

**Information relating to the compensation and benefits of  
Mr. Alexandre Ricard, Chairman & Chief Executive Officer**

**I - Variable compensation for FY21**

At the Board of Directors' meeting held on 31 August 2021, following the recommendation of the Compensation Committee, and after approval of the financial elements by the Audit Committee, the Board assessed the amount of the variable compensation of Mr. Alexandre Ricard, Chairman & CEO, for FY21.

Considering the quantitative and qualitative criteria set by the Board meetings of 1<sup>st</sup> September 2020 and 20 October 2020 and the achievements recognized at 30 June 2021, the amount of variable compensation was evaluated as follows:

◆ **Quantitative criteria** (80% target – 150% maximum):

- Achievement of the budgeted Profit from Recurring Operations (20% target – 37,5% maximum): 37,5%
- Achievement of the budgeted Group Net Profit from Recurring Operations (20% target – 37,5% maximum): 37,5%
- Achievement of the target for Recurring Free Cash Flow (20% target – 37,5% maximum): 37,5%
- Cash conversion (20% target – 37,5% maximum): 37,5%

**Total: 150%** of his fixed annual compensation for FY21

◆ **Qualitative criteria** (30% target – 45% maximum):

- Ability to effectively address the impacts of the COVID-19 pandemic and limit the impacts on the Group (Target 12% - Maximum 18%)

The Group has implemented significant material resources and procedures aimed at protecting the health and safety of its employees. The economic impacts of the health crisis were also limited thanks to proactive cash management (debt refinancing with reduced cost and lengthening of maturity, etc.) and agility in the reallocation of resources. The result of this effective management is the return to a pre-COVID level of activity and excellent financial performance for the fiscal year.

⇒ **Achievement: overachieved, 18%**

- S&R: demonstrate leadership both internally and externally through regular communications and the promotion of the “Good Times from a Good Place” strategy (Target 6% - Maximum 9%)

The objectives of the “Good Times from a Good Place” strategy set for the year were achieved: implementation of the “Health & Safety” roadmap in a COVID context, early achievement of the reduction in orders for single-use plastic promotional items. The commitment to responsible alcohol consumption and the ambitions for carbon neutrality and regenerative agriculture have also been strengthened.

⇒ **Achievement: at target, 6%**

- Implementation of the Digital Transformation roadmap (KDP, Finance 4.0) (Target 6% - Maximum 9%)

The Group has accelerated its Digital Transformation roadmap: the pilot projects have delivered excellent results and are now being deployed in the affiliates. The acquisition of skills has been accelerated to support the deployment over the coming years and develop our competitive advantage. The Finance function has also accelerated its digitalization with the deployment of new tools, supported by significant efforts in terms of change management.

⇒ **Achievement: overachieved, 8%**

- Dynamic management and agile reallocation of A&P resources (Target 6% - Maximum 9%)

Strong management and agility in allocating resources according to the dynamics of markets, channels and categories, are reflected in market share and the strong financial performance for the fiscal year.

⇒ **Achievement: overachieved, 9%**

- ◆ **TOTAL (110% target – 180% maximum): 180%** of his fixed remuneration

As a result, the total amount of Mr. Alexandre Ricard's variable compensation for FY21 as Chairman and Chief Executive Officer was set at € 1 980 000, i.e. 180% of his fixed annual compensation for FY21, against a 110 % target and a 180 % maximum. It reflects the quality of both quantitative and qualitative results. In FY20 and FY19, his variable compensation was respectively 27% and 158.71 % of his fixed annual compensation.

## **II - Determination of the compensation items and other benefits for FY22**

While the mandate of Mr. Alexandre Ricard was renewed in 2020, given the exceptional context, the Board of Directors of September 1, 2020 decided, following the recommendation of the Compensation Committee, to delay the review of his compensation to 2021.

Therefore, the Board of Directors of August 31, 2021, completed the review Mr. Alexandre Ricard's compensation, following the recommendation of the Compensation Committee, and determined his compensation package for the 2021/2022 financial year as follows:

- Gross fixed annual compensation: increase to € 1,250,000 until the end of his current term of office to align with market practice of the CAC 40 and our business sector. In this decision, the Board of Directors took into consideration:
  - the acceleration of the financial performance of the Pernod Ricard Group since his appointment in 2015;
  - excellent management of the health crisis from both a human and economic point of view;
  - the benchmarking exercise carried out by two independent external firms which reflected a difference in his remuneration (both fixed and total) compared to the median level of CAC 40 companies and a greater difference with companies in the beverage sector (External Condition Panel<sup>1</sup>); and
  - fixed compensation of Mr. Alexandre Ricard being unchanged since August 2018.
- Variable compensation: maintenance of the 110% for the targeted variable compensation and of the 180% maximum of the fixed annual compensation:
  - Quantitative criteria: 80% target and 150% maximum, but review of the criteria;
    - **Achievement of the target for Profit from Recurring Operations**, restated for foreign exchange impact and changes in the scope of consolidation: target 20% and maximum 37.5%.
      - Measures the management performance of the Executive Director, reflecting the Group's decentralized structure and overall performance of the Group's various Departments.

<sup>1</sup> AB InBev, Brown Forman, Campari, Carlsberg, Coca-Cola, Constellation Brands, Danone, Diageo, Heineken, LVMH, PepsiCo et Rémi Cointreau  
10/09/2021

- **Achievement of the target for Group Net Profit from Recurring Operations**, restated for foreign exchange impact and changes in the scope of consolidation: target 20% and maximum 37.5%.
  - Reflects the Group's overall financial performance to align remuneration with the shareholder experience.
- **Achievement of the target for Recurring Free Cash Flow**, restated for foreign exchange impact and changes in the scope of consolidation: target 20% and maximum 37.5%.
  - Measures the Group's financial performance and value creation.
- **Cash Conversion**, restated for foreign exchange impact and changes in the scope of consolidation: target 20% and maximum 37.5%.
  - Measures the cash management.
- Qualitative criteria: no change in the structure: 30% target and 45% maximum;

In all circumstances, the variable compensation (quantitative + qualitative criteria) shall not exceed 180% of the fixed compensation.

- Directors' fees: none
- Performance shares: no change, an annual allocation representing a maximum of 150% of his gross fixed annual compensation under IFRS.
- Non-compete clause / severance pay clause (for imposed departure): no change
  - Non-compete clause of 12 months of compensation<sup>2</sup>, in accordance with the AFEP-MEDEF Code,
    - a provision authorizes the Board of Directors to waive the application of this clause when the Executive Director leaves;
    - the indemnity will be paid on a monthly basis during its duration;
    - the payment of this indemnity will be excluded if the Executive Director leaves the Group to claim his retirement rights or if the Executive Director is over 65 years old.
  - Imposed departure clause of maximum 12 months of compensation<sup>1</sup> which would be due, subject to fulfillment of performance conditions, in case of imposed departure related to a change of control or strategy of the Group. According to the Afep-Medef Code, no payment in case of a departure related to i) non-renewal of his term of office, ii) if departure was decided by the Executive Director himself, iii) in case of a change of position within the Group or iv) if he is close to retirement.

In accordance with the Afep-Medef Code, the overall amount related to the non-compete clause and the imposed departure clause (sum of both clauses) will be capped at 24 months of compensation<sup>1</sup>.

- Collective healthcare and insurance schemes: no change, granted by Pernod Ricard on the same terms as those that apply to the category of employees to which he belongs for the determination of his employee benefits and other additional elements of his compensation.
- Supplementary pension scheme: increase in the defined contribution to 20% of his fixed and variable compensation composed of:
  - 50% in performance shares (same conditions as those granted under the Group's general performance share grant plan) and,
  - 50% paid in cash which the Executive Officer commits to investing, net of social welfare and tax expenses, in investment vehicles for the funding of his supplementary pension.

<sup>2</sup> Last fixed annual compensation + last variable annual compensation decided by the Board of Directors  
10/09/2021

The Board of Directors, on the recommendation of the Compensation Committee, and following the remuneration benchmarking exercise with our external advisors, has decided during its meeting held on 31 August 2021, to increase the level of the supplementary pension scheme implemented in 2016 to be aligned with market practice of CAC 40 companies.

- Company car : no change

As a reminder, these elements will be submitted to the vote of the shareholders at the Combined Shareholders' Meeting held on 10 November 2021 when approving (i) the elements of compensation due or granted to the Chairman & CEO for the 2020/21 financial year (8<sup>th</sup> resolution) and (ii) the compensation policy items applicable to the Chairman & CEO (10<sup>th</sup> resolution).