

Develop our communities and engage our partners



DEVELOP OUR COMMUNITIES AND ENGAGE OUR PARTNERS



Alongside the development of its business, Pernod Ricard is committed to sharing values with local communities and its business partners, building sustainable win-win relationships.

1. PERNOD RICARD'S POSITION

"Pernod Ricard, through the diversity of its brands and its decentralized model, is deeply rooted in local communities. We want to contribute to their development through our activity, with a special focus on promoting entrepreneurship, the way to value creation, and on sharing local cultures, a way to support openness, respect and human diversity. We'd also like to engage our partners in our responsibility approach based on mutual respect."

This engagement is driven by five main actions:

- contribute to the development of our local communities;
- promote entrepreneurship, as a way to create value and wealth;
- share the diversity of local cultures;
- encourage our partners to respect sustainable development principles;
- create value and share it with our business partners and shareholders.

2. CONTRIBUTE TO THE DEVELOPMENT OF LOCAL COMMUNITIES

In countries where Pernod Ricard operates, the Group is committed to helping local communities benefit from its business growth in line with two main goals.

a. Enhance local economic development by:

> developing skills in local communities through training programmes.

e.g. in New Zealand, the affiliate has set up a programme in partnership with the Ministry of Social Development and the Nelson Marlborough Institute of Technology (NMIT) to run a training course for jobs within the wine trade and thus help fight unemployment. Pernod Ricard New Zealand also contributes the skills of its employees who act as trainers on the course.

> facilitating access to education.

e.g. in 2013, Irish Distillers funded a scholarship granted to two students so that they could attend a four-year degree course at Dublin City University. These students have also been offered summer jobs at Pernod Ricard to discover the various activities.

> providing employment, especially in agriculture, through the purchase of around 2.3 million tonnes of agricultural raw materials (amounting to around €840 million per year).

b. Improve social and sanitary conditions by:

> funding social projects as a way to enhance people's employability and boost the economy.

e.g. Pernod Ricard India helps to set up dispensaries to provide free medical services and undertakes prevention campaigns to raise awareness among local communities and prevent diseases.



Free eye testing & health check-up camp

> setting up employee volunteering programmes in support of social initiatives.

e.g. in Italy, the affiliate funded a classroom renovation for students with disabilities by organising a local funfair.

3. PROMOTE ENTREPRENEURSHIP, A WAY TO CREATE VALUE AND WEALTH

As one of Pernod Ricard's key values, shared internally among all its employees, the entrepreneurial spirit is also promoted as a driver for local economic development. The group's action is twofold.

a. Encourage the younger generation to start businesses.

The Group :

> trains and funds young entrepreneurs, starting in university.

e.g. in Vietnam, Pernod Ricard, in partnership with the APPEL NGO, helps 40 students who have chosen an entrepreneurship course with a 3-year scholarship and funding of initial set-up costs for three award-winning start-up projects.

> provides financial support to non-profit organisations that promote entrepreneurship among young people.

e.g. in Scotland, Chivas Brothers supports the Outward Bound Trust (OBT). [See Best Practice Chivas Brothers, Scotland, OBT]

> helps people without access to education to develop entrepreneurial skills.

e.g. in Peru, in the region of Cuzco, Pernod Ricard works with the APPEL NGO to train 20 young people who have left school to develop carpentry and bakery trades.



Graduation ceremony

b. Support the creation of local businesses and help improve business efficiency.

Pernod Ricard partners with non-profit organisations that promote micro-credit schemes. It enables local groups to start their own businesses thanks to financial support as well as a shift to more professional practices by means of mentoring and training.

e.g. in Armenia, Yerevan Brandy Company has developed tight links with PlaNet Finance. The initiative aimed to bring wine growers together in a cooperative to help them increase their revenues despite lack of equipment.

BEST PRACTICE
**CHIVAS BROTHERS SCOTLAND:
OUTWARD BOUND TRUST (OBT)
2013**

Chivas Brothers is committed to supporting young people in developing entrepreneurial skills in the local communities close to its sites.

Through its partnership with the Outward Bound Trust (OBT) organisation, Chivas Brothers is part of an original approach to supporting entrepreneurship: OBT aims to “unlock the potential in young people through learning and adventure in the wild.”

Chivas Brothers' support is twofold:

- funding courses with a core focus on entrepreneurship
 - facilitating employees' involvement in a mentoring programme to directly accompany these young people in their entrepreneurial projects during a week-long residential course.
- By the end of 2013, 60 young people had attended a course funded by Chivas Brothers and three employees had become mentors.



4. SHARE THE DIVERSITY OF LOCAL CULTURES

Pernod Ricard acts to promote and provide access to art and culture within the countries where it operates, as a way to drive dialogue and mutual creative initiatives with communities. In this field, Pernod Ricard's actions are on three levels.

a. Support for art and design, in line with Pernod Ricard's spirit of innovation by:

> promoting new talents: the Group encourages creation in all its forms and the sharing of all artistic cultures.

e.g. each year the Fondation d'Entreprise Ricard awards a prize to an emerging artist and buys one of her or his works, which is donated and exhibited at the Centre Pompidou in Paris.

BEST PRACTICE

PERNOD RICARD SINGAPORE, MARTELL CORDON BLEU: ICON PREMIER PHOTOGRAPHY PRIZE SINCE 2010

This photography prize, created in 2010 by Martell, is intended to support the local visual arts community, to showcase and recognise the best of Singaporean photographers showing originality of vision and presenting powerful narratives and thought-provoking ideas.

The winner, Choo Jing Sarah in 2013, is awarded with a \$30,000 cash prize and is offered a trip to a photography festival in France to meet and establish contact with galleries, curators and agents based in Europe.

To enable a broader group of people to have access to art normally reserved for the gallery world, Martell identifies venues that are accessible to the public: in 2013, Martell took art out of the gallery and onto the big screen, offering viewers a cinematic experience of photography.



A Choo Jing Sarah's piece of work, the winning photographer of ICON de Martell Cordon Bleu 2013



Public screening of ICON de Martell Cordon Bleu 2013

> sponsoring major contemporary institutions.

e.g. Domecq Bodegas has collaborated with the Guggenheim Museum in Bilbao for the past decade. More recently, Pernod Ricard USA has partnered with the New Museum in New York and Pernod Ricard UK with the Saatchi Gallery in London, two museums renowned for their avant-garde choices.



On-going cultural partnership with Centre Pompidou since 1997

> encouraging artistic collaboration and experimental approaches.

e.g. in Berlin, MADE by Absolut is a multi-purpose creative space (gallery, ideas laboratory, art studio, etc.) which favours interdisciplinary and innovative projects.



b. Make culture accessible to as many people as possible.

The Group supports innovative digital projects. The concept of taking collections online widens access to art to the general public .

e.g. Pernod Ricard has contributed extensively to the Virtual Centre Pompidou project (as a partner since 1997), which is made up of 450,000 digital works and documents.

c. Highlight local cultures, value their traditions, art and lifestyle.

In addition to paying attention to the way the products themselves are designed and marketed so as to promote local features, Pernod Ricard acts to preserve and promote cultural heritage. It actively supports music, a strong marker of identity and means of expression for local cultures.

e.g. Chivas Brothers sponsors the Helensburgh Music Society in Scotland, which hosts an annual season of popular concerts.

The group also promotes initiatives placing value on historical heritage and sustaining local cultural traditions.

e.g. in Poland, Pernod Ricard Polska supports the New Horizons international film festival for independent cinema.

e.g. in Turkey, the Group has helped a Franco-Turkish cooperative project set up a palaeontology research programme to explore historic sites.

5. ENCOURAGE PARTNERS TO RESPECT SUSTAINABLE DEVELOPMENT PRINCIPLES

This willingness to lead suppliers towards sustainable practices serves two purposes, first promoting responsible practices beyond the company's immediate scope and secondly, strengthening ties and building long-term relationships with suppliers.

This commitment uses a three-step approach:

a. Define a group-wide sustainable procurement policy.

It aims to promote common processes amongst suppliers in all affiliates through:

> **increased cooperation between departments, especially Purchasing, Operations and Risk Management.**

> **definition of the Pernod Ricard Responsible Purchasing Policy which provides a framework for affiliates' actions. The Group has also defined a Procurement Code of Ethics.**

> **sharing tools such as a CSR risk mapping, developed with affiliates to improve a comprehensive approach to Responsible Purchasing.**

b. Get suppliers and subcontractors to commit to specific sustainable requirements.

Pernod Ricard has defined a *Supplier CSR Commitment* by which signatory business partners agree to observe CSR principles.

The Group also integrates environmental issues in calls for tender.

c. Evaluate, monitor suppliers' practices and help them to improve their social and environmental performance.

Pernod Ricard has tested an assessment tool developed by EcoVadis to evaluate suppliers' CSR practices and help them develop targeted improvement plans. *[See Focus EcoVadis, leveraging the influence of Pernod Ricard's supply chain]*

The Group's Responsible Purchasing Policy also promotes supplier support through training and technical assistance. Lastly, affiliates are also expected to help suppliers and subcontractors to achieve ISO 14001 or equivalent certification.



FOCUS

ECOVADIS, LEVERAGING THE INFLUENCE OF PERNOD RICARD'S SUPPLY CHAIN

As part of its Blue Source responsible procurement project, Pernod Ricard has developed a partnership with the French company EcoVadis to assess its most at-risk suppliers. Based on a collaborative approach, the rating system is used to assess suppliers, facilitate the sharing of indicators and information and provide a meaningful analysis. EcoVadis methodology covers four pillars (environment, social, ethics and supply chain) and twenty-one CSR criteria.

In March 2013, Pernod Ricard carried out a pilot phase focused on POS (Point Of Sale) suppliers. Since then the programme has been deployed to all 26 supplier categories identified (consulting firms, facilities management, etc.). By March 2014, 252 suppliers had been assessed (including 57 on-going assessments).

The evaluation phase is designed to be followed by an action phase to help Pernod Ricard's suppliers improve their practices. Based on the assessment results, Pernod Ricard's users can establish a personal corrective action plan and share it with their suppliers as guidelines for them to follow.

"We feel that CSR is a key strategic factor in our development and that it is important to continue to share these values, apply them and help them grow within our company.

This engagement brings meaning and value both to our company and to the working world that we share with our employees and with partners like Pernod Ricard, allowing us to take action together in a wholly responsible and transparent manner."

Olivier Finaz,
CEO of ATS, POS supplier

6. CREATE AND SHARE VALUE WITH BUSINESS PARTNERS AND SHAREHOLDERS

Pernod Ricard strives to offer shareholders an attractive investment.

"The Group's relationship with its individual and institutional shareholders is based on trust, dialogue and transparency.

With a strategy for long-term growth, the Group seeks to offer shareholders an attractive return on their investment by increasing the value of its shares and the distribution of dividends. It commits itself to keeping shareholders informed of the company's results in a direct and consistent manner."

Pernod Ricard's Sustainable Development Charter