



# Global Environmental Policy

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## Objectives and Scope

Our commitment to environmental sustainability and responsibility was brought to life as early as 1966 when Paul Ricard, our founder, created the Oceanographic Institute on Les Embiez Island in the Mediterranean Sea. Following Paul Ricard's footsteps, our 2030 [Sustainability & Responsibility \(S&R\) roadmap](#) is based on four key pillars (Nurturing Terroir, Valuing People, Circular Making, Responsible Hosting) with strong objectives supporting the United Nations Sustainable Development Goals (SDGs).

We ensure compliance with applicable laws and regulations where we operate, and even go beyond with voluntary actions and commitments. In locations where no or limited regulation exists, we set high standards through our policy.

Pernod Ricard's Global Environmental Policy outlines the commitments, procedures and actions that apply to all Pernod Ricard affiliates and joint ventures, where Pernod Ricard has a controlling interest. This policy also concerns all aspects of our business acquisitions, as well as the design and creation of new facilities, such as distilleries and office locations.

From the raw materials to the consumption of our products, our **five environmental priorities** are closely linked to the lifecycle of our products and are inherently interrelated and reinforce each other.



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*All our products come from nature and as “Créateurs de Convivialité” we are committed to nurturing and protecting all the terroirs where we source our natural ingredients, responding to the challenges of climate change and helping to preserve natural resources. The future of our business, and our planet, depend on it..*

**Alexandre Ricard, CEO**

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*True to our founding spirit, we've been bringing people together, inviting them to share authentic experiences, and creating good places so that our ingredients go beyond product quality and contribute to quality of life. We strive to be environmentally sustainable at every step of our production, from grain to glass, by working with our employees, partners and local communities to ensure natural ecosystems and resources are protected and preserved.*

**Vanessa Wright, VP Sustainability**  
**Peter Morehead, Group Operations Director**

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## Environmental Commitments

### 1. Promote and build resilient agricultural practices

Pernod Ricard depends on agriculture, sourcing all of its products from agricultural raw materials: grains for whiskies & vodkas, sugar cane for rums, grapes for wines, champagnes, cognacs and brandies, sugar beet for neutral alcohol used in various liqueurs, agave for tequilas, potatoes for some vodkas, and numerous aromatic herbs and spices.

#### Promote and develop resilient agricultural supply chains

For our main terroirs, we commit to implementing resilient agricultural practices in partnership with, and to support, suppliers to adopt practices that respect the land and neighboring ecosystems.

- Support suppliers to sustainably increase agricultural productivity.
- Adapt and build resilience to climate change while reducing greenhouse gas emissions.

- Help maintain ecosystems, progressively improving land and soil quality.

#### Improve sustainability performance and develop regenerative agriculture in our vineyards

Our ambition is to demonstrate our leadership in sustainable and regenerative agriculture within the wine industry and be exemplary in the sustainable performance of our vineyards, that cover over 5,000 hectares in New Zealand, Australia, France, Spain, Argentina, the United States and China.

On our own estates, we adopt progressively higher standards of sustainable agriculture, including drip irrigation, reducing agrochemicals use, protecting the soil against erosion, and preserving wildlife near our land.

We commit to developing regenerative agriculture pilot schemes to test and learn resilient agricultural practices and to progressively improve the quality of topsoil, watersheds and ecosystems. We will further share this knowledge with our local grape growers. ■

#### Regenerative agriculture

A system of farming principles and practices that increase biodiversity, enriches soils, improve watersheds, capture carbon in soil and enhance ecosystem services. In the long term, it leads to increased yields, resilience to climate instability, and higher health and vitality for farming communities.

## Environmental Commitments

### 2. Preserve and enhance biodiversity

Biodiversity underpins the health of the planet and all our lives depend on it. Our society is currently using more natural resources than the planet can sustain. As a result, species are exposed to direct threats such as loss of their habitats or access to water.

#### Engage all affiliates in biodiversity projects

We aim to have all our affiliates engaged in a strategic biodiversity project to preserve natural ecosystems.

- Each Brand company will engage in a project in order to restore or increase biodiversity in its supply chain or in the environment of its production sites.
- Each Market company will support a biodiversity conservation project, with a view to contribute to preserving ecosystems.

#### No animal testing

Pernod Ricard does not conduct any tests on animals unless they are explicitly required by law. ■



## Environmental Commitments

### 3. Contribute to reducing climate change

#### Reducing and adapting to climate change

Climate change is one of the greatest challenges we face on this planet. As a society, we acknowledge the need to limit global temperature rises to no more than 1.5°C by the end of the century, advancing the goal of the Paris Agreement.

Combating climate change is a major focus for Pernod Ricard and, for greater transparency, we follow the recommendations of the [Task Force on Climate-related Financial Disclosure \(TCFD\)](#) to identify climate risks and opportunities and achieve a more resilient business.

Pernod Ricard's climate commitments cover CO<sub>2</sub> emissions ranging from upstream raw materials to operations all the way to retail and end-of-life of our products:

- Directly, using fossil fuels at our sites and the electricity consumed, which generates CO<sub>2</sub> emissions when produced by our suppliers;
- And indirectly through packaging materials, raw materials sourcing and logistics services.

Climate change also has an impact on our activities from the availability, quality and, to a greater extent, the price of agricultural raw materials, packaging, water and energy.

We are mobilised to adapt to climate change and minimise our direct and indirect greenhouse gas emissions through several steps:

- Assess our carbon footprint across our whole supply chain, from packaging and raw material procurement, to consumer-generated waste. This helps us understand and anticipate our impact on the environment and on climate.
- Commit to ambitious [science-based targets](#) to align with the goals of the Paris Agreement and track our progress in reducing emissions.
- Reduce the energy consumption of our sites and move from fossil fuels to renewable energy, such as biomass, biogas, or renewable electricity.
- Work with our suppliers to help them reduce their emissions: decreasing their energy consumption for instance, or reducing fertilizer use in fields, or optimising transportation loading and routes. ■

## Environmental Commitments

### 4. Preserve water resources

Water is an essential component of the products we manufacture and is used at every stage of the product's life cycle, directly or indirectly. We are a member of the [United Nations CEO Water Mandate](#) since September 2010, reinforcing our commitment to the protection of the planet's water resources.

#### Limit water consumption at industrial sites

At production sites, we commit to measure our consumption, ensure that water intake does not endanger resources, and take measures to save, reuse and recycle water.

We aim to further reduce the water use in our operations, targeting excellence in our water efficiency at our industrial activities (distillation, wineries, bottling, etc).

#### Treat waste water efficiently

We use efficient solutions to treat the waste water and effluents of our production sites, ensuring that they do not pollute or harm the fresh water resources.

#### Manage water to meet local challenges

Water resources are unevenly distributed, risk levels vary depending on the location of our Group's production sites. We have categorised production sites as high, significant and low risk, using the Overall Water Risk Index and an in-house questionnaire. For sites located in high or significant risks, a specific water management strategy is applied and we aim to replenish 100% of the water consumed in this production sites to achieve water balance in these watersheds.

Beyond this, we are also committed to addressing the water which is embedded in our supply chain, especially in agriculture, and engaging our suppliers to use water efficiently and preserve it. ■





## Environmental Commitments

### 5. Move towards circularity

The impact of our activities on the environment begins with the design of the products and packaging and continues throughout their life cycle. We share a world of finite resources, under huge pressure. We will minimise waste at every step by imagining, producing and distributing our products in ways that optimize and help preserve natural resources.

#### Implement eco-design principles and promote circular packaging

Our ambition is to adopt a circular mindset in our product design and development for a better packaging tomorrow. Our objective is by 2020 for 100% of new projects to adopt eco-design principles and circular mindset across all stages of packaging development: from Brief to Procurement & development to Prototypes to Final product to Consumer-facing communication.

The Global Sustainable Packaging Guidelines address primary, secondary and tertiary packaging. They have been established for circular packaging, guided by 5 **principles** across the packaging lifecycle.



**REDUCE.** Optimize design to reduce size and weight. Limit the number of items, nothing unnecessary.

**REUSE.** Move from single-use to keep packaging refillable and reusable as long as possible.

**RECYCLE.** Choose recyclable materials only, or, if not possible, consider compostable or bio-based materials.

**RESPECT.** Ensure materials are responsibly sourced, to consider recycled content and sustainable origins.

**RETHINK.** Think out of the box to challenge the need for each packaging component and explore new circular solutions. ►



## Environmental Commitments

### 5. Move towards circularity

#### Promote sustainable point-of-sale (POS)

For our POS, we commit to eliminating single-use plastic and have all our POS reusable, recyclable or compostable.

#### Reduce waste and improve recycling on industrial sites

In our production sites, we ensure that by-product from the processing of our agricultural raw materials are recovered for other purposes such as animal feed, compost, biomass, or energy.

We also aim to minimise waste and reach zero waste to landfill in all our production facilities. To reach this goal, we will pursue our efforts to reduce the quantity of waste generated and identify recycling and recovery processes. Regarding hazardous waste that requires the use of a specific treatment process to prevent environmental risks, we will continue to identify appropriate treatment processes existing locally.

#### End of life

We also support the recycling of used packaging by participating in a number of collection schemes and commit to further widespread recycling by engaging and creating recycling coalitions in countries where national recycling rates are low.

#### Pilot projects for circular distribution practice

We aim at moving from linear to circular packaging and will explore alternatives to distribute our products in a circular way. ■

##### Circular economy

A circular economy is based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems.

Source: [Ellen MacArthur Foundation](#).

## Implementation of the Policy

### 1. Governance and management system

To address our five environmental priorities and commitments, we need to cooperate with all our stakeholders, starting with our employees. Each employee needs to be involved, and all our managers need to be engaged in implementing our policy. The global environmental policy outlines our individual and shared responsibilities to the environment and is implemented through the Circular Making and Nurturing Terroir pillars of the Sustainability & Responsibility strategy. We also work with our business partners, suppliers, and local authorities to inform them about our commitment and achieve fruitful collaboration.

This policy has been approved by Pernod Ricard's Chairman and Chief Executive Officer and its Executive Committee.

The Executive Vice President, Human Resources, Sustainability & Responsibility oversees the implementation of the Global Environmental Policy by the Regional CEOs of the Group.

To make our commitments a tangible reality, we deployed the environmental policy according to the following principles:

- Brand Companies and Market Companies are accountable for identifying and determining ways to reduce their own environmental impact and how to apply the Group's policy locally.
- The Headquarters' Sustainable Performance Division oversees and coordinates measures at Group level, notably by setting shared objectives, monitoring the performance of affiliates, circulating guidelines that include minimum requirements and sharing best practices.
- All our suppliers need to be aware of our commitments and demonstrate engagement.

We aim to deliver improvements through a series of operational and behavioural change projects, and we set ourselves a series of environmental targets for 2030 centred on areas of the product lifecycle where we have most direct environmental impact and commit to measure our progress annually. We take all reasonable steps to ensure reported environmental information represents a true and fair account of the Group's impact. Key reported data is included in Pernod Ricard's Registration Document, Annual Report and website. A selection of data is independently assured as part of our management processes for completeness, consistency, transparency and accuracy. ►

## 2. Dissemination, enforcement and monitoring of this policy

All affiliates agree to circulate these commitments to their employees by means of the usual internal communications tools. The Headquarters provides English, French and Spanish versions.

We will ensure that all employees, contractors and suppliers are aware of the company's Environment Global Policy and are aware of their own responsibilities through the **Pernod Ricard Supplier Standards**.

Supporting this policy, detailed requirements and guidance are available on the intranet.

## 3. Access to grievance mechanism

Pernod Ricard encourages dialogue and trust, allowing everyone to express their point of view and voice their concerns. The Group's Code of Business Conduct advocates a "Speak-up policy", which also includes any potential violations of environmental practices.

- All employees are called to inform management of any suspicions they might have regarding a practice or situation deemed to be contrary to or inconsistent with this Code, the associated policies or any legal or regulatory standard.
- All employees have access to a Group-wide early warning system "[Speak Up](#)". This tool allows people who so wish to warn the Group in a safe and

confidential manner. Any report deemed to be serious will be the subject of an internal analysis and investigation conducted under the aegis of an Integrity Committee. If any violations are identified, the Integrity Committee will examine their severity and decide on the measures to be taken.

Pernod Ricard will ensure that no disciplinary action is taken against anyone reporting a violation in good faith and does not tolerate threats against any person defending the Environmental Policy.

Pernod Ricard will routinely review these mechanisms, along with any feedback on them.



## 4. Entry into force and amendment

**The present policy will enter into force on 1<sup>st</sup> November 2019.**

To ensure its continued relevance and effectiveness, this policy will be periodically reviewed and, when necessary, updated to reflect the Group's continuous progress. ■