

# Protect our planet



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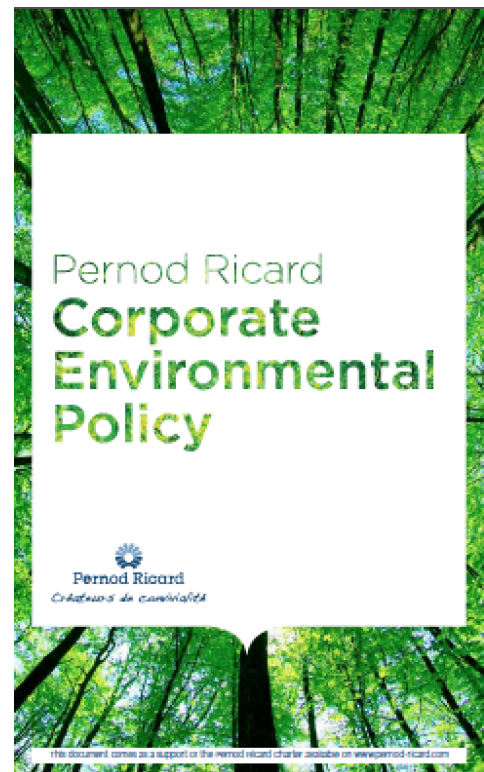
**Links with the land and respect for local know-how are among the main factors that drive the way that Pernod Ricard develops its beverages. This results in a deep commitment to protecting local natural resources, essential to the delivery of high-quality products, and managing brands sustainably.**

## 1. PERNOD RICARD'S POSITION

**“Pernod Ricard is convinced that there cannot be leadership without environmental excellence. All our products are derived from agricultural raw materials. Thus, protecting the planet is not only good business practice: it is fundamental and strategic to assuring our future. We continuously improve our environmental performance by reviewing and adjusting our business models, habits and processes throughout our value chain.”**

**In 2013, the Group renewed its commitment through a new Environmental Policy which sets out five priorities, closely linked to the life cycle of its products:**

- promote sustainable agriculture and preserve biodiversity;
- reduce energy consumption and mitigate climate change;
- promote sustainable product development and reduce the impact of waste;
- conserve water resources;
- roll out efficient environmental management systems.



## FOCUS

## WELL-DEFINED PRIORITY ACTIONS, 2010/2015 OBJECTIVES

The new 2013 Environmental Policy is designed to be shared with all of the Group's stakeholders and give fresh momentum to its environmental action.

Within the Group's industrial scope, practical commitments have been identified for every environmental impact, measureable and time-bound.

FIELD	COMMITMENTS	2010/2015 OBJECTIVES	RESULTS AS OF 30 JUNE 2013
MANAGEMENT	Deploy an efficient environmental management system	♦ 100% ISO 14001 certified sites	98%
AGRICULTURE AND BIODIVERSITY	Promote sustainable farming and preserve biodiversity	♦ 80% of vineyards operated by the Group environmentally certified	83% <sup>(2)</sup>
WATER	Conserve water resources locally	♦ -5% water consumption per unit produced on production sites	-4%
ENERGY AND GREENHOUSE GAS EMISSIONS	Reduce energy consumption and reduce greenhouse gas emissions	♦ -10% energy consumption and CO <sub>2</sub> emission per unit produced on production sites	-12% (ENERGY) -22% (CO <sub>2</sub> )
WASTE AND ECO-DESIGN	Reduce the impact of waste Promote the eco-design	♦ -40% solid waste landfilled or incinerated	-70%

## 2. PROMOTE SUSTAINABLE AGRICULTURE AND PRESERVE BIODIVERSITY

With 6,660 hectares of vineyards and the equivalent, in various forms, of about 2.3 million tonnes of raw materials purchased each year, Pernod Ricard is strongly committed to sustainable agriculture, based on two approaches.

### a. Apply internal measures to the Group's own estates.

Pernod Ricard has adopted high standards of sustainable agriculture such as drip irrigation and minimization of fertilizers and pesticides use and selection of pesticides that are less hazardous for environment.

*e.g. Mumm Perrier Jouët, with other champagne growers, has deployed a technique based on mating disruption (use of synthesised female pheromones) to disturb the insects' reproductive cycle. It proved efficient: pesticide use has dropped by 80% across the Champagne region vineyards in 10 years.*



*e.g. in New Zealand, sheep are used instead of chemical or mechanical weeding over 1,700 hectares.*

The Group is also committed to reducing water and energy consumption and to developing natural sanctuaries for wild life.

*e.g. since 1997, Jacob's Creek has been carrying out a programme with the Adelaide Natural Resources Board to restore native biotopes and protect against invasive species.*

**BEST PRACTICE****BRANCOTT ESTATE:  
PROTECTING NEW ZEALAND BIODIVERSITY**

**In addition to its sustainable agriculture practices, Pernod Ricard is committed to projects aimed at protecting and developing the biodiversity of ecosystems on the agricultural lands where the Group operates vineyards.**

Among the various exemplary initiatives, the Group's New Zealand affiliate has conducted a programme to regenerate nine hectares of land to establish the original ecosystem (restoration of soil, reintroduction of local species, etc.).

The affiliate also contributed to the protection of the falcon thanks to a fund supported by the donation of one dollar for each bottle of wine sold from the Living Land range.



Actions for continuous improvement are also central to the environmental approach: each year, Pernod Ricard's viticulturists test new practices in sustainable viticulture with, for instance, soil regeneration techniques.



**b. Set up proper procurement specifications regarding agricultural products purchased.**

The Group ensures traceability of raw materials and a good knowledge of the agricultural standards of the products purchased.

*e.g. for Absolut Vodka, growing guidelines have been developed, based on field trials initiated and monitored by The Absolut Company and its wheat suppliers.*

Pernod Ricard also promotes environmentally-friendly farming practices among suppliers by encouraging them to adopt cultivation practices that respect the land and neighbouring ecosystems.

“A farmer's field can be looked upon as a giant solar power collector, which produces wheat and other crops from the energy sourced.

With the correct knowledge, a farmer can utilize the same amount of resources, yet gain higher wheat yields, thus reducing the impact of wheat production on the environment.

An effective production, high yields and good quality are factors that can minimize food shortage issues globally.”

**Erik Baeksted,**  
**CEO Råbelöf Godsförvaltning AB**

“From our point of view, it is important to cooperate with responsible farmers like Råbelöf; through their work on quality- and yield-optimization, we benefit from better raw materials for our Vodka production and at the same time maintain sustainability in our wheat production.”

**Thomas Olsson,**  
**Manager Laboratory, The Absolut Company**



### 3. REDUCE ENERGY CONSUMPTION AND MITIGATE CLIMATE CHANGE

Pernod Ricard uses fossil fuels such as natural gas (mainly in distilleries), electricity (mainly in wineries and bottling plants) and oil throughout its supply chain.

To reduce its energy consumption and with it, CO2 emissions, the Group works on:

> energy saving programmes.

> optimization of transportation loading and routes.

e.g. Pernod Ricard USA is member of the US Environmental Protection Agency (EPA) SmartWay Transport Partnership programme, which aims to reduce the carbon footprint of freight transport.

Russell Owen, Director of Logistics and Customs Affairs, Pernod Ricard USA and Greg Carman, President of Carman, Inc., a PRUSA partner carrier, acknowledging their collaboration and teamwork on the SmartWay programme. Carman, Inc. has invested in fuel savings and emissions reducing engine technologies for its fleet of trucks.



> use of green energies.

e.g. in India, boilers at the Berhor and Nashik distilleries are partly powered by agricultural biomass and dried sludge from sewage treatment plants, thereby reducing energy consumption by 40%.

Measurements are at the heart of Pernod Ricard's methodology. Carbon footprint of activities is measured across the whole supply chain and at the production sites level, in-depth energy assessment is monitored and energy-efficiency targets are defined.

#### KEY FIGURES

- The Group's carbon footprint was assessed in 2010 with the GHG Protocol methodology. It represented around **2.5 million tonnes** of CO2, with packaging and agricultural raw materials accounting respectively for **34%** and **33%**.
- In 2012/2013: renewable electricity accounted for **57%** of total electricity used.
- 23** of the 93 production sites are supplied exclusively with green electricity.

## BEST PRACTICE

## JACOB'S CREEK: REDUCING CARBON FOOTPRINT THROUGH A DOUBLE APPROACH

Orlando Wines, Australia, has adopted a comprehensive eco-design approach to reduce the environmental impacts of its Jacob's Creek wine throughout the product life cycle. It is based on two main actions.

### A - Use of lightweight glass

Orlando Wines has developed a lighter bottle for the Jacob's Creek brand:



540g



370g

REDUCTION  
OF ABOUT  
15,000  
TONNES  
CO<sub>2</sub>E  
PER ANNUM

**-10,000t of CO<sub>2</sub> emissions**

**-9,000 t/year glass**

- Reduce storage equipment
- Improved transport efficiencies

### B - Complete overhaul of the Jacob's Creek wine logistics chain for exports to the UK

Jacob's Creek wine used to be bottled and packaged at the place of production in the Barossa Valley (Australia) before transportation to the British market. Wine is now shipped in "ISO" stainless steel containers, then bottled and packaged on site before distribution.

**-5,000t CO<sub>2</sub> emissions**

- Improved transport efficiencies



## 4. PROMOTE SUSTAINABLE PRODUCT DEVELOPMENT AND REDUCE THE IMPACT OF WASTE

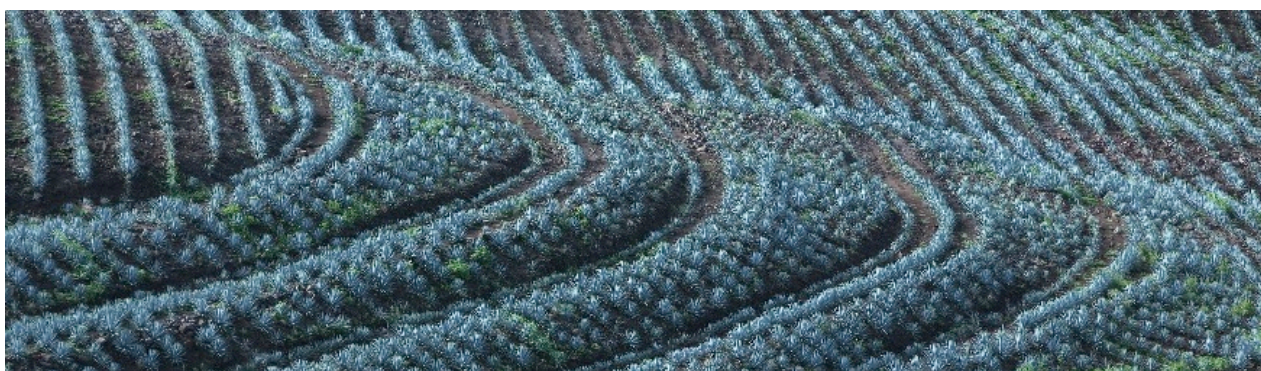
Pernod Ricard's activities produce waste at two levels: on the production sites and in terms of packaging end-of-life. The Group's action is twofold.

### a. Reduce, reuse, recover and recycle waste on industrial sites.

The Group's goal is to achieve zero waste-to-landfill at all its production facilities. Methods include:

#### > recovering and reuse of organic by-products.

*e.g. the Arandas distillery (Pernod Ricard Mexico) has developed an innovative process for treating agave residues generated from the distilling of tequila, enabling them to be transformed into compost and fertiliser.*



Agave field

"We need to turn ranchers into Agricultural Engineers and make them aware of the importance of using composts. We use some made from agave residues from the Arandas distillery in our municipal plant nursery. It prevents plagues, retains humidity and maintains soil properties."

**Rogelio Alvarez Galindo,**  
Arandas ecology department chief, in charge of municipal parks and nurseries

#### > reducing and recycling solid waste.

Production sites increased the sorting and recycling of waste at production sites by improving separation of waste on-site, choosing to recycle rather than use traditional incineration sites or landfills and developing eco-design, one of which aims is to produce fully recyclable products.

### b. Promote eco-design which emphasises recyclable materials and packaging rationalisation.

*e.g. Jan Becher, the Czech affiliate, in close cooperation with its suppliers, modified its gift pack boxes to optimise transportation by increasing the number of bottles per case and the number of cases per pallet.*

Waste management is a key issue for Pernod Ricard, which promotes the recycling of used packaging and encourages its affiliates worldwide to support the development of collection schemes and to contribute to them.



## FOCUS

## PERNOD RICARD'S ECO-DESIGN PROJECT

**A number of internal initiatives have been developed to promote eco-design as a major lever for making improvements and reducing the impact of waste and packaging**

- creation of a steering committee to drive the process;
- establishment of a cross-functional working group made up of the Product Development, Purchasing and Marketing departments to pool their expertise and take into account the expectations of various stakeholders;
- inclusion of eco-design in training seminars;
- upgrading of the life cycle packaging software, available for major affiliates;
- creation of an interactive platform providing Marketing, Product Development and Procurement teams with eco-design tools.

## KEY FIGURE

**+30%** improvement in net sales generated by kilo of glass used between 2009/2010 and 2012/2013

## 5. CONSERVE WATER RESOURCES

**Water is a key component in the products the Group manufactures. Regarding production sites, their actions are based on four main levers:**



Hot water recovery system

**a. Measure consumption and setting objectives to minimise that consumption.**

*e.g. in Canada, Corby Distilleries has significantly decreased its river water intake by investing in a water recovery system for cooling its compressors and turbines.*

**b. Ensure that water intake does not endanger resources.**

**c. Take measures to save, reuse and recycle water.**

*e.g. starting in 2008, Pernod Ricard India has been reducing its water consumption per unit produced by 38% at the Behror site. Located in the dry area of Rajasthan, processes have been significantly modified to reuse and recycle water at all stages of production: 53% of water used is recycled.*

**d. Use efficient waste water treatment technologies to ensure water discharge does not damage surrounding ecosystems or compromise other natural resources.**



## FOCUS

## WATER FOOTPRINT MONITORING WITH QUANTIS

Pernod Ricard became one of the first major companies to calculate its global water footprint, working with Quantis, a company specialising in Life Cycle Assessment. The aim is to have a detailed picture of water resources used across production sites and Pernod Ricard's supplier chain.

The objective is to help highlight the impact of the upstream supply chain (growing raw materials) on the entire process and identify areas where progress can be made.

The collaboration started with an initial one-year pilot phase (whisky manufacture in India and wine production in Australia) to master the methodology and then extend it to all countries.

## 6. ROLL OUT EFFICIENT ENVIRONMENTAL MANAGEMENT SYSTEMS

**Pernod Ricard has rolled out dedicated environmental management systems in each of the countries where it operates production sites, based on 3 principles:**

**a. Encourage affiliates to take responsibility.**

Affiliates are expected to determine how to reduce their own environmental footprint.

**b. The ISO 14001 certification policy.**

By 30 June 2013, 95.7% of the production sites were ISO 14001 certified, accounting for 99.7% of the Group's production volume.

**c. An integrated Quality, Safety and Environment management policy.**

QSE correspondents are appointed in each manufacturing affiliate to ensure that best practices are shared. By 30 June 2013, 100% of production affiliates and 95.7% of the Group's production sites had a Quality Management System certified ISO 9001. ISO 14001 certification is supplemented by ISO 22000 (Food Safety) and OHSAS 18001 (Occupational Health and Safety) certification.

Environmental concerns go beyond the Group's industrial activities.

Different tools and documents are available for Market Companies with no operations to help them carry out environmental actions, such as guidelines on paper management and green IT, and a carbon footprint tool...