



Pernod Ricard  
*Créateurs de convivialité*

# **Sustainability- Linked Financing Framework**

September 2023



# Introduction

## About Pernod Ricard<sup>(1)</sup>

The Pernod Ricard group (the “Group”) is the No.2 worldwide producer of wines and spirits with consolidated sales of €10,701 million in FY22. 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 74 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 countries<sup>1</sup> and empowers its c. 19,500 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 defining two key dimensions to stretch our growth and responding to changing trends in our markets, based on a virtuous circular dynamics to create responsible and sustainable moments of convivialité. 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.



<sup>1</sup> Operating sites as of 30 June 2022.

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 CO<sub>2</sub> through the energy they use. By reducing energy consumption and associated CO<sub>2</sub> 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.

### 3 Our global presence



### 4 Our organisation

Pernod Ricard's governance and organizational structure has been designed to further reinforce its consumer-centric strategy, support its next phase of growth and ongoing transformation and achieves its ambitions.

The governance is based on an Executive Committee composed of 9 positions. The Executive Committee is the permanent body responsible for directing the Group in cooperation with the Chairman & CEO, whom it assists with his responsibilities.

The organization of the Group is based on an Executive Leadership Team composed of 30 positions, gathering the Executive Committee members, the key business leaders and the leaders of the 10 management entities (covering all markets). The Executive Leadership Team ensures full alignment and effective deployment of the growth strategy and associated resources.

## ESG risk identification and management

### 1 Group risk Mapping<sup>2</sup>

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.

<sup>2</sup> 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>.

**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)<sup>3</sup> Alcoholic beverage sector

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

### MSCI<sup>4</sup>: 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.

<sup>3</sup>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?hsCtaTracking=8950e8c8-252f-4a2f-bb80-b23bc8d6547c%7Ca76ea41e-cf29-4fd5-a7ac-043099317a1e](http://www.sasb.org/wp-content/uploads/2015/07/CN0202_Alcoholic_Beverages_Standard.pdf?hsCtaTracking=8950e8c8-252f-4a2f-bb80-b23bc8d6547c%7Ca76ea41e-cf29-4fd5-a7ac-043099317a1e)



<sup>4</sup>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 more than 350 terroirs<sup>5</sup> rooted in 70 countries around the world. The total amount of agricultural raw material used is around 3 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 376,000 hectares.


### Key Performance Indicators (KPIs) & targets:

<b>13</b> CLIMATE ACTION 	100% of key agricultural raw materials (annual purchases) covered by <b>risk mapping</b>	2022
	100% of key raw materials produced or sourced in line with selected <b>sustainability standards</b>	2030
	100% of high/medium risk priority terroirs covered by <b>mitigation projects</b>	2030
<b>15</b> LIFE ON LAND 	5,000 <b>farmers empowered</b> , trained, or supported	2030
	100% direct affiliates with a <b>regenerative agriculture or biodiversity programme</b> linked to priority terroirs	2030
	Pilot local models for <b>regenerative farming systems</b> 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:



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

<sup>5</sup>A 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% <b>renewable electricity</b> on production sites and in administrative offices	2025
	54% reduction in absolute <b>Scope 1 and Scope 2 GHG emission</b> from FY18 to FY30	2030
	Reduction in the intensity of the <b>Scope 3 GHG emissions</b> by 50% from FY18 to FY30	2030
	Reduction in <b>water consumption</b> (intensity) by 20% from FY18 to FY30	2030
	100% of <b>water replenished in watersheds</b> with high level of risk for our production sites and dedicated copackers located in high risk areas	2030
	100% of NPD complying with <b>eco-design principles</b> (directives on sustainable packaging and point of sale material)	2022
	100% of <b>packaging</b> will be reusable, recyclable, compostable	2025
	Post-consumer <b>recycled content for glass</b> will reach 50% and 25% for <b>PET</b> and 100% of <b>cardboard</b> will be certified to standards ensuring sustainable forest management	2025
	Launch initiatives to support <b>glass recycling</b> in 9 key markets	2030
	The Group will pilot five R&D projects on <b>circular distribution</b> 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:

<p><b>3</b> GOOD HEALTH AND WELL-BEING</p> 	Maintain 100% of our employees trained on alcohol and responsible drinking.	Each Year
	100% of our sales employees and brand ambassadors will be trained on the prevention of alcohol-related risks.	2025
<p><b>17</b> PARTNERSHIPS FOR THE GOALS</p> 	All our products will carry <b>3 responsible drinking logos</b> on their labels: an age restriction logo, a logo warning against drink-driving and a logo warning against drinking during pregnancy.	2024
	All our products will have a <b>digital label</b> to inform our consumers about the content of our products, the potential health risks and how to enjoy them responsibly.	2024
	Our <b>brand homes</b> 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 <b>Digital Guiding Principles</b> .	2024
	We will roll out global industry standards with all our <b>e-commerce</b> 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 <b>one global or local responsible drinking initiative</b> to fight alcohol misuse:	
	<ul style="list-style-type: none"> <li>• Global initiatives to fight binge drinking amongst young adults (Responsible Party and other) and to address drink driving (Autosobriety).</li> <li>• Local initiatives to reduce the harmful use of alcohol.</li> </ul>	2025
Our Strategic brands will roll out at least <b>12 campaigns</b> 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 was first piloted in the Durban province in South Africa and in the Dominican Republic, now expanding to other countries such as Mexico, Ecuador and Cambodia.



### **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 Communications<sup>6</sup> 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..

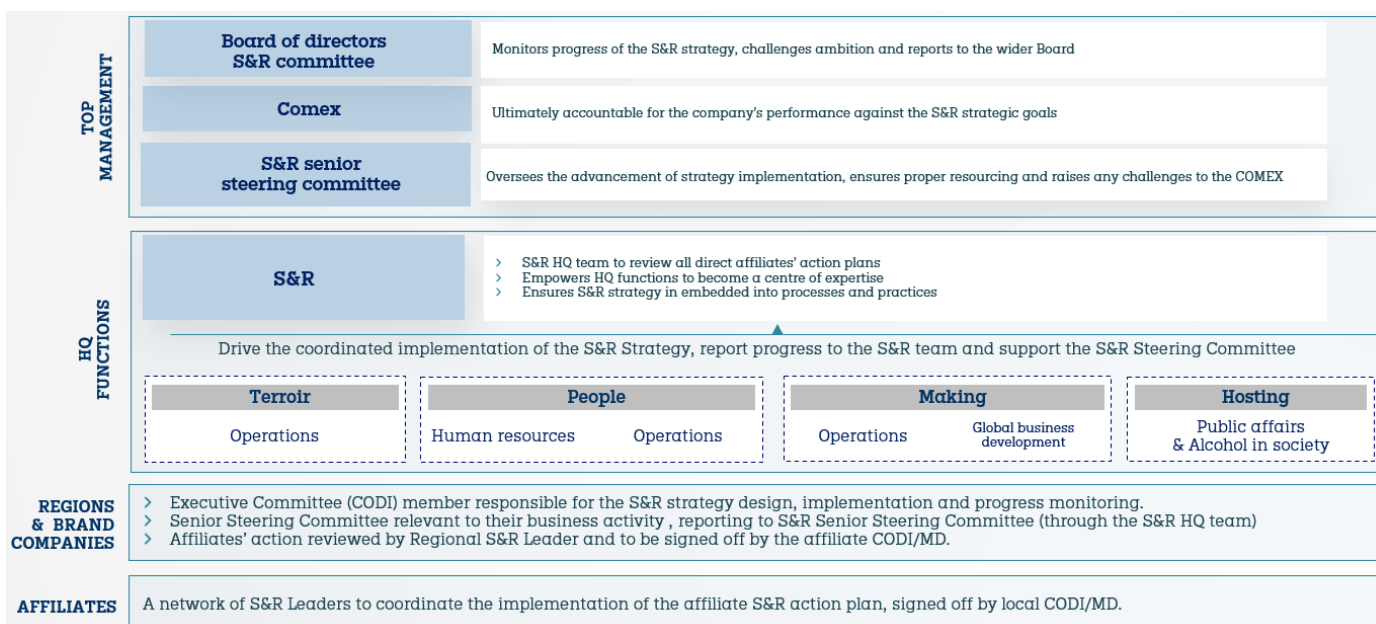
<sup>6</sup>[https://www.pernod-ricard.com/sites/default/files/2021-06/PR\\_CCC\\_2021.pdf](https://www.pernod-ricard.com/sites/default/files/2021-06/PR_CCC_2021.pdf)

## Founding member of the International Alliance for Responsible Drinking (IARD<sup>7</sup>)

- 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<sup>(8)</sup>:



<sup>7</sup> <https://www.iard.org/>

<sup>8</sup> as of 30 June 2022

	<p>Pernod Ricard is a sponsor of the SDG integration, reflecting its high level of commitment to this organisation and its efforts to implement the SDGs.</p>
	<p>In August 2023, we were rated<sup>9</sup> 17.8 and maintained a Low-Risk profile.</p>
	<p>Since 2015, Pernod Ricard annually receives an MSCI ESG Rating<sup>10</sup> 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 2023 index review.</p>
	<p>In 2022, we have been awarded a:</p> <ul style="list-style-type: none"> <li>- B (Management Level) for climate change - taking coordinated action on climate issues. Food &amp; Beverage industry average: B-</li> <li>- A- (Leadership Level) for water security - implementing best practices. Food &amp; Beverage industry average: B</li> </ul>
	<p>In March 2023, we were awarded a Gold recognition level medal in recognition of our Sustainability achievements. Pernod Ricard was in the top 1% of companies rated by EcoVadis in Manufacture of wines industry and among the top 5% 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"> <li>- Solactive Europe Corporate Social Responsibility Index (.SOLECSR)</li> <li>- Solactive Global Corporate Social Responsibility Index (.SOLGCSR)</li> </ul>
	<p>According to its sector analysis, Pernod Ricard is among the top three scored companies in the Beverage sector</p> <p>Pernod Ricard is notably included in the:</p> <ul style="list-style-type: none"> <li>- Euronext Vigeo Europe 120: since 2014</li> <li>- Euronext Vigeo Eurozone 120: since 2013</li> </ul>

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<sup>10</sup> 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) 2023<sup>11</sup> as published by the International Capital Market Association (ICMA) and with the Sustainability-Linked Loan Principles (SLLP) 2023<sup>12</sup> 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).

<sup>11</sup>SLBP 2023: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/>

<sup>12</sup>SLLP 2023: <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/>

## Selection of Key Performance Indicators

### KPI 1: Absolute Greenhouse gas emissions scope 1&2

<b>Definition</b>	Absolute Scope 1 + 2 GHG emissions on operated sites
<b>Units</b>	Metric tons of CO2 equivalents (MtCO2e)
<b>Rationale for selection</b>	GHG emissions are contributing to climate change which is a worldwide recognized challenge for humanity. Pernod Ricard production sites are emitting around 300kt of CO2e per year (Scope 1 and Scope 2 GHG 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.
<b>Perimeter and Scope</b>	<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><sup>13</sup>): 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>
<b>Methodology for calculation</b>	<p>Absolute Scope 1 + 2 GHG 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 Factors<sup>14</sup> (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” section<sup>15</sup>.</p>
<b>Verification</b>	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.
<b>Baseline</b>	“Absolute Scope 1 + 2 GHG emissions” in FY18 (baseline): 297,971 tCO2e, representing approximately 7% of the Group’s GHG footprint.

The KPI is aligned with the EU Climate change mitigation objective<sup>16</sup> 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”.

<sup>13</sup> Less than 5% of the Group’s GHG footprint

<sup>14</sup> “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.

<sup>15</sup> See URD page 120 - <https://labrador.cld.bz/PERNOD-RICARD-Universal-Registration-Document-2019-2020/88/>

<sup>16</sup> [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities\\_en](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**

<b>Definition</b>	Water consumption of distilleries per pure alcohol distilled
<b>Units</b>	Cubic meters of water consumed (m <sup>3</sup> ) per thousand litres of pure alcohol distilled (absolute alcohol kL)
<b>Rationale for selection</b>	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.
<b>Perimeter and Scope</b>	<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 protocol<sup>17</sup>, where distillation is the main activity.</p> <p>Water replenishment projects are not taken into account in the calculation of water consumption reduction.</p>
<b>Methodology for calculation</b>	<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 77% 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 “abstraction”<sup>18</sup>, 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>
<b>Verification</b>	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.
<b>Baseline</b>	“Water consumption per pure alcohol distilled by distilleries only” in FY18 (baseline): 19.0 m <sup>3</sup> /kLAA (as recalculated in 2023 and indicated in Pernod Ricard’s 2023 Registration Document).

<sup>17</sup>Group Environmental Protocol refers to the internal environmental protocol prepared by the Group and approved by its Statutory Auditors.

<sup>18</sup>Any 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

<b>Definition</b>	Scope 3 GHG emissions intensity
<b>Units</b>	tCO <sub>2</sub> e per unit of value added (tCO <sub>2</sub> e/million EUR gross profit from recurring operations)
<b>Rationale for selection</b>	GHG emissions are contributing to climate change which is a worldwide recognized challenge for humanity. Pernod Ricard total Scope 3 GHG emissions were 3,873,667 tCO <sub>2</sub> e in 2018 (as recalculated in 2022 and indicated in Pernod Ricard’s 2022 Registration Document). It is therefore a duty for the Group to reduce the indirect scope 3 emissions and contribute to climate neutrality by 2050.
<b>Perimeter and Scope</b>	<p>This KPI covers the intensity of indirect GHG emissions associated with Group’s activities (Scope 3 emissions) for a specific scope.</p> <p>The scope of activities taken into account for assessment is the one covered by Group’s Science-Based Targets initiative commitment, covering purchased goods and services (dry goods and wet goods and promotional items), upstream transportation and distribution activities and downstream transportation and distribution (&gt;67% Scope 3 coverage as per SBTi requirement, and representing 88% 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 in line with the GHG Protocol. Carbon offsets and avoided emissions are not included in the calculation.</p>
<b>Methodology for calculation</b>	<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>
<b>Verification</b>	This KPI historical data, baseline and future performance are/will be independently verified by the Statutory Auditors before publication on an annual basis.
<b>Baseline</b>	FY18 scope 3 GHG emissions intensity, 1,443 tCO <sub>2</sub> e/million EUR gross profit from recurring operations, representing approximately 93% of the Group’s GHG footprint (as recalculated in 2022 and indicated in Pernod Ricard’s 2022 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 1<sup>st</sup> of July to 30<sup>th</sup> of June).

### Absolute Greenhouse gas emissions scope 1&2

- **SPT 1.1:** GHG emissions scope 1&2 below 220,000 tCO<sub>2</sub>e by FY25 (reduction by 26% from a FY18 baseline : 297,971 tCO<sub>2</sub>e)
- **SPT 1.2:** GHG emissions scope 1&2 below 138,000 tCO<sub>2</sub>e 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 expectations, the effort required is even much higher, which is very ambitious. In FY23, the Group emitted 263,223 tCO<sub>2</sub>e, a -12% reduction versus FY18 baseline in absolute value and a -31% reduction in intensity (per liter of alcohol distilled).

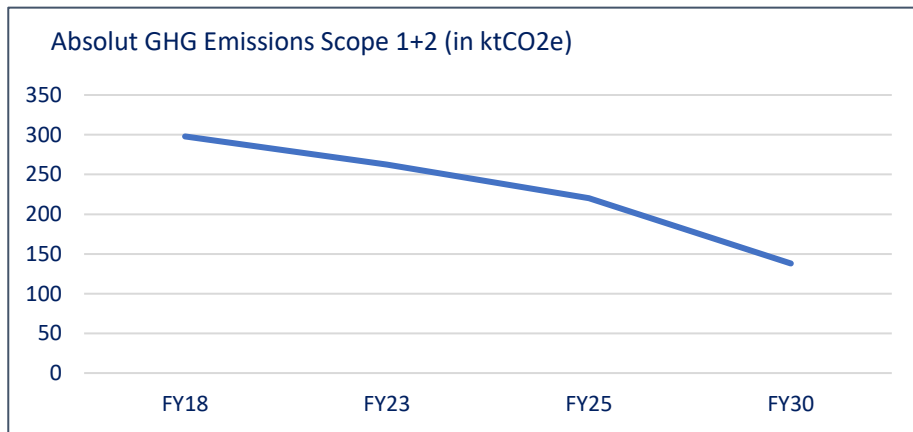
In addition, Pernod Ricard regularly benchmarks its ambition with its peers in order to maintain leadership among its sector.



In the long-term, and beyond the scope of this Framework, Pernod Ricard commits to a net zero<sup>19</sup> 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 <sub>2</sub> e)	Achieved FY18	Achieved FY22	Achieved FY23	Target FY25	Target FY30
SPTs	298	302	263	220	138
N/Baseline year FY18		+1%	-12%	-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 <sup>20</sup> 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

<sup>19</sup>provision 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

<sup>20</sup>Biofuel 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 16.7m<sup>3</sup>/kLAA by FY25 (reduction by 12.5% from a FY18 baseline : 19.0 m<sup>3</sup>/kLAA)
- **SPT #2.2:** reduce water consumption per unit at distilleries below 15.1m<sup>3</sup>/kLAA by FY30 (reduction by 20.9% from a FY18 baseline : 19.0 m<sup>3</sup>/kLAA)

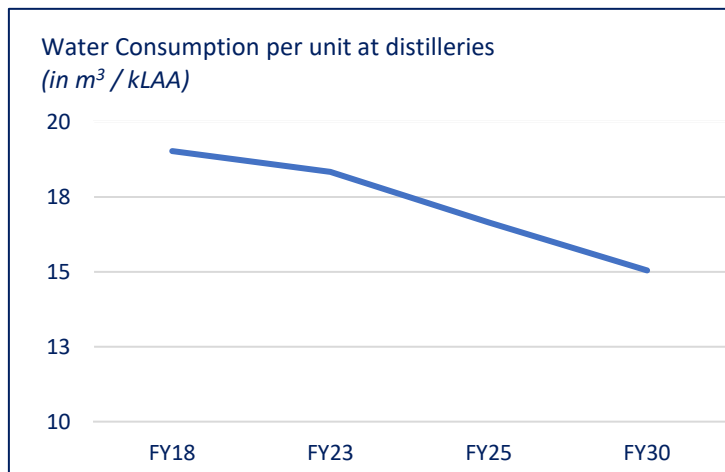
### Overall trajectory and ambition

Pernod Ricard commits to reduce water use per unit in distilleries by 20.9% by 2030 from a FY18 baseline. This trajectory is very ambitious when looking at our actual performance with -3.7 % of water consumption reduction achieved in FY23 compared to FY18 baseline.

### Targets and KPI historical data

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

Indicator (m <sup>3</sup> /kLAA)	Achieved FY18	Achieved FY22	Achieved FY23	Target FY25	Target FY30
Water use efficiency N/Baseline year FY18	19.0	17.8	18.3	16.7	15.1
		-6.2%	-3.7%	-12.5%	-20.9%



### 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 an intensity of 721.5 tCO<sub>2</sub>/million EUR by FY30 (reduction by 50% from a FY18 baseline: 1,443 tCO<sub>2</sub>e/million EUR intensity)

#### Overall trajectory and ambition

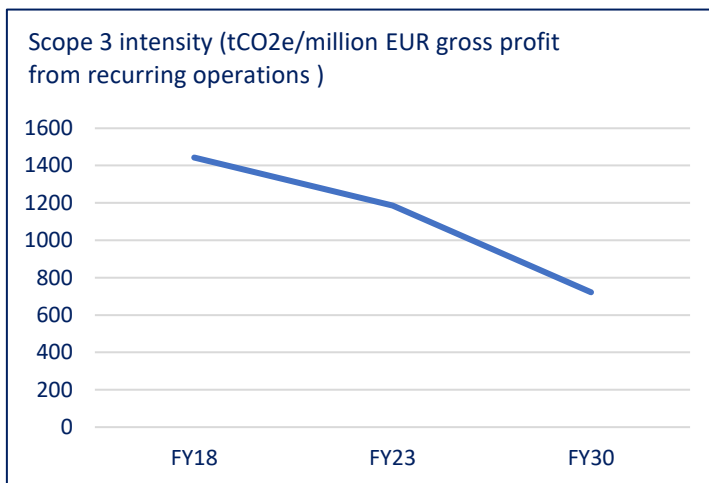
In 2019, the SBTi approved the initial scope 3 target submitted by Pernod Ricard, in line with the objective to limit global warming to “+2°C”.

The Group is currently exploring the feasibility of more ambitious targets in order to align with the 1.5°C trajectory and revising its near-term ambitions in accordance with new SBTi recommendations defined by Net Zero Standard, FLAG guidance and GHG protocol – Land Sector and Removals.

In the long-term, and beyond the scope of this Framework, Pernod Ricard targets net zero<sup>21</sup> 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 (tCO <sub>2</sub> e/million EUR gross profit from recurring operations)	Achieved FY18	Achieved FY22	Achieved FY23	Target FY30
Scope 3 intensity	1,443	1,333	1,177	721.5
N/Baseline year FY18		-8%	-18%	-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	

<sup>21</sup>provision 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 KPMG SA or such other independent qualified assurance provider with relevant expertise, appointed by the Issuer in replacement of KPMG SA 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 of 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.**