

# Corporate Governance Guidelines

The Board of Directors of the Company has adopted the following guidelines for purposes of establishing a framework for fulfilling its responsibilities to the Company's stockholders. The guidelines describe the role, composition, structure and function of the Board. The Board periodically reviews these guidelines and other aspects of corporate governance.

## Role of Board and Management

The Company's business is conducted by its employees, managers, and officers under the direction of the chief executive officer ("CEO"), consistent with the Company's Business Ethics Policy and applicable laws, to enhance the long-term value of the Company for its stockholders. The Board of Directors performs an oversight role to assure that the long-term interests of the Company's stockholders are being served. Both management and the Board of Directors believe that the creation of long-term stockholder value requires that the interests of the Company's employees, customers, suppliers, consumers, and the communities in which the Company operates also be addressed.

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## Board Functions & Responsibilities

Consistent with its oversight responsibility, the Board of Directors reviews and discusses reports by management on the financial performance of the Company and its plans and prospects, as well as issues and risks facing the Company. In addition to its general oversight role, the Board also performs a number of specific functions, including:

- The review and approval, and periodic monitoring, of the strategic business plans and capital and operating budgets of the Company and its principal business units;
- The review and approval of major transactions not in the ordinary course of business such as acquisitions, divestitures, joint ventures, restructuring and reorganization plans, equity offerings, share repurchase programs, and long-term loan and other financing arrangements;
- The review and approval of such other matters as may be authorized or required by the Company's Articles of Incorporation, or its By-Laws, or by applicable laws, including but not limited to the declaration of dividends, the issuance of shares of capital stock, amendments to the Articles of Incorporation and By-Laws, and any matter to be submitted to stockholders for approval;
- The review and approval of policies which relate to Business Ethics or to the reporting of information necessary for the Board to assess the Company's overall compliance with applicable laws;

- The review and approval of processes necessary for maintaining the integrity of the Company, the integrity of the Company's financial statements, the integrity of its compliance with laws and ethical standards, and the integrity of its relationships with employees, customers, suppliers and the communities in which the Company operates;
- The selection and evaluation of the CEO and other senior management;
- The review and oversight of succession plans for the CEO and other senior management; and
- The periodic review and evaluation of the overall effectiveness of the Board of Directors.

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## **Qualifications for Board Membership**

The Board has the responsibility for nominating candidates for election to the Board and for filling vacancies on the Board as they arise. The Nominating/Corporate Governance Committee is responsible for developing the selection criteria (within the general qualification criteria for director nominees established by the Board) to be used in seeking nominees for election to the Board and, as needed, for recommending nominees to the Board and to the Company's stockholders. Nominees should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the Company's stockholders. Nominees should also have an inquisitive and objective perspective, practical wisdom and mature judgment. Nominees should be selected on the basis of their business and professional experience and qualifications, public service, diversity of background, and availability. Candidates should be persons who have demonstrated experience at policy-making levels in business, government, finance or accounting, higher education or other fields relevant to the Company's global activities. Nominees should also represent all stockholders rather than special interest groups or any group of stockholders.

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time. Directors should offer their resignation to the Chairman of the Board in the event of any significant change in their personal circumstances, including a change in their principal job responsibilities. Any such resignation should then be considered by the Chairman of the Board and the Nominating/Corporate Governance Committee. The Chairman and the Nominating/Corporate Governance Committee will recommend to the Board the action, if any, to be taken with respect to the resignation. Any Director who is a full-time employee of the Company shall offer to resign from the Board at the time of his or her retirement, resignation or other termination of employment with the Company. No Director may serve on the boards of more than four other publicly traded companies.

The Board does not believe that arbitrary limits on the number of terms a Director may serve are appropriate, nor does it believe that Directors should expect to be renominated for successive terms until they reach mandatory retirement age. The Board's self-evaluation process will be an important factor in determining Board tenure. Non-executive Directors will not be nominated for election to the Board after their 72<sup>nd</sup> birthday; executive Directors will not be nominated for election to the Board after their 65th birthday.

The Nominating/Corporate Governance Committee will consider candidates for nomination suggested by a stockholder, giving due consideration to the number of shares held by the stockholder and the length of time the stockholder has held the Company's stock. Stockholders may suggest nominees for consideration by submitting their names and supporting information to the Corporate Secretary at McCormick & Company, Incorporated, 18 Loveton Circle, Sparks, Maryland 21152 in accordance with the Company's By-Laws.

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## **Independence of Directors**

A majority of the Directors are and will be independent Directors who meet the New York Stock Exchange ("NYSE") definition of independence and the Board's independence standards for members of the Board. To be considered independent under the NYSE rules, the Board must affirmatively determine that a Director has no "material relationship" with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial and other relationships.

1) In addition, under NYSE rules, a Director will not be independent if:

(a) the Director is, or within the last three years has been, an employee of the Company; or

(b) an immediate family member of the Director is, or within the last three years has been, employed as an executive officer of the Company; or

(c) the Director, or an immediate family member of the Director, has received, during any twelve-month period within the last three years, more than \$120,000 per year in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service; or

(d) (i) the Director, or an immediate family member, is a current partner of a firm that is the Company's internal or external auditor; or (ii) the Director is a current employee of such firm; or (iii) the Director has an immediate family member who is a current employee of such firm and who personally works on the firm's audit of the Company; or (iv) the Director or an immediate family member was within the last three years (but is no longer) a partner or employee of such firm and personally worked on the Company's audit within that time; or

(e) the Director or an immediate family member is, or within the last three years has been, employed as an executive officer of another company where any of the Company's present executive officers at the same time serve or served on that company's compensation committee; or

(f) the Director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues; or

(g) the Director serves as an executive officer of a tax-exempt organization to which the Company made contributions exceeding the greater of \$1 million, or 2% of such tax-exempt organization's consolidated gross revenues, during any single fiscal year within the last three years.

2) The Board will annually review all material relationships between each Director and the Company. Whether Directors meet these independence tests will be reviewed annually prior to their standing for re-election to the Board. For any relationships not covered by the guidelines in subsection (1) above, the determination of whether the relationship is material and whether the Director would be independent will be made by those Directors who satisfy the independence

guidelines. The Board's determinations will be disclosed in the Company's next annual proxy statement.

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## **Personal Loans and Other Payments**

The Company will not make or guarantee any personal loans or extensions of credit to Directors or executive officers.

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## **Size of the Board**

The Company's By-Laws provide that the Board shall consist of not less than six or more than twenty members, as established by resolution of the Board. The Nominating/Corporate Governance Committee periodically reviews the size of the Board and makes appropriate recommendations.

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## **Director Attendance**

Each Director is expected to attend all meetings of the Board and all meetings of Board Committees of which the Director is a member. The Board recognizes that occasional meetings may need to be scheduled on short notice when the participation of a Director is not possible and that conflicts may arise from time to time that will prevent a Director from attending a regularly scheduled meeting. However, the Board expects that each Director will make every possible effort to keep such absences to a minimum.

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## **Board Committees**

The Board has established the following Committees to assist the Board in discharging its responsibilities: (1) Audit; (2) Compensation; and (3) Nominating/Corporate Governance. The membership of the Committees shall consist entirely of independent Directors. The Committee chairs report the highlights of their meetings to the full Board following each Committee meeting. The Board may create a new committee, disband an existing committee, and delegate additional responsibilities to a committee. The responsibilities of the Committees are set forth in written charters, which are reviewed annually.

In addition to the requirement that a majority of the Board satisfy the independence standards discussed above, members of the Audit Committee must also satisfy the additional independence requirement required by Rule 10A-3(b)(1) under the Securities Exchange Act of 1934.

Specifically, they may not directly or indirectly receive any compensation from the Company other than their Directors' compensation. As a matter of policy, the Board will also apply this additional requirement to members of the Compensation and Nominating/Corporate Governance Committees.

Members will be appointed to Committees by the Board, upon recommendation of the Nominating/Corporate Governance Committee. Committee assignments will be based on the Board member's business and professional experience and qualifications. The need for continuity, subject matter expertise, tenure and the desires of the individual Board members will also be considered. Committee members will serve until their resignation, retirement, or removal by the Board or until a successor is appointed. A Committee member may be removed by majority vote of the independent Directors.

The chair of each Committee, in consultation with Committee members, determines the frequency of Committee meetings and develops meeting agendas.

Committee chairs shall report the activities of their Committee at each regularly scheduled Board meeting following the Committee meeting.

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## **Ethics and Conflicts of Interest**

The Board expects its Directors, as well as the Company's officers and employees, to act ethically at all times and to acknowledge their compliance with the guidelines comprising the Company's Business Ethics Policy. Any request for a waiver of any standard of the Business Ethics Policy may be granted only by the General Counsel and the CEO with the approval of the Audit Committee, or if the waiver is for an executive officer or Director of the Company, by the Audit Committee and the Board of Directors. Waivers granted to executive officers and Directors will be publicly disclosed pursuant to applicable standards of the NYSE and regulations of the Securities and Exchange Commission ("SEC") within four business days of the determination to grant such waiver. All employees and Directors should be aware that the Company generally will not grant such waivers and will do so only when there is a compelling reason to do so.

Amendments to the Business Ethics Policy will be publicly disclosed in accordance with the requirements of the NYSE and the regulations of the SEC.

If an actual or potential conflict of interest arises for a Director, the Director shall promptly inform the Chairman. If a significant conflict exists and cannot be resolved, the Director should resign. All Directors will recuse themselves from any discussion or decision affecting their

personal, business or professional interests. The Board shall resolve any conflict of interest question involving the CEO, a Director, or any executive officer, and the CEO, the Company's General Counsel and the Audit Committee shall resolve any conflict of interest issue involving any other officer of the Company.

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## **Pledging and Hedging of Stock**

Directors and executive officers of the Company may not engage in hedging transactions with respect to Company stock, and may not pledge Company stock as collateral for a loan or otherwise use Company stock to secure a debt (e.g., including using Company stock to secure a margin loan).

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## **Board Confidentiality**

The Board recognizes the need to maintain the confidentiality of, and protect from disclosure, all non-public information presented to the Board or a Committee of the

Board, including deliberations and discussions of the Board with respect to matters presented to it, or considered by it, and individual comments and/or observations by Board members, as well as information relating to Board dynamics and relationships (collectively, "Board Information"). Safeguarding Board Information and protecting it against unauthorized disclosure is consistent with the Board's fiduciary duties of loyalty and care.

Board Information: (i) shall be maintained in confidence by the directors and employees of the Company; (ii) shall not be disclosed by directors or employees of the Company to any other party (including the principals or employees of any organization which employs a director or which has sponsored a director's election to the Board), absent the permission of the Board, the Chief Executive Officer, or General Counsel, to make such disclosure; and (iii) shall not be used for the personal benefit of a director, employee, or any person or entity outside of the Company.

There is no prohibition regarding the disclosure of any Board Information pursuant to an express requirement of a governmental agency or as required by applicable law; provided, (i) any such disclosure will only be of that part of the Board Information that is required to be disclosed pursuant to such express requirement; (ii) any such disclosure will only be to the party specified by such agency or law and will be made on a confidential basis; and (iii) no such disclosure shall be made without first providing the Chief Executive Officer and the General Counsel with

prompt written notice of the intent to disclose as far in advance of the disclosure as is possible. The written notice shall include the law or agency requiring the release of the information.

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## **Stock Ownership**

The Board believes that it is in the best interests of the Company's stockholders for the members of the Board to acquire and hold a minimum number of shares of Company common stock. It is expected that each non-executive Director will acquire, within five years after his or her election to the Board, a number of shares having a value at least equal to four times the annual retainer paid to such member for service on the Board. The Compensation Committee considers and acts upon share ownership guidelines for executive officers of the Company.

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## **Board Meetings**

Regular meetings of the Board are held at least six times per year. The Board may hold additional meetings, including by teleconference or other electronic means, as needed to discharge its responsibilities. The Chairman, in consultation with Committee chairs, establishes the agenda for each Board meeting. Each Board member may suggest the inclusion of items on the agenda.

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## **Executive Sessions**

The independent Directors of the Board will meet in regularly scheduled executive sessions. At least one such meeting shall be scheduled each year.

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## **Lead Director**

The independent directors, meeting in executive session, elect one independent director to serve as the lead director. The lead director serves for a two-year term (subject to being re-elected to the Board of Directors by the shareholders).

The duties of the lead director are to (i) preside at executive sessions of the Board, and brief the CEO, as needed, following such sessions; (ii) preside at meetings of the Board where the Chairman is not present; (iii) call meetings of the independent directors; (iv) provide input on Board agendas and meeting schedules; (v) provide feedback to the Chairman on the quality of information received from management; and (vi) participate with the Chairman and the Nominating/Governance Committee in interviewing Board candidates.

The Board believes it is important that each director continues to maintain an individual relationship with the CEO by meeting periodically with the CEO on a one-on-one basis.

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## **Board Materials**

Information and data that is important to the business to be considered at a Board or Committee meeting is distributed in advance of the meeting to the extent possible. Sensitive subject matters may be discussed at the meeting without written materials being distributed in advance.

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## **Board Assessment**

The Board annually assesses the effectiveness of the Board and its Committees under the guidance and oversight of the Nominating/Corporate Governance Committee.

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## **Management Evaluation, Succession and Compensation**

The performance of the CEO is reviewed annually by the Compensation Committee, with the assistance of all other independent members of the Board, based upon objective criteria, including the performance of the business and the accomplishment of financial goals and strategic objectives. This Committee also makes recommendations to the Board with respect to CEO succession. The CEO reviews management succession planning and development with the non-executive Directors on an annual basis. The Compensation Committee reviews and approves the compensation, which includes salary, bonus, and other incentive and equity-based compensation, for the Company's CEO and other executive officers.

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## **Board Compensation**

The Compensation Committee periodically reviews and evaluates the compensation paid to non-executive Directors. The evaluation is based on compensation paid to directors of companies of similar size and business scope. The Compensation Committee recommends any changes to such compensation program to the Board for approval.

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## **Board Access to Management and Independent Advisors**

Members of the Board have free access to management employees and information and Committees have the authority to retain such independent financial, legal or other advisors as they deem appropriate to assist in the performance of their functions. The CEO shall report on the activities of the Management Committee at each regularly scheduled Board meeting.

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## **Orientation and Education**

The Board and management provide orientation for new Directors on the Company's corporate structure and organization, business units, strategic plan, significant accounting and risk-management issues, governance policy and code of conduct. In addition, on an ongoing basis, the Company offers Directors the opportunity to participate in educational programs designed to assist them in performing their functions as Directors.

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## **Stockholder Proposals and Concerns of Interested Parties**

The response to any stockholder proposals will be the responsibility of management of the Company with oversight by any Board Committee which may have responsibility for the issue raised by the stockholder. The Board will be apprised of stockholder proposals and the Company's response to them.

Stockholders and other interested parties may express concerns to a specific director or the independent Directors as a group via the Corporate Secretary at McCormick & Company, Incorporated, 18 Loveton Circle, Sparks, Maryland 21152.

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## **Disclosure and Review of Corporate Governance Guidelines**

The Nominating/Corporate Governance Committee will review these corporate governance guidelines periodically, and will report the results of this review to the Board.

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## **Disclosure Policy**

The Board is committed to, and expects all of the Company's employees involved in the disclosure process to strive for, full, fair, accurate, timely and understandable disclosure in the Company's periodic reports and other public statements.

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## **Website Posting**

The Company will make the following documents available on the Company's website ([www.mccormickcorporation.com](http://www.mccormickcorporation.com)): (i) Corporate Governance Guidelines; (ii) Business Ethics Policy; (iii) Audit Committee Charter; (iv) Nominating/Corporate Governance Committee Charter; (v) Compensation Committee Charter, and any amendments to such documents.