



Pernod Ricard
Créateurs de convivialité

Sustainability- Linked Financing Framework

March 2022



Introduction

About Pernod Ricard

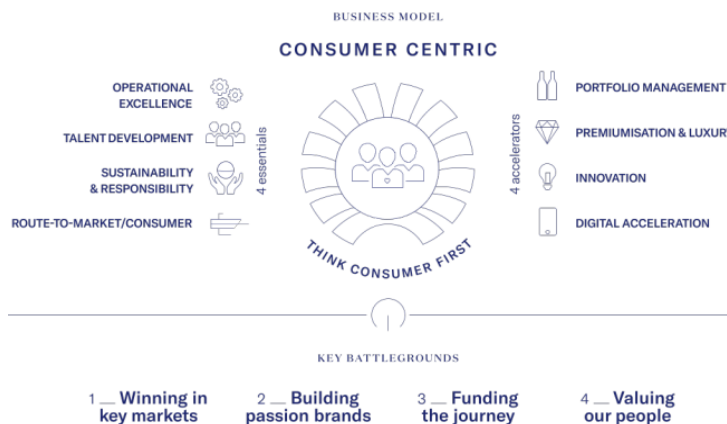
The Pernod Ricard group (the “Group”) is the No.2 worldwide producer of wines and spirits with consolidated sales of €8,824 million in FY 2021. Created in 1975 by the merger of Ricard and Pernod, the Group benefits from a diversified and unique portfolio of 240 premium brands distributed across 160+ markets and by its own salesforce in 73 markets. To ensure an optimal allocation of resources for key brands across all our markets, the Group uses its brand planning tool – the House of Brands – which encompasses Strategic International Brands, Specialty Brands, Strategic Local Brands, Wines and Prestige Brands.

The Group has 96 production sites in 25 countries¹ and empowers its c. 18,000 employees to be true on-the-ground ambassadors of its vision of “Créateurs de Convivialité.”



1 Our Strategy

As “Créateurs de convivialité,” our vision is to ensure that each of our brands is at the heart of every shared moment. To honour this vision, the Group’s mission is to be the world-leading Conviviality Platform leveraging the role of data and innovative technologies in every aspect of our business. Our strategic plan ‘Transform & Accelerate’ relies on a unique Consumer Centric business model built around four Essentials, based on our historical strengths, and four Accelerators, aimed at responding to changing trends in our markets. It also enables us to be competitive in the four key battlegrounds identified in our strategic plan: accelerating growth by winning in key markets (US, China, India, Global Travel Retail) and e-commerce; building passion brands to bring conviviality to life; funding the journey in a responsible and profitable manner; and valuing people, from our employees and consumers to communities, partners and customers.



¹ Operating sites as of 30 June 2021.

2 Our global presence



3 Our decentralized organisation

Pernod Ricard is a decentralised and international Group. Our Group structure leads and directs our global organisation from our headquarters (HQ) in Paris yet respects the operational autonomy of our affiliates. Our Brand Companies focus on developing brand strategy and activations. Our Market Companies implement group strategy at a local level.

BRAND COMPANIES		MARKET COMPANIES ²
THE ABSOLUT COMPANY	PERNOD RICARD HEADQUARTERS	NORTH AMERICA
CHIVAS BROTHERS		PERNOD RICARD ASIA
MARTELL MUMM PERRIER JOUET		EMEA & LATAM ³
IRISH DISTILLERS		GLOBAL TRAVEL RETAIL
PERNOD RICARD WINEMAKERS		PERNOD RICARD FRANCE ⁴
HAVANA CLUB INTERNATIONAL		

ESG risk identification and management

1 Group risk Mapping⁵

Every three years, the main risks faced by Pernod Ricard, including sustainability risks, are mapped by direct affiliates and HQ functions and then consolidated at HQ level to make sure changes in our business and the external environment are identified and addressed. Updated in FY21, the Group's risk mapping presents and classifies the risks according to their potential impact and occurrence across the Group's activities and value chain.

Led by the Sustainability & Responsibility Team, sustainability risks are subject to in-depth analysis of key standards such as SASB and MSCI, competitive benchmarking and internal and external stakeholder dialogue.

² As of 30 June 2021.

³ Europe, Middle East, Africa and Latin America.

⁴ On 1 July 2020, Pernod SAS and Ricard SAS merged into a single entity, Pernod Ricard France.

⁵ In line with the Directive 2014/95/EU on non-financial reporting as transposed into French law, more information on the Group's key non financial risks is available in Pernod Ricard's Universal Registration Document, in the Sustainability & Responsibility section, publicly available here <https://www.pernod-ricard.com/en/media?type%5B0%5D=14>.

Other key HQ experts including operations, legal, HR, public affairs and finance were also involved to confirm the top risks and opportunities.

A set of eight sustainability risks and opportunities (described below) was presented to and signed off by the S&R Senior Steering Committee and the S&R Committee of the Board of Directors. Risk identification is based on a materiality test helping us to identify and prioritise the topics most relevant to our business and our stakeholders.

2 Main sustainability risks and opportunities relevant to our value chain and presented below from grain to glass

Responsible supply chains. Operating in more than 70 different countries, we rely on many suppliers from farming and manufacturing through distribution and merchandising. Through collaboration with them, we ensure sustainable supply chains, reduce our environmental impact, make positive contributions to society and create stronger business relationships.

People development and safety. Our people are at the core of our business. Due to the competitive talent market, changes in the aspirations and the future of work that may require a new set of skills, we strive to have a workforce that reflects the diversity of our consumers globally by fostering a culture of excellence, performance, inclusion and safety.

Compliance and business ethics. Given the international scope of its activities Pernod Ricard may face compliance issues related to anti-corruption laws and other similar regulations, in its own operations or through its supply chain. Doing business with integrity and acting ethically have long been part of Pernod Ricard's core values and policy – including but not limited to – preventing anti-competitive practices; preventing corruption, extortion, bribery, working against illicit trade, responsible lobbying and complying with regulatory authorities.

Physical risk of climate change and natural disasters. Severe weather events or natural disasters may damage the Group's or our suppliers' production sites. Rising temperatures and changing seasons may alter industrial processes and the availability of ingredients. To ensure we maintain healthy and resilient ecosystems that allow us to continue producing quality products we reduce our carbon footprint and develop sustainable and regenerative agricultural practices.

Environment impact from direct operations:

- Climate change is one of the most pressing challenges facing this generation. Distilleries emit CO₂ through the energy they use. By reducing energy consumption and associated CO₂ emissions and by building an offsetting and insetting strategy, we reduce our operating costs and anticipate carbon regulations in a volatile market.

- Water is an essential component of the products we manufacture. We strive to reduce water consumption, particularly in areas with shortages, preserve water quality by monitoring pollutants released by production sites, and fully comply with evolving environmental regulations.

- Human activity is creating waste material that should be recycled or reused. Through good waste management and a circular mindset, we strive to transform waste into potential new raw material.

Packaging lifecycle management. Packaging and point-of-sales materials are some of the Group's most carbon-intensive activities and generate post-consumer waste. Through innovation and by minimising waste at each step of its packaging lifecycle, Pernod Ricard can preserve natural resources and reduce costs.

Quality, food safety and product compliance: Pernod Ricard products' quality may be subject to deterioration at the time of production (contamination, alteration of taste, introduction of foreign objects into the bottles etc.). This risk is covered by a strict policy in terms of food safety during the process of product design, sourcing and manufacturing from the implementation of the hazard analysis critical control point (HACCP) to the ISO 22000 and 9001 certification of the Group's sites where strategic brands are produced.

Alcohol in Society: Consumers' perception of alcohol in general, and premium wines & spirits specifically, as well as the regulatory environment for these categories are critical to the success of our business. Alcohol abuse casts a negative light on our business and may lead to harsh government restrictions, unless other solutions are proposed to address this public health concern. We therefore believe it is important that those who can influence policy, laws and regulations and all stakeholders, can witness strong commitments from Pernod Ricard and other industry members to reduce alcohol abuse amongst consumers of our brands, through prevention initiatives as well as responsible marketing practices.

Sustainability Accounting Standards Board (SASB)⁶ Alcoholic beverage sector

Energy Management	Packaging Life-cycle Management
Water Management	Environmental & Social Impacts of Ingredient Supply Chain
Responsible Drinking & Marketing	Ingredient Sourcing

MSCI⁷: Beverages sector

Product Carbon Footprint	Packaging Material & Waste
Water Stress	Health & Safety
Product Safety & Quality	Governance

Pernod Ricard Sustainability & Responsibility roadmap

Pernod Ricard's Sustainability & Responsibility (S&R) Roadmap, "Good Times from a Good Place" was launched in 2019 with focus on four key pillars: Nurturing Terroir, Valuing People, Circular Making, Responsible Hosting. Integrated into all aspects of the business, each pillar includes ambitious targets for 2030 designed to drive innovation, brand differentiation and talent attraction. All pillars are based on a 2030 timeline with milestones, in line with the schedule set out by the **Sustainable Development Goals**.



Nurturing Terroir

All of the Group's brands come from nature and take their identity from the **terroirs** where agricultural raw materials are grown. We are therefore responsible for supporting and promoting sustainable agriculture and regenerative practices to conserve ecosystems and natural capital, wild or cultivated, tackle climate change and support agricultural communities and smallholders.

⁶ Industry-specific standards of sustainability issues most likely to impact operating performance/financial condition.
http://www.sasb.org/wp-content/uploads/2015/07/CN0202_Alcoholic_Beverages_Standard.pdf?hsCtaTrackId=8950e8c8-252f-4a2f-bb80-b23bc8d6547c%7Ca76ea41e-cf29-4fd5-a7ac-043099317a1e



⁷ ESG Rating Agency that measures company resilience to long-term ESG risks. It scores on an industry-relative AAA-CCC scale across the most relevant Issues based on a company's business model.

We have nearly 350 terroirs⁸ rooted in 66 countries around the world. The total amount of agricultural raw material used is around 2.7 million tons made up of:

- a variety of grain (wheat, barley, rye, maize, rice, sorghum);
- sugar cane, agave, and sugar beet;
- flavouring ingredients with a specific attention to nine of them, which are considered as iconic for the Group's brands (coffee, coconut, fennel, star anise, licorice, juniper, coriander, gentian and orange);
- 17 wine-growing countries, eight of which have vineyards directly operated by Pernod Ricard.

The total footprint of these terroirs is estimated at around 324,700 hectares.



Key Performance Indicators (KPIs) & targets:

13 CLIMATE ACTION 	100% of agricultural raw materials (annual purchases) covered by risk mapping	2022
	100% of key raw materials produced or sourced according to selected sustainability standards	2030
	100% of high/medium risk priority terroirs covered by mitigation projects (water, agrochemicals...)	2030
15 LIFE ON LAND 	5,000 farmers empowered, trained, or supported	2030
	100% direct affiliates with a biodiversity programme	2030
	Pilot local models for regenerative farming systems in the Group's vineyards in eight wine regions, to capture more carbon in the soil, and share knowledge with the wine industry	2025

Valuing People

People have been and will always be at the heart of Pernod Ricard and the foundation of its collective spirit – “**Créateurs de convivialité**” – sharing, warmth, care and respect for all whilst offering challenging and fulfilling careers. The Group promotes diversity and inclusion throughout its business. Pernod Ricard constantly strives to eliminate occupational accidents, hazards, and diseases for all its employees and contractors. We are also committed to responsible procurement and training, particularly for bartenders.

KPIs & targets:



5 GENDER EQUALITY 	Ensure equal pay across the business	2022
	Become "best in class" in the Wines & Spirits industry targeting zero accidents with lost time (employees and temporary staff)	2025
	Ensure all high or medium risk suppliers covered by mitigation plans by 2025	2025
	Align with the United Nations Guiding Principles on Human Rights including due diligence across operations and strengthening responsible procurement processes	2025
8 DECENT WORK AND ECONOMIC GROWTH 	Ensure a gender balanced top management team	2030
	Offer all employees at least one future-fit training session every three years to ensure their employability	2030
	Train 10,000 bartenders on all aspects of sustainability and responsibility - from fresh Ingredient-use to responsible serving	2030

⁸A terroir represents the origin or a culture and has unique characteristics in terms of climatic conditions, type of soil and ecosystems, as well as the know-how of the people and the communities who work and live there.

Circular Making

The world is made of finite resources that are under huge pressure. Our goal is to help preserve natural resources. In moving towards a more circular business model - from the packaging we use, to the promotional items we produce, to the way we distribute our products and how they are ultimately recycled – we are actively striving to minimise our carbon footprint and protect our natural resources

KPIs & targets:

	100% renewable electricity on production sites and in administrative offices	2025
	"Net zero carbon" emissions on production sites (Scopes 1 and 2) with a 54% reduction in absolute carbon emission and 50% reduction in the intensity of the Scope 3 from FY18 to FY30	2030
	Reduction in water consumption (intensity) by 20% from FY18 to FY30	2030
	100% of water replenished in watersheds with high level of risk for our production sites and dedicated copackers located in high risk areas	2030
	100% of new packaging development will demonstrate environmental impact reduction	2022
	100% of packaging will be reusable, recyclable, compostable	2025
	Post-consumer recycled content for glass will reach 50% and 25% for PET and 100% of cardboard will be certified to standards ensuring sustainable forest management	2025
	Launch initiatives to support glass recycling in 10 key markets	2030
	The Group will pilot five R&D projects on circular distribution of Wines & Spirits	2030

Responsible Hosting

We believe that our products bring people together and have a valuable place in society. However, the Group also acknowledges that alcohol can be misused, and that inappropriate consumption of alcohol can cause serious problems to individuals and communities. The Group believes it has a role to play in preventing and reducing the harmful use of alcohol. We aim to convey responsible drinking messages at every point of the consumer journey.

We want to ensure that our brands are enjoyed responsibly. Creating conviviality requires us to help adult consumers make responsible choices about whether to drink or not, when to drink alcohol, and if they do so in quantities that respect the drinking guidelines issued by the health authorities of their country. To this end, we develop responsible drinking campaigns and programmes, on our own and in partnership with others, to fight the harmful of alcohol. We have committed each of our brands to respecting responsible marketing practices.

The Group's actions encompass a wide range of initiatives targeting its employees, consumers, target audiences and society as a whole. The set of tools varies from in-house trainings and self-regulating standards to communication campaigns and evidence-based prevention programmes. By using this all-round approach, the Group aims at finding the most efficient ways to fight the harmful abuse of alcohol for each target group and context specific to each market.

KPIs & targets:

		Each Year
3 GOOD HEALTH AND WELL-BEING 	Maintain 100% of our employees trained through on alcohol and responsible drinking.	
	100% of our sales employees and brand ambassadors to be trained on the prevention of alcohol-related risks.	2025
17 PARTNERSHIPS FOR THE GOALS 	All our products will carry 3 responsible drinking logos on their labels: an age restriction logo, a logo warning against drink-driving and a logo warning against drinking during pregnancy.	2023
	All our products will have a digital label to inform our consumers about the content of our products, the potential health risks and how to enjoy them responsibly.	2024
	Our brand homes will offer “Responsible Host” experiences to 10 million visitors and will be certified to that end to ensure compliance with high standards.	2030
	We will reach 95% compliance of our digital marketing with the Digital Guiding Principles .	2024
	We will roll out global industry standards with all our e-commerce and inform and disseminate commitments to all delivery platforms and partners we work with.	2025
	In all our markets, we will contribute to at least one global or local responsible drinking initiative to fight alcohol misuse:	
	<ul style="list-style-type: none"> Global initiatives to fight binge drinking amongst young adults (Responsible Party and other) and to address drink driving (Autosobriety). Local initiatives to reduce the harmful use of alcohol. 	2025
Our Strategic brands will roll out at least 12 campaigns in key markets to promote responsible drinking behaviour amongst their consumers	2027	

Implementing global and local responsible drinking initiatives

- Local initiatives are implemented by affiliates, in partnership with industry peers, civil society, international bodies and local authorities
- Pernod Ricard has global actions and tools to fight the harmful use of alcohol
 - o Our flagship global initiative is Responsible Party: an unbranded initiative which tackles binge drinking by reducing alcohol-related harm and by raising awareness about responsible consumption among young adults, through online campaigns and on the ground prevention activations. Under the Responsible Party umbrella, we have developed awareness campaigns aiming at reducing binge drinking amongst young adults (Drink More Water, Make Memories Not Hangover).
 - o We also partner with the United Nations Institute for Training And Research (UNITAR) for the implementation of the Autosobriety training programme aimed at equipping road safety stakeholders with educational tools in order raise awareness on the risks of drinking and driving. The programme is currently being rolled out in South Africa and the Dominican Republic, we have the ambition to expand in at least 8 countries in the next 2 years.

Our brands engaged in responsible drinking

- We also enlist our strategic brands on our responsible drinking journey. Brands know how to talk to consumers and their campaigns can be an effective way to change their attitudes and make alcohol abuse socially unacceptable.
- Our strategic brands have committed to roll out at least 12 responsible drinking marketing campaigns in key markets by 2027.

Ensuring responsible marketing practices

- Pernod Ricard's Code for Commercial Communications⁹ ensures that the Group commercial communications do not encourage or condone irresponsible consumption or misuse of any kind.
- Created in 2005, the Responsible Marketing Panel is responsible for ethical oversight of advertising, in charge of screening all advertising material due to be rolled out.
- Pernod Ricard is also committed raising the standard for digital marketing of alcoholic beverages and we have extended the scope of our CCC to require that all online marketing meet the same high standards as traditional marketing.

Responsible sales of our products online

- Together with other IARD members, Pernod Ricard has launched in 2021 the first ever Global Standards for Online Alcohol Sales and Delivery. These standards will enhance security measures to prevent minors from buying alcohol online and put in place mechanisms to prevent alcoholic beverages being delivered to minors and intoxicated individuals. Pernod Ricard is committed to ensure internal compliance with these safeguards on our own platforms and will share these global standards and trainings with all our e-commerce and delivery partners (2025).

Our brand homes, champions of Responsible Hosting

- Pernod Ricard will put in place a "Responsible Host" certification scheme to guarantee that our brand homes will offer best in class responsible drinking experiences to 10 million visitors by 2030.

Providing quality consumer information to our consumers

- We inform our consumers, on-and off- pack as appropriate, about the nutritional value and ingredients of our products, the health risks linked to alcohol consumption and how to enjoy alcoholic beverages responsibly. This will notably be done through a digital label that our consumers will be able to access through a QR Code on our products.
- We will also place an age restriction logo and a logo warning against driving while intoxicated – in addition to the logo warning against drinking while pregnant - in all markets where we distribute our products, provided that it is not restricted by local laws.

Making employees ambassadors of responsible drinking

- We developed a digital training on alcohol and responsible drinking, which embeds the Group's new Global Responsible Drinking Charter. The Group expects all its employees to comply with this Charter.
- We are also developing a specific training on the prevention of alcohol related risks for our sales teams, as they are at the frontline of the business and therefore they may be exposed to challenging situations relating to alcohol consumption..

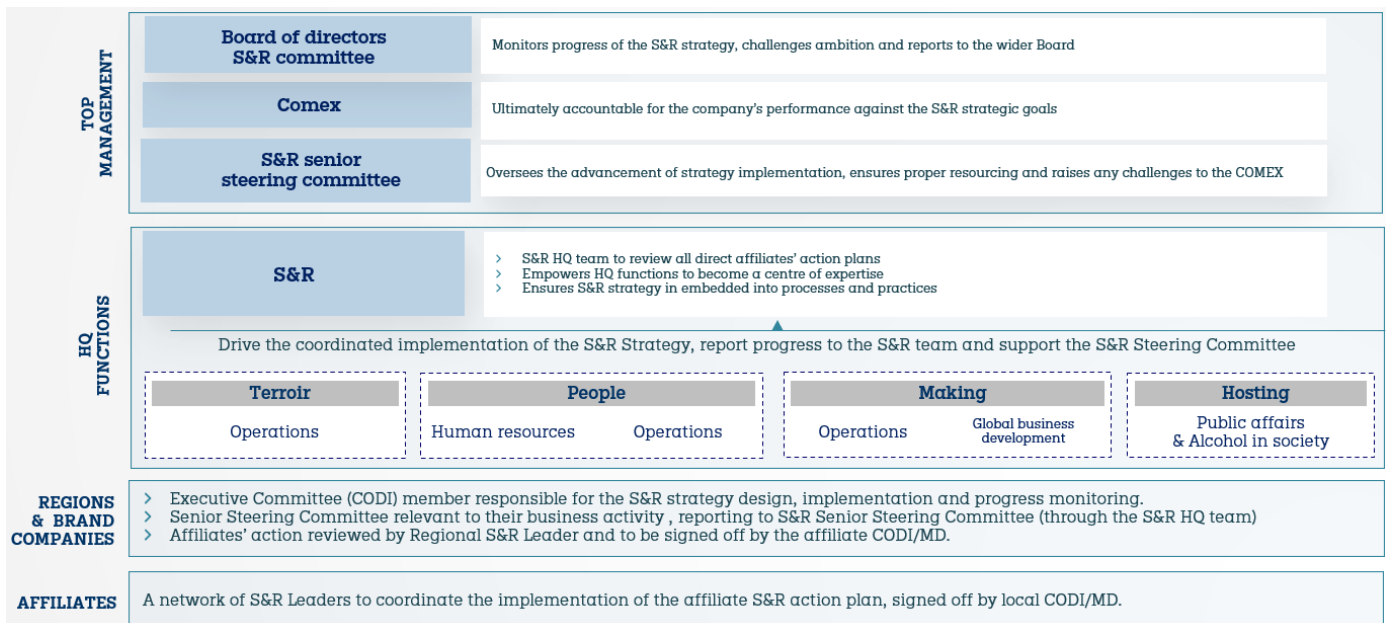
⁹https://www.pernod-ricard.com/sites/default/files/2021-06/PR_CCC_2021.pdf

Founding member of the International Alliance for Responsible Drinking (IARD¹⁰)

- Dedicated to reducing harmful drinking and promoting understanding of responsible drinking.
- Developed new rules on responsible marketing with Pernod Ricard playing its full part in the formulation of these rules and their strict implementation such as the Digital Guiding Principles or the IARD global standards for online alcohol sales and delivery.

S&R governance

To manage its S&R risks and opportunities, the S&R strategy is implemented throughout the Group with the following Governance structure:



¹⁰ <https://www.iard.org/>

Market recognition

	<p>Since 2018, the Group has LEAD status for its work with the UN Global Compact – recognizing its high engagement in this organisation and efforts in implementing the SDGs.</p>
	<p>In November 2021, we were rated¹¹ 15,3 and maintained a Low-Risk profile.</p>
	<p>Since 2015, Pernod Ricard annually receives an MSCI ESG Rating¹² of AA.</p>
	<p>In January 2022, Pernod Ricard maintained its Prime Rating of C+. Prime ratings are awarded to companies that meet ambitious performance requirements.</p>
	<p>Since June 2001, Pernod Ricard remains a constituent of the FTSE4Good Index Series following the June 2021 index review.</p>
	<p>In 2021, we have been awarded a:</p> <ul style="list-style-type: none"> - B (Management Level) for climate change - taking coordinated action on climate issues. Food & Beverage industry average: B- - A- (Leadership Level) for water security - implementing best practices. Food & Beverage industry average: B
	<p>In December 2019, we were awarded a Gold recognition level medal in recognition of our Sustainability achievements. Pernod Ricard was among the top 1% global companies with the most advanced commitments.</p>
	<p>Pernod Ricard is a constituent of the following indexes since September 2020:</p> <ul style="list-style-type: none"> - Solactive Europe Corporate Social Responsibility Index (.SOLECSR) - Solactive Global Corporate Social Responsibility Index (.SOLGCSR)
	<p>According to its sector analysis, Pernod Ricard is among the top three scored companies in the Beverage sector</p> <p>Pernod Ricard is included in the:</p> <ul style="list-style-type: none"> - Euronext Vigeo Europe 120: since 2014 - Euronext Vigeo Eurozone 120: since 2013

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¹² The use by Pernod Ricard of any MSCI ESG Research LLC or its affiliates (“MSCI”) data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Coca-Cola European Partners MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided ‘as-is’ and are provided ‘as-it’ and without warranty. MSCI names and logos are trademarks or service marks of MSCI

Pernod Ricard sustainability-linked financing framework

Companies have a critical role to play in the successful implementation of the United Nations Sustainable Development Goals (SDGs). In line with its S&R roadmap, Pernod Ricard is committed to integrating sustainability in its everyday operations and supply chain, as well as in its investment and financing strategy. To reflect this commitment, Pernod Ricard joined the United Nations Global Compact's Sustainable Finance Action Platform in 2021, a multi-sector group developing innovative strategies to mobilize finance towards sustainable development. This comes in addition to the Group's annual Investors conference call dedicated to its S&R Strategy as well as its active participation to various ESG conferences and calls with analysts and investors.

The Group intends to strengthen its commitment to become an active player of sustainable finance by creating a dedicated framework, which encompasses Pernod Ricard's overall performance and roadmap, including the holistic and dynamic dimension of sustainability throughout the corporate value chain.

Pernod Ricard has chosen three Key Performance Indicators (KPIs) that are relevant, core and material to its overall business and of high strategic significance to the Group's current and/or future operations. The KPIs are aligned with the S&R roadmap and the United Nations 2030 SDGs as part of the 2030 Agenda. For each of these KPIs, Pernod Ricard has set ambitious Sustainability Performance Targets (SPTs) to highlight its commitment and leadership across the sector, with both short- and long-term trajectories.

Pernod Ricard's Sustainability-Linked Financing Framework (the "Framework") is aligned with the Sustainability-Linked Bond Principles (SLBP) 2020¹³ as published by the International Capital Market Association (ICMA) and with the Sustainability-Linked Loan Principles (SLLP) 2021¹⁴ as published by the Loan Market Association (LMA).

The following five components form the basis of the Framework:

1. Selection of key performance indicators (KPIs);
2. Calibration of sustainability performance targets (SPTs);
3. Characteristics of Sustainability-Linked Financing Instruments
4. Reporting; and
5. Verification,

This Framework may be used for any potential debt financing instruments, including, but not limited to, Sustainability-Linked Bonds and Sustainability-Linked Loans (term loans or revolving credit facilities).

¹³SLBP 2020: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>

¹⁴SLLP 2021: <https://www.lsta.org/content/guidance-on-sustainability-linked-loan-principles-sllp/#>

Selection of Key Performance Indicators

KPI 1: Absolute Greenhouse gas emissions scope 1&2

Definition	Absolute Scope 1 + 2 emissions on operated sites
Units	Metric tons of CO2 equivalents (MtCO2e)
Rationale for selection	GHG emissions are contributing to climate change which is a worldwide recognized challenge for humanity. Pernod Ricard production sites are emitting 300kt of CO2e per year (scope 1 and scope 2 emissions). It is therefore a duty for the Group to reduce the direct emissions of its production activities and contribute to climate neutrality by 2050.
Perimeter and Scope	<p>This KPI covers the absolute value of the GHG emissions of the production sites operated by the Group: Scope 1 emissions (direct emissions from own activities) and Scope 2 emissions (indirect emissions from consumption of purchased electricity, heat or steam).</p> <p>The scope of activities taken into account for its assessment is the same as the one used for the environmental reporting and KPIs verified and disclosed by Pernod Ricard in its annual report for its production sites.</p> <p>It does therefore not include the following activities (which have been considered as <i>de minimis</i>¹⁵): ageing sites with no production or no staff, production facilities shut down for an indefinite period, external co-packing sites not belonging to Pernod Ricard and not located on production sites, distribution sites and other buildings not located on production sites, owned vineyards, commercial fleet.</p> <p>Scope 1 and Scope 2 are defined and calculated as set out in the GHG Protocol. Carbon offset and avoided emissions are not included in the calculation.</p>
Methodology for calculation	<p>Absolute Scope 1 + 2 emissions are calculated based exclusively on an operational control basis. Emissions are reported in totality for the site if the Group has full operational control, whether it owns the site or not and whether it owns a majority share (50%) of the company or more.</p> <p>For the purpose of this KPI, emissions are calculated by the Group based on the GHG Protocol using Conversion Factors¹⁶ (e.g. emission factors) and reduction targets are accounted following the SBTi criteria.</p> <p>Calculations and scope for this KPI are established by Pernod Ricard in accordance with the “methodology note” defined in the Chapter 3 of its URD, “Methodology note and third-party verification” section¹⁷.</p>
Verification	This KPI historical data, baseline and future performance are/will be independently verified by the Statutory Auditors before publication on an annual basis. The Statutory Auditors will issue a limited assurance report available in Pernod Ricard’s Universal Registration Document.
Baseline	“Absolute Scope 1 + 2 Emissions” in FY18 (baseline): 297 971 tCO2e, representing approximately 10% of the Group’s GHG footprint (as recalculated in 2021 and indicated in Pernod Ricard’s 2021 Registration Document).

The KPI is aligned with the EU Climate change mitigation objective¹⁸ and with the UN Sustainable Development Goal (SDG) 7 “Affordable and clean energy” and 13 “Climate action” and the following SDG sub-targets:

-7.2 “By 2030, increase substantially the share of renewable energy in the global energy mix” and “By 2030, double the global rate of improvement in energy efficiency”

-9.4 “By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities”.

¹⁵ Less than 5% of the Group’s GHG footprint

¹⁶ “Conversion Factors” means the conversion factors used by the Group to calculate greenhouse gas (GHG) emissions from the relevant activities, such as IEA for electricity and DEFRA for other types of energy such as natural gas, fuel oil, coal, heat, and steam.

¹⁷ See URD page 120 - <https://labrador.cld.bz/PERNOD-RICARD-Universal-Registration-Document-2019-2020/88/>

¹⁸ https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

- 13.1 “Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries” and “Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning”.

KPI 2: Water consumption per unit at distilleries

Definition	Water consumption of distilleries per pure alcohol distilled
Units	Cubic meters of water consumed (m3) per thousand litres of pure alcohol distilled (absolute alcohol kL)
Rationale for selection	Water quality and quantity is essential for the distillation process. Pernod Ricard most water-intensive activities may impact water availability. This is especially true where they are located in water stressed areas. Pernod Ricard distillation sites are consuming around 5 millions m3 of water each year. It is therefore a duty for the Group to decrease water use and contribute to saving water resources.
Perimeter and Scope	<p>Water consumption per unit is calculated based exclusively on an operational control basis. It is reported in totality for the site if the Group has full operational control, whether it owns the site or not and whether it owns a majority share (50%) of the company or more.</p> <p>This KPI only covers production sites defined as distilleries according to the Group environmental protocol¹⁹, where distillation is the main activity.</p> <p>Water replenishment projects are not taken into account in the calculation of water consumption reduction.</p>
Methodology for calculation	<p>This KPI is calculated based on the volume of water consumed by the distilleries divided by the volume of pure alcohol distilled. The water consumed by the distilleries represents 80% the Group’s water consumption. The water consumption and the pure alcohol distilled are defined and calculated as set out the environmental protocol. Part of the water used by the sites is defined as “abstraction1”²⁰, and not “consumption”, and is therefore not taken into account.</p> <p>Water consumption and volume of alcohol distilled are calculated based exclusively on an operational control basis. Water consumption are reported in totality for the site if the Group has full operational control, whether it owns the site or not and whether it owns a majority share (50%) of the company or more.</p> <p>Calculation and Scope for this KPI are established by Pernod Ricard in accordance with the “methodology note” defined in the Chapter 3 of its URD, “Methodology note and third-party verification” section.</p>
Verification	This KPI historical data, baseline and future performance are/will be independently verified by the Statutory Auditors before publication on an annual basis. The Statutory Auditors will issue a limited assurance report available in Pernod Ricard’s Universal Registration Document.
Baseline	“Water consumption per pure alcohol distilled by distilleries only” in FY18 (baseline): 19,82 m3/kL.

¹⁹Group Environmental Protocol refers to the internal environmental protocol prepared by the Group and approved by its Statutory Auditors.

²⁰Any withdrawal from sea, river, lake, dam returning directly and without any significant pollution in the chemical (pollutants, pH) or physical parameters (temperature), to the initial place it was pumped from, with no effect on the water source or in the external network system. This abstraction should not lead to rivers flow reduction/drought or reduces unacceptably the groundwater aquifer level with which it is in relation

The KPI is aligned with the EU Climate change mitigation and Sustainable use and protection of water and marine resources objectives and with the UN Sustainable Development Goal (SDG) 6 “Clean water and sanitation” and the following SDG sub-targets:

- 6.4: “By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity”.
- “12.2 By 2030, achieve the sustainable management and efficient use of natural resources”.

KPI 3: Intensity GHG emissions scope 3

Definition	Scope 3 emissions intensity
Units	tCO ₂ e per unit of value added (tCO ₂ e/million EUR gross profit from recurring operations)
Rationale for selection	GHG emissions are contributing to climate change which is a worldwide recognised challenge for humanity. Pernod Ricard Scope 3 - emissions were 2,358 ktCO ₂ e in 2018 (baseline). It is therefore a duty for the Group to reduce the indirect scope 3 emissions and contribute to climate neutrality by 2050.
Perimeter and Scope	<p>This KPI covers the intensity of indirect GHG emissions associated with Group’s activities (Scope 3 emissions).</p> <p>The scope of activities taken into account for assessment is the same as the one covered by Group’s Science-Based Targets initiative commitment, from purchased goods and services (dry goods and wet goods and promotional items), upstream and transportation and distribution activities and downstream transportation and distribution (>67% Scope 3 coverage as per SBTi requirement, and representing 83% total of scope 3)</p> <p>It does therefore not include the following activities: Capital goods, fuel and energy-related activities, waste generated in operations, business travel, employee commuting, upstream leased assets, downstream leased assets, end-of-life sold products, processing of sold products, use of sold products, franchises, investments.</p> <p>Scope 3 is defined and calculated as set out in the GHG Protocol. Carbon offsets and avoided emissions are not included in the calculation.</p>
Methodology for calculation	<p>For the purpose of this KPI, emissions are calculated by the Group based on the GHG Protocol using Conversion Factors other key external inputs (e.g. emission factors).</p> <p>Calculations and scope for this KPI are established by Pernod Ricard in accordance with the Carbon Footprint Protocol.</p>
Verification	This KPI historical data, baseline and future performance are/will be independently verified by the Statutory Auditors before publication on an annual basis.
Baseline	“FY18 scope 3 emissions intensity, 1000 tCO ₂ e/million EUR gross profit from recurring operations, representing approximately 90% of the Group’s GHG footprint (as recalculated in 2021 and indicated in Pernod Ricard’s 2021 Registration Document).

The KPI is aligned with the EU Climate Change Mitigation objective and with the UN Sustainable Development Goal (SDG) 7 “Affordable and clean energy” and 13 “Climate action” and the following SDG sub-targets:

- 7.2 “By 2030, increase substantially the share of renewable energy in the global energy mix” and “By 2030, double the global rate of improvement in energy efficiency”.
- 9.4 “By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities”.
- 13.1 “Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries” and “Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning”.

Calibration of Sustainability Performance Targets (SPT)

The Sustainability Performance Targets (SPTs) are set in line with Pernod Ricard S&R Roadmap outlined at the beginning of the Framework and with Pernod Ricard latest Long-Term Incentive Plan (except KPI 3). The number of SPTs will vary depending on the maturity of the contemplated Sustainability-Linked Financing instrument issuance. For each Sustainability-Linked instrument issued under this Framework, the applicable SPTs and the dates at which compliance with the SPT will be assessed (the “Target Observation Date(s)”) will be detailed in the relevant instrument specific documentation. The SPT observation period will be aligned with the fiscal annual reporting period (i.e. from 1st of July to 30th of June).

Absolute Greenhouse gas emissions scope 1&2

- **SPT 1.1:** GHG emissions scope 1&2 below 220 kT by FY25 (reduction by 26% from a FY18 baseline : 298 ktCO₂e)
- **SPT 1.2:** GHG emissions scope 1&2 below 138 kT by FY30 (reduction by 54% from a FY18 baseline)

Overall trajectory and ambition

In 2019, the SBTi approved the initial scope 1+2 targets submitted by Pernod Ricard, in line the objective to limit global warming “well below +2°C”.

According to the last review conducted by the Group, it would need to reduce its scope 1+2 emissions by more than 50% in FY30 (versus the FY18 baseline) in order to be consistent with reductions required to keep warming to 1.5°C. Having worked on the feasibility to reduce the emissions of its production sites, the Group is about to submit to SBTi a new target that will go beyond this ambition: to reduce absolute Scope 1 and 2 emissions by -54% by FY30 from a FY18 baseline, with an interim target of -26% by FY25, in order to align the Group with the 1.5° trajectory.

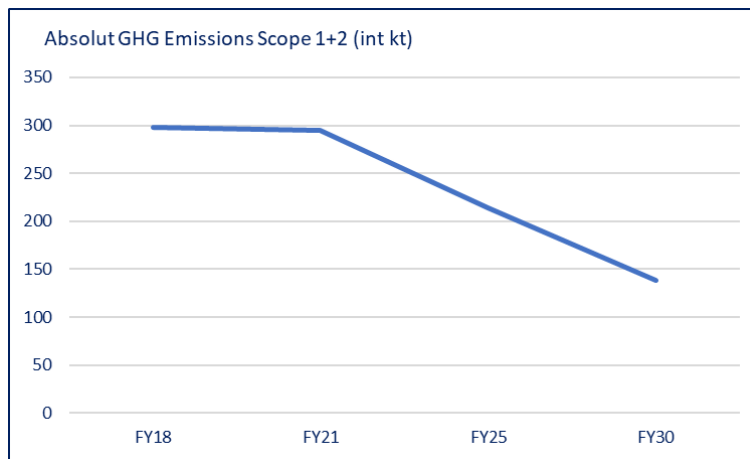
Due to business growth, this means achieving an intensity reduction of approximately 70% (based on growth assumptions). This trajectory is very ambitious when looking at our actual performance with -1 % of scope 1+2 GHG reduction achieved in FY21 compared to FY18 baseline and use of renewable electricity utilization already increased to 81% at production sites and administrative offices.

In addition, Pernod Ricard regularly benchmarks its ambition with its peers in order to maintain leadership among its sector.

In the long-term, and beyond the scope of this Framework, Pernod Ricard commits to a net zero²¹ strategy by 2050, implementing a reduction strategy and sequestration plan starting with scope 1 and 2 residual emissions by 2030 and all scopes emissions by 2050. This involves working with all our supply chain – farmers, suppliers, and partners - to pick up the pace and level of investment in many critical areas as we position ourselves to meet our goals.

Targets and KPI historical data

Indicator (ktCO ₂ e)	FY18	FY21	FY25	FY30
SPTs	298	295	220	138
N/Baseline year FY18		-1%	-26%	-54%



Action plan and strategies to achieve the SPTs by 2030

Main actions and levers identified	Details
Energy efficiency boiler	improve the energy efficiency of the boiler
Steam recycling through MVR	recycle steam through MVR technology
Stop drying	eliminate steam consumption of dryers
Methanisation	generate biogas from co-products
Biofuel ²² at distilleries	use biofuel energy source instead of actual fossil fuel energy consumption
Renewable electricity procurement	procurement of green certificates through PPA or direct purchase to reduce the scope 2 emissions

MVR: Mechanical Vapor Recompression / PPA: Power Purchased Agreement

²¹provision to the definition of the Net Zero concept by the SBTi, and its requirements regarding the scope and the level of reduction of emissions, as well as the accepted modalities for off-setting emissions or increasing carbon sinks

Actions and estimations based on received affiliates carbon roadmap as of FY21. Biofuel type and source to be determined by affiliates

²²Biofuel type and source to be determined by affiliates

Water consumption per unit at distilleries

- **SPT #2.1:** reduce water consumption per unit at distilleries below 17,34m³/kl by FY25 (reduction by 12,5% from a FY18 baseline : 19,82m³/kl)
- **SPT #2.2:** reduce water consumption per unit at distilleries below 15,67m³/kl by FY30 (reduction by 20,9% from a FY18 baseline : 19,82m³/kl)

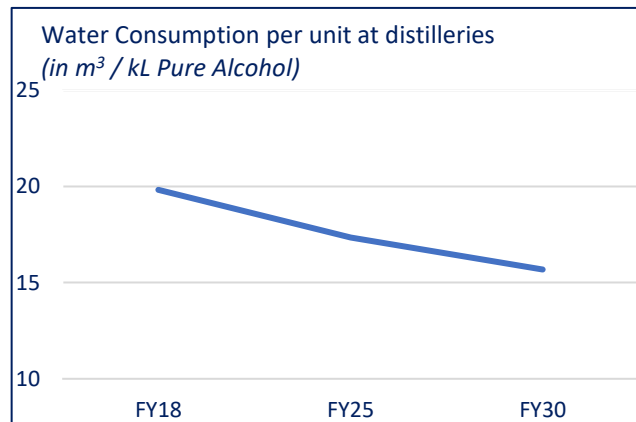
Overall trajectory and ambition

Pernod Ricard commits to reduce water use per unit by 20,9% by 2030 from a FY18 baseline, representing an average of 2% reduction per year over the period. This trajectory is very ambitious when looking at our actual performance with -8 % of water consumption reduction achieved in FY21 compared to FY18 baseline, while 53.2% of the total water used in high-risk locations had been replenished. Targets and KPI historical data

Pernod Ricard regularly benchmarks its ambition with its peers in order to maintain leadership among its sector.

Indicator (m ³ /kL)	FY18	FY21	FY25	FY30
Water use efficiency	19,82	18,80	17,34	15,67
N/N-1		-4,3%	-2,0%	-2,0%
N/Baseline year FY18		-5,1%	-12,5%	-20,9%

The Group achieved its previous environmental roadmap target of a 23,5% reduction in water efficiency between 2010 and 2020.



Action plan and strategies to achieve the SPTs

Main actions and levers identified	Details
New Reverse Osmosis equipment	installation of new Reverse Osmosis equipment to reduce water use
Close loop installation	reuse of water through process
Process optimization to minimize leakage	Minimize leakage on sprinkler water system
Borehole softening capacity	additional softening capacity reducing the amount of surface water needed
Water efficiency projects (water treatment plant, roof top water re-use, ...)	water treatment plant for using water from ponds installation of rainwater harvesting structure to collect water
Water reduction due to Carbon roadmap (MVR)	water reduction resulting from MVR project detailed in scope 1+2 action plan

Intensity GHG emissions scope 3

- **SPT 3.1:** GHG emissions scope 3 intensity reduction below 500 intensity by FY30 (reduction by 50% from a FY18 baseline : 1 000 intensity)

Overall trajectory and ambition

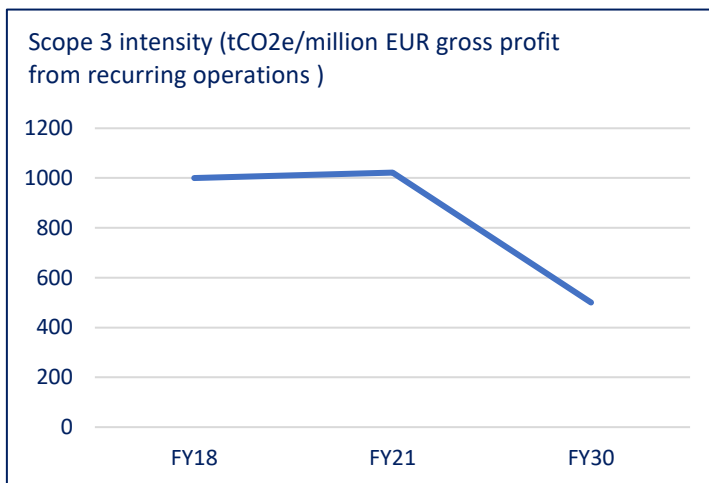
In 2019, the SBTi approved the initial scope 3 target submitted by Pernod Ricard, in line with the objective to limit global warming to “+2°C”.

The Group is currently exploring the feasibility of more ambitious targets in order to align with the 1.5°C trajectory.

In the long-term, and beyond the scope of this Framework, Pernod Ricard targets net zero²³ emissions in all operations by 2050, including Scope 3. This involves working with all our supply chain – farmers, suppliers, and partners - to pick up the pace and level of investment in many critical areas as we position ourselves to meet our goals.

Targets and KPI historical data

Indicator (tCO2e/million EUR gross profit from recurring operations)	FY18	FY21	FY30
Scope 3 intensity	1,000	1,022	500
N/Baseline year FY18		2.2%	-50%



Action plan and strategies to achieve the SPTs

Dry goods	Wet goods
Hybrid furnaces installation at glass suppliers’ sites	Regenerative agriculture projects in our priority terroirs
Using biofuels and biomass for energy in glass melting furnaces	In-setting for carbon sequestration
Piloting hydrogen use for energy in glass making furnaces	
Ensuring development of renewable energy sources use	

²³provision to the definition of the Net Zero concept by the SBTi, and its requirements regarding the scope and the level of reduction of emissions, as well as the accepted modalities for off-setting emissions or increasing carbon sinks

Recalculation policy

The calculation methodology for the KPIs may be revised, changed, adjusted or updated from time to time by the Group to reflect officially published technical updates to the GHG Protocol or to the Conversion Factors as from the adoption by the Group of such updates to the extent that these technical updates are relevant to the computation of this KPI and have been adopted by the Group in its corporate strategy as communicated to investors.

In case of a KPI change, the baseline and/or the SPT(s) may be recalculated in good faith by the Issuer to reflect such change. When relevant, an external verifier will independently confirm that the revision is consistent with the Issuer's strategy and is in line with the initial level of ambition of the SPT(s). The recalculation policy will be detailed in the applicable financing documentation, including with respect to bond issuance the final terms and conditions. Those provisions will supersede this sustainability-linked financing framework.

Characteristics of the Sustainability-Linked Financing Instruments

The financial characteristics of the instrument (bond, loan, etc.) will be impacted by a step-up coupon or margin adjustment depending on the nature of the instrument according to the achievement or non-achievement of the selected KPIs and applicable SPTs at the Target Observation Dates, as specified in the relevant instrument specific documentation as applicable.

Reporting

On an annual basis, Pernod Ricard will publish on its website the performance of the selected KPIs. This reporting will be made publicly available within the annual sustainability reporting and could include:

- Information on the performance and monitoring of the selected KPI;
- Verification assurance report relative to the SPT outlining the performance against the SPT and the related impact, and timing of such impact, on an instrument's financial performance; and
- Any relevant information enabling investors to monitor the progress of the SPT

Pernod Ricard will report on the performance of the selected KPI against the predefined SPT.

When relevant, information may also include any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope.

Verification

Pernod Ricard's annual performance on the KPIs, at the relevant Target Observation Date, will be verified by verifiers to a limited level of assurance, as part of the Group's annual sustainability report verification process, the result of which will be included in the Group's annual sustainability report.

External Verifier refers to Deloitte & Associés or such other independent qualified assurance provider with relevant expertise, appointed by the Issuer in replacement of Deloitte & Associés to perform the functions required to be performed by the External Verifier. Any appointment of a replacement will be communicated in the Issuer's Universal Registration Document.

Pernod Ricard Sustainability-Linked Financing Framework has been reviewed by Sustainalytics who provided a second party opinion (SPO), confirming the alignment of the Framework with the Sustainability-Linked Bond Principles (SLBP) 2020 as administered by ICMA and the Sustainability-Linked Bond Loans (SLLP) 2021 as administered by LMA. The SPO will be made available on Pernod Ricard's website.

Update / future amendment of the framework

Pernod Ricard will review this Framework from time to time, including its alignment to updated versions of the relevant principles as and when they are released, with the aim of adhering to best practices in the market. Pernod Ricard will also review this Framework in case of material changes in the perimeter, methodology, and in particular the definition of KPIs and/or the calibration of SPTs.

Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of a qualified provider of second party opinions. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an External Verifier.

The updated Framework, if any, will be published on Pernod Ricard's website and will replace this Framework.

DISCLAIMER

Certain statements, estimates and opinions made in this Framework are forward-looking statements. Phrases such as “aim”, “plan”, “intend”, “should”, “anticipate”, “well-placed”, “believe”, “estimate”, “expect”, “target”, “consider” and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements are based on current expectations and assumptions which may or may not prove to be correct and are subject to a number of risks, uncertainties and other important factors that could cause actual results, performance, achievements or events to differ materially from what is expressed or implied by those statements. Many of the factors that could cause actual results, performance, achievements or events involving the Group to differ materially from its expectations are outside of its control and not predictable, including, among other things, general business and economic conditions globally, industry trends, competition, changes in government and other regulation and policy, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, interest rates and currency fluctuations, changes in its business strategy, and political and economic uncertainty, including as a result of global pandemics. As such, undue reliance should not be placed on the forward-looking statements contained herein. Any forward-looking statement is based on information available to the Group as of the date of this statement. These forward-looking statements do not constitute profit forecasts or estimates under the Commission Delegated Regulation 2019/980, as amended. All written or oral forward-looking statements attributable to the Group are qualified by this caution. No liability is accepted by the Group in respect of the achievement of or in connection with any such forward-looking statements or assumptions. Neither Pernod Ricard nor any of its officers, employees, agents or affiliates makes any express or implied representation, warranty or undertaking with respect to the information, opinions or forward-looking statements contained herein, and none of them accept any responsibility or liability as to their accuracy or completeness or for any loss howsoever arising, directly or indirectly, from any use of or reliance on such information, opinions or forward-looking statements or otherwise arising in connection therewith. Other than in accordance with legal and regulatory obligations, Pernod Ricard undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

The information contained in this Framework does not purport to be comprehensive and, unless otherwise specified therein, has not been independently verified by any independent third party. Nothing in this Framework constitutes legal, financial, regulatory or other advice or a recommendation with respect to any securities or financial instruments.

This Framework does not constitute an offer to sell or the solicitation of an offer to buy any securities or financial instruments and nothing contained herein shall form the basis of any contract or commitment whatsoever.

Pernod Ricard has requested, and may request in the future, the issuance of a second party opinion (the “**Second Party Opinion**”) by an external provider (the “**SPO Provider**”) in relation to the Group's Framework. In addition, in connection with the implementation of any sustainability-linked financing, Pernod Ricard may also engage one or more external verifiers (the “**External Verifier**”) to seek independent and external verification of its performance level against each SPT for each KPI (each as defined in the Framework). Any Second Party Opinion and reports from the External Verifier may be accessible through the Pernod Ricard's website at: [●]. However, any information on, or accessible through, such website and the information in such Second Party Opinion or Verification Assurance Report do not form part of this Framework and should not be relied upon in connection with making any investment decision with respect to any sustainability-linked financing.

In addition, no assurance or representation is given by Pernod Ricard, any other member of the Group, any SPO Provider or any External Verifier as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party in connection with the offering of any sustainability-linked financing. Investors have no recourse against Pernod Ricard or any member of the Group for the contents of any such opinion, certification or verification. Any such opinion, report or certification and any other document related thereto is not, nor shall it be deemed to be, incorporated in and/or form part of this Framework.