

**Grant of Performance-related stock options and Performance-related shares  
to Mr Alexandre Ricard, Chairman & CEO  
- November 21<sup>st</sup>, 2018 -**

**I – Annual Long Term Incentive Plan**

At its meeting held on November 21<sup>st</sup>, 2018, the Board of Directors, as per the authorizations given by the Annual Shareholders' Meeting dated November 6<sup>th</sup>, 2015 (resolutions # 22 and 23), approved a Long-Term Incentive Plan benefiting to approximately 1,000 employees within the Group (the "Plan").

Under this Plan, the Board of Directors decided, following the recommendation of the Compensation Committee, to grant stock options and performance-related shares to Mr Alexandre Ricard, Chairman & CEO, as presented hereafter, and in accordance with the commitment taken last year that, throughout the current term of office, the maximum annual allocation granted, in value, may not represent more than 150% of his gross fixed annual compensation.

▪ **STOCK OPTIONS WITH EXTERNAL PERFORMANCE CONDITION:**

- Amount: 26,143 stock options, all of them subject to an external performance condition;
- Exercise price: €137.78 i.e. the average of the closing share prices for the last 20 days prior to the date of grant, with no discount;
- External performance condition:  
The number of options which can be exercised will depend on the performance of the Pernod Ricard Total Shareholder Return (TSR) compared to the TSR of the Panel (as defined below) over a period of 3 years from 21<sup>st</sup> November 2018 until 21<sup>st</sup> November 2021 inclusive:
  - ✓ If below the median (8<sup>th</sup> to 13<sup>th</sup> position): no option can be exercised;
  - ✓ if equal to the median (7<sup>th</sup> position): 66% of the options can be exercised;
  - ✓ if in 6<sup>th</sup>, 5<sup>th</sup> or 4<sup>th</sup> position: 83% of the options can be exercised; and
  - ✓ if in 3<sup>rd</sup>, 2<sup>nd</sup> or 1<sup>st</sup> position: 100% of the options can be exercised.

At the grant date, the Board of Directors decided that the Panel was composed of Pernod Ricard plus the 12 following peer companies: Diageo, Brown Forman, Remy Cointreau, Campari, Constellation Brands, AB InBev, LVMH, Heineken, Carlsberg, Coca-Cola, PepsiCo and Danone.

It is specified that the Panel may be modified in the event of a change affecting one or several members of the Panel. The Board of Directors could, by fully reasoned decision and following the recommendation of the Compensation Committee, decide to add or exclude a member to or from the Panel in cases such as purchase, absorption, dissolution, splitting, merger or change in activity, provided this does not affect the overall consistency of the Panel and still allows the assessment of the external performance condition as determined at the time of the initial grant.

- Vesting period: 4 years (vesting) followed by a 4-year exercise period.

▪ **PERFORMANCE-RELATED SHARES WITH INTERNAL CONDITION:**

- Amount: 4,269 performance-related shares, all subject to an internal performance condition;
- Internal performance condition:  
The number of performance-related shares finally transferred shall be determined by the following ratios of achieved Group Organic profit from recurring operations as compared to the Group's budgeted Organic profit from recurring operations (restated for the effects of foreign exchange rates and scope of consolidation), for 3 consecutive financial years (2018/19, 2019/20 and 2020/21).  
  
The number of performance-related shares is determined as follows:
  - ✓ If the average is lower than or equal to 0.95: no performance-related share shall vest;
  - ✓ If the average is between 0.95 and 1: the number of performance-related shares having vested shall be determined by applying the percentage of linear progress between 0 and 100%; and
  - ✓ If the actual average is equal to or higher than 1: 100% of the performance-related shares will vest.
- Vesting period: 4 years, without any further holding obligation.

▪ **PERFORMANCE-RELATED SHARES WITH DOUBLE CONDITION (INTERNAL AND EXTERNAL CONDITIONS):**

- Amount: 6,842 performance-related shares, all of them subject to both internal and external performance conditions;
- Performance conditions: the number of performance-related shares definitively transferred will be determined by applying the two performance conditions (first the internal condition and then second external condition) identical to those specified above. Therefore:
  - ↳ Application of the internal performance condition determined by the ratios of the Group actual Organic profit from recurring operations as compared to the Group's budgeted Organic profit from recurring operations (restated for the effects of foreign exchange rates and scope of consolidation), for 3 consecutive financial years (2018/19, 2019/20 and 2020/21) (see above: same performance condition applicable to performance-related shares with internal condition)  
  
The number of performance-related shares confirmed after application of the internal condition shall then be subject to the external condition.
    - ↳ Therefore, application of the external performance condition determined by the performance of the Pernod Ricard Total Shareholder Return (TSR) over the period starting from 21<sup>st</sup> November 2018 until 21<sup>st</sup> November 2021 (inclusive) (3 years) compared to the TSR of the Panel (see above: same performance condition applicable to stock-options with external condition).
- Vesting period: 4 years without any further holding obligation.

**Compliance with the caps applicable:**

At its meeting held on November 21<sup>st</sup>, 2018, the Board of Directors ensured that the quantity of performance-related shares and stock-options granted to the Executive Director was in line with the 0.06% (cap for performance shares) and 0.21% (cap for stock options) of the share capital specified in the 22<sup>nd</sup> and 23<sup>rd</sup> resolutions approved by the Shareholders' Meeting of November 6<sup>th</sup>, 2015. The grants to the Executive Director respectively represent 0.004% (for performance shares) and 0.01% (for stock-options) of the share capital.

### **Lock-in and acquisition requirements applicable to the Executive Director, relating to stock options and performance-related shares:**

Moreover, as for previous grants, and following the recommendation of the Compensation Committee, the Board of Director of November 21<sup>st</sup>, 2018 set the following holding and acquisition requirements:

- **Requirement to hold stock-options and performance-related shares:**  
The Executive Director shall retain, in the registered form, and until the end of his term of office, a number of shares corresponding to (i) in respect of stock options; 30% of the capital gain since acquisition, net of social security contributions and taxes, resulting from the exercise of the stock options, and (ii) in respect of performance-related shares: 20% of the volume of performance-related shares that will be actually transferred to him.
- **Requirement to acquire additional shares:**  
The Executive Director shall undertake to buy, at the time the performance-related shares are effectively transferred to him, a number of shares equal to 10% of the performance-related shares transferred.

Once the Executive Director holds a number of registered shares corresponding to more than three times his gross fixed annual compensation at that time, the above-mentioned requirement will be reduced to 10% for both stock options and performance-related shares and the Executive Director will no longer be required to acquire additional shares. If, in the future, his registered holdings fall below the ratio of three, the lock-in and acquisition requirements mentioned above will apply anew.

### **II – ADDITIONAL GRANT OF PERFORMANCE-RELATED SHARES (COMPONENT OF THE ALTERNATIVE PENSION SCHEME)**

To compensate the cancellation of the defined-benefit supplementary pension scheme, the Board of Directors held on August 31<sup>st</sup>, 2016 decided to grant to Mr Alexandre Ricard an additional annual compensation equal to 5% of his fixed and variable annual compensation in the form of the allocation of performance-related shares, paid each year from 2017. This decision has been approved by the Shareholders' Meeting held on November 17<sup>th</sup> 2016 (16<sup>th</sup> resolution).

Thus, considering the IFRS value of the performance-related shares at the date of the grant, the Board of Directors held on November 21<sup>st</sup>, 2018 decided to grant an additional allocation for Mr. Alexandre Ricard, composed of:

- 511 performance-related shares with internal condition,
- 819 performance-related shares with internal and external conditions.

The conditions relating to performance, presence and holding that will apply to these allocations will be the same as those outlined under the allocation of Group performance-related shares plan in effect on the grant date (see above).

Please note that since 2017, Mr Alexandre Ricard also benefit from a cash component representing 5% of his fixed and variable annual compensation (i.e. a gross amount of 131 708€ for 2018) that he undertakes to invest, net of social security contributions and tax, in investment vehicles dedicated to financing his supplementary pension.

### **Compliance with the caps applicable:**

At its meeting held on November 21<sup>st</sup>, 2018, the Board of Directors ensured that the quantity of performance-related shares granted to the Executive Director was in line with the specific cap indicated in the 22<sup>nd</sup> resolution as approved by the Shareholders' Meeting of November 6<sup>th</sup>, 2015. This grant to the Executive Director represents 0.0005% of the share capital.