.mccormick.com) under **Governance**, then **Policies and Disclosures**, then **Business Ethics Policy**). Wherever McCormick does business, the Company's employees are required to comply with all applicable laws. Human rights training is provided to supply chain employees on how to identify and mitigate the risk of human trafficking and slavery. Additionally, regular mandatory training on forced labour is provided to all procurement staff, which covers, among other risks, human trafficking, forced and child labour. As part of the training, participants are tested to assess and evaluate the knowledge gained through the training.

### ***Industry Collaboration***

In many cases, McCormick is not the only food company working with a given supplier. One of the reasons McCormick is transparent about the Company's suppliers is to reach out to other food brands and organizations to see how companies can work together to address the risks of forced labour and child labour. By getting the rest of the industry involved, companies are able to send a stronger message to suppliers about the importance of operating a responsible workplace.

To aid in McCormick's collaboration efforts, the Company is an active member of the Consumer Goods Forum (CGF), a global organization whose objective is to bring together consumer goods manufacturers and retailers to provide practical help to implement global standards and best practices for efficiency and positive change. McCormick's President and CEO is currently a member of CGF's Board of Directors. One of CGF's strategic framework pillars focuses on environmental and social sustainability, including the eradication of forced labor from supply chains.

### **Our effectiveness in ensuring that forced labour and child labour are not being used in our business and supply chains**

McCormick utilizes a supplier scorecard process that includes the number of suppliers targeted by region and risk level, determined by an assessment and audit score, as a key performance indicator to measure the Company's effectiveness in ensuring that forced labour, child labour, slavery and human trafficking is not taking place in the Company's business or supply chains. This process uses formal assessments and audits to verify that high risk suppliers in the supply chain



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are in compliance with ILO regulations and McCormick's requirements regarding slavery and human trafficking. McCormick will remain transparent and report on the Company's evolving efforts to combat the risks of forced labour, child labour, slavery and human trafficking in the Company's business and supply chains.

McCormick is committed to uncompromising integrity in all that it does.

### **Consultation process**

Employees of McCormick & Co., Inc., La Cie McCormick Canada Co. and The French's Food Co., Inc. consulted with each other in preparing this report, including various meetings between each entity's sustainability and procurement teams and briefings for senior staff of each entity.

### **Approval**

This report was approved by the Boards of Directors of La Cie McCormick Canada Co. and The French's Food Co., Inc. in accordance with section 11(4)(b)(i) of the Act.

"In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above."

*Trevor T Squires*

Trevor Squires  
GENERAL MANAGER - CANADA & NAM BFS, CA CIG  
Director of La Cie McCormick Canada Co. and The French's Food Co., Inc.