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Corporate Social Responsibility

— PRESS KIT 2016 —



Around the world we share
responsibly and act sustainably



Pernod Ricard

Créateurs de convivialité

CSR PRESS KIT SUMMARY

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AT A GLANCE

PERNOD RICARD'S CSR ENGAGEMENT

A governance dedicated to CSR (Corporate Social Responsibility)

- Joint governance of Human Resources and CSR
- A CSR Advisory Committee
- A network of CSR leaders in 80 countries

A strong CSR philosophy "Everyone is responsible" - all employees and all stakeholders - embodied in Pernod Ricard's CSR engagement: "Responsib'ALL".

A vision, "Pernod Ricard contributes to a sustainable world through responsibility and conviviality" and a mission "to act and to be recognised as the leader of responsibility in the Alcohol industry", driving the Group's CSR engagement.

4 AREAS OF ENGAGEMENT

EMPOWER OUR EMPLOYEES

Employees, corner stone of Responsib'ALL, both as beneficiaries and as ambassadors of the Group's CSR engagement.



5 core actions

- Educate all employees in Pernod Ricard's CSR commitments
E-learning, a CSR-oriented brand employer platform...
- Engage our employees in CSR actions and empower them to bring innovative ideas and be actors in their local community, field of activity and daily job
Development of entrepreneurial spirit, employees' community volunteering...
- Promote diversity and relationships based on mutual trust and respect
Support female leadership, diversity in recruitment and employee awareness...
- Pay close attention to the well-being of our employees and support their development through first-class Human Resources practices
Close attention paid to new recruits integration, career development, well-being, social dialogue fostered...
- Expect our Leaders to lead by example
A Leadership Model formalised conveying CSR values

PROMOTE RESPONSIBLE DRINKING



5 historical priority actions

- Promote moderate drinking
- Avoid drink-driving
- Make young people aware of the risks linked to excessive or inappropriate alcohol consumption
- Dissuading pregnant women from drinking
- Making staff aware of their responsibilities

Enriched with the 5 IARD (International Alliance for Responsible Drinking) Industry Commitments:

reduce underage drinking, strengthen and expand marketing codes of practices, provide consumer information and responsible product innovation, reduce drinking and driving, enlist the support of retailers to reduce harmful drinking.

An engagement driven by:

- Transparency of information and ethical marketing practices
- Partnerships set up with relevant competent health and public authorities
- Information, prevention and research initiatives carried out to address at-risk populations (pregnant women, minors, young people...) and at-risk situations (binge-drinking, drink-driving...)

An annual day of employee mobilization is dedicated to promote internally and externally responsible drinking: Responsib'ALL Day, first edition held in 2011.

PROTECT OUR PLANET



Commitment to environment renewed in 2013 through a new Environmental Policy based on accurate time-framed objectives.

5 core actions

- Promote sustainable agriculture and preserve biodiversity
Adoption of high standards of sustainable agriculture, involvement in biodiversity protection schemes...
- Conserve water resources
Water footprint monitored, working with the Life Cycle Assessment company Quantis...
- Reduce energy consumption and mitigate climate change
Optimization of transportation loading and routes, promotion of green energies, accurate monitoring of Green House Gases emissions...
- Promote sustainable product development and reduce the impact of waste
Recovering and recycling of organic by-products and of solid wastes, promotion of eco-design...
- Roll out efficient environmental management systems
Implementation of an integrated Quality, Safety and Environment management policy...



DEVELOP OUR COMMUNITIES AND ENGAGE OUR PARTNERS

5 core actions

- Contribute to the development of our local communities
Enhancing economic development (developing skills, access to education, providing employment) and improving social and sanitary conditions (financial support, employee volunteering)
- Promote entrepreneurship, a way to create value and wealth
Encouraging younger generation to start a business, helping local business to set up and thrive
- Share the diversity of local cultures
Support for art and design, making culture accessible to more people, promotion of local cultural heritage
- Encourage our partners to respect sustainable development principles
Definition of a group-wide Responsible Purchasing Policy, involvement of suppliers through the Supplier CSR Commitment...
- Create value and share it with our business partners and shareholders
Transparency of information, sustainable attractive investment offered...

TOMORROW'S AMBITIONS DRIVING THE GROUP'S CSR ENGAGEMENT

Prioritizing a long-term vision

Promoting Brand Positive Impact (BPI)

Demonstrating exemplary behaviour

Social
responsibility
& economic
performance:
two sides to one
ambition

SOCIAL RESPONSIBILITY & ECONOMIC PERFORMANCE: TWO SIDES TO ONE AMBITION

Premiumisation and responsibility have been the founding values of Pernod Ricard's business strategy. Today, these values are embodied in the company's CSR (Corporate Social Responsibility) engagement and implemented in its everyday business operations.

1. A GOVERNANCE DEDICATED TO CSR

To ensure a more structured CSR engagement throughout the decentralised Pernod Ricard organisation, a high-level CSR management strategy was put in place in 2009 and integrated in 2015 to the board of directors through the Nominations, Governance and CSR committee :

Joint governance of Human Resources & CSR
Extension of the Human Resources Managing Director's responsibilities to include CSR.

A network of CSR leaders in 85 countries
Develop CSR strategy locally.

A CSR Strategic Committee
Facilitates the implementation of CSR initiatives by:
offering support to affiliates;
providing analysis and recommendations on strategic CSR issues.



Annual CSR leaders meeting, November 2015

2. PERNOD RICARD'S CSR PHILOSOPHY: "EVERYONE IS RESPONSIBLE"

For its CSR engagement to be successful, Pernod Ricard believes that an inclusive approach is vital. Responsibility is every stakeholder's mission. The Group focuses especially on the commitment of each employee, regardless of her or his position and her or his department within the Group.

To achieve this, Pernod Ricard:

adopts a bottom-up approach with a CSR strategy inspired by on-the-ground experience.

CSR governance bodies were built to reflect diversity within the Group (countries, functions) and thus design a CSR engagement in tune with daily operations. Besides their CSR background, each member of the CSR leader network and the CSR Advisory Committee adds her or his own professional expertise.

provides each function with a customized version of the Group's CSR engagement.

Pernod Ricard's CSR engagement is adapted to each department within the Group: each employee is provided with concrete meaningful guidelines to implement CSR engagement with regards to the distinctive features of her or his job. *[See Focus Implementing the CSR engagement across functions]*

FOCUS

IMPLEMENTING THE CSR ENGAGEMENT ACROSS FUNCTIONS

To improve CSR performance, in 2014 Pernod Ricard decided to tackle the number one obstacle to implementing an integrated, company-wide CSR approach as identified by companies: adapting the CSR engagement across different functions.

- **Challenge:** enable each department to shift from a theoretical understanding of the Group's CSR engagement to a more operational perception so as to implement efficient, tailored initiatives.
- **Outcome:** provide each department with a frame of reference that details adapted CSR objectives and guidelines that reflect their daily activities.
- **Methodology:** collaborative work based on focus groups involving employees from all affiliates and from every function.

3. ONGOING AND ACCURATE MONITORING: AT THE HEART OF THE GROUP'S CSR ENGAGEMENT

Pernod Ricard pays a great deal of attention to the quality of monitoring regarding its CSR engagement.

Its purpose is twofold:

a. Enhance the Group's CSR efficiency.

The "Implementing the CSR engagement across functions" project is designed to help define ever-more accurate CSR performance indicators so as to follow up developments and set up relevant action plans;

b. Improve the quality and transparency of information delivered to Pernod Ricard's stakeholders.

As Pernod Ricard has made the evidence-based approach the very core of its CSR communications, monitoring actions is key. The more precise the monitoring is, the more meaningful the reporting is for stakeholders.

The Group's choice to publish an integrated annual report rather than a dedicated CSR report strengthens its position: non-financial indicators are considered as important as financial indicators in terms of business performance.

FOCUS

A COMMITTED STAKEHOLDER IN SUSTAINABLE DEVELOPMENT ALONGSIDE MAJOR ORGANISATIONS

For Pernod Ricard, corporate social responsibility does not refer only to its business impacts on its environment. Being responsible for such a big company means contributing actively to a collective global effort in order to achieve breakthrough in sustainable development.

- **Membership of international institutions**

- Member of the Global Compact since 2003
- Member of the CEO Water Mandate since 2010
- Member of Transparency International since 2013



- **Agreements on CSR issues with civil society organisations**

Signature of a European agreement with EFFAT (European Federation for Food, Agriculture and Tourism Trade Unions) in January 2014: application in Pernod Ricard's affiliates of a demanding CSR framework, pre-empting applicable local legislation and collective agreements regarding issues such as health and safety at work and social dialogue.



From left to right: Rafael Nedzynski, member of EFFAT and external advisor from Pernod Ricard European Board, Pierre Pringuet, Vice-Chairman of the Board and Former Chief Executive Officer of Pernod Ricard, Harald Wiedenhofer, Secretary General of EFFAT and Bruno Rain, Managing Director, Human Resources and Corporate Social Responsibility of Pernod Ricard

- **Contributor to experimental initiatives**

In 2012, Pernod Ricard agreed to be the pilot company for a new experimental French standard, XP X 30-027, used to evaluate the credibility of CSR initiatives in accordance with ISO 26000 and drafted by a group of independent experts in coordination with AFNOR (the French national standardisation organisation). Independent experts spent five months interviewing both internal and external stakeholders of various affiliates in order to assess the Group's CSR strategy.

This pioneering initiative led to the drafting of a credibility report, released in October 2012, which highlights the strong commitment of the Group and its leaders and the efficient implementation of its actions as well as enabling Pernod Ricard to identify its path to improvement.

"Pernod Ricard is one of those companies that is aware of the need for new interactions with society and policy makers. Its commitment with Transparency International attests to this. Our shared conviction is that we need to open up a dialogue and act on the basis of clear commitments and practices, which involves integrating lobbying efforts within ethics and social responsibility policies, something that Pernod Ricard has fully understood."

Daniel Lebèque,
Chairman of Transparency International France

Responsib' ALL: Pernod Ricard's CSR engagement

RESPONSIB'ALL: PERNOD RICARD'S CSR ENGAGEMENT

Pernod Ricard believes in the need for a rational and structured CSR approach to tackle all the major challenges the agri-food industry sector faces, including exacting demands from consumers and growing pressures on natural resources.

1. "PERNOD RICARD CONTRIBUTES TO A SUSTAINABLE WORLD THROUGH RESPONSIBILITY AND CONVIVIALITY."

The concepts of conviviality and responsibility, central to the CSR vision, carry concrete meaning for the Group.

Conviviality is the cornerstone of Pernod Ricard's culture, driving the way it does business "Créateurs de convivialité" and incorporating social responsibility: sharing, respect and dialogue are essential principles promoted by the Group to achieve sustainability.

Responsibility implies being accountable for its business impacts, all along its value chain, addressing each stakeholder's concerns and demands, and looking to both individual and collective responsibility.



Pernod Ricard's CSR engagement logo "Responsib'ALL" represents the Group's CSR philosophy.

"We are ALL responsible" is the key message Pernod Ricard would like to convey: each and every employee, as well as each individual in society, has a role to play in bringing on collective change.

2. "PERNOD RICARD AIMS TO ACT AND TO BE RECOGNISED AS THE LEADER OF RESPONSIBILITY IN THE ALCOHOL INDUSTRY."

Pernod Ricard's ambition is to be a leader within the alcohol industry, not only from a business standpoint, but also by leading the way towards responsibility.

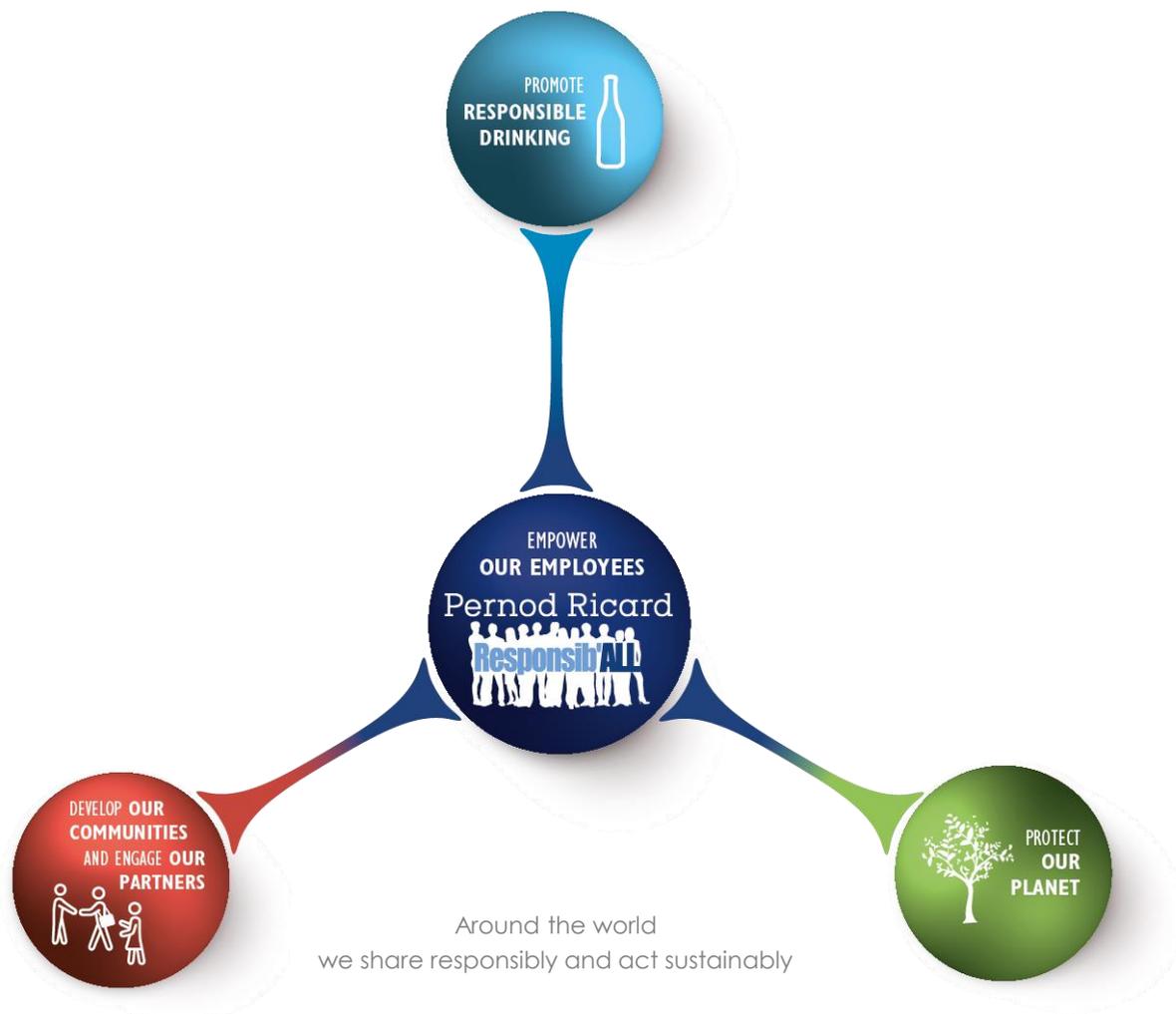
"Being recognised as the leader" is more than about being the first, it is about driving the alcohol industry forward by being exemplary and spurring momentum for sustainable changes. The recent commitments taken alongside the industry players at the IARD Conference in October 2012 or the Group's membership in the Beverage Industry Environment Roundtable (BIER) since 2009 are some illustrations of this state of mind.

3. A CSR ENGAGEMENT BASED ON FOUR CLEAR AREAS OF ENGAGEMENT

Pernod Ricard's commitment to sustainability focuses on the four following areas of engagement:

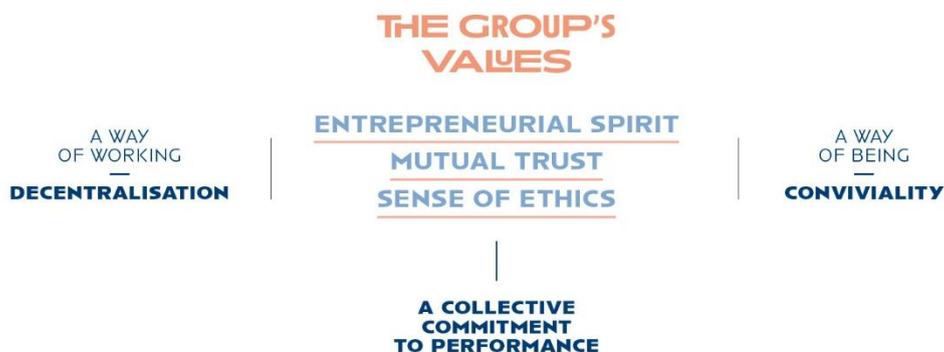
- empower our employees;
- promote responsible drinking;
- protect our planet;
- develop our communities and engage our partners.

Meeting stakeholders' expectations through specific commitments and examining the Group's impacts throughout its value chain and product life cycle are the two requirements the Group focuses on in defining an exhaustive CSR engagement.



4. ENTREPRENEURIAL SPIRIT: THE DRIVING FORCE BEHIND THE GROUP'S COMMITMENT

Pernod Ricard was created in 1975 by two entrepreneurs. Since then, this entrepreneurial spirit has continued to inspire the company's way of doing business. It is one of the three key values transmitted to employees alongside mutual trust and a strong sense of ethics, and is the fundamental approach adopted in addressing the Group's CSR engagement in a credible and effective manner. Running a responsible business is a matter of being innovative, continuously changing, questioning its business model to face ongoing challenges.



Each of the four areas of engagement is imbued with this spirit.

Empower our employees

An innovative ecosystem is developed to encourage Pernod Ricard's employees to bring innovative ideas and meet challenges in their daily work *e.g. Kangaroo Fund – a programme that offers employees the opportunity to bring their innovative ideas to life, and the Breakthrough Innovation Group (BIG) – an internal innovation incubator which acts independently to develop breakthrough ideas.*



Promote responsible drinking

To address the issue of responsible drinking, the Group expects proactive commitments from its stakeholders (employees, bartenders, retailers, educators, etc.) while continuously exploring and designing preventive initiatives.

Protect our planet

In the face of major environmental challenges, Pernod Ricard's production processes are constantly redesigned towards innovative and collaborative approaches such as eco-design and eco-industry.

Develop our communities and engage our partners

In the communities where the Group operates, it supports entrepreneurial initiatives (including social business) as well as art creation as levers of development and openness.

"Pernod Ricard encourages and rewards entrepreneurship. As a result, we are always looking for new ways to reduce our impact on the environment and improve our production processes."

Eric Hughes,
Winery Development Manager,
Pernod Ricard Winemakers & Patrick Ricard Entrepreneurship Award Winner

Empower our employees



EMPOWER OUR EMPLOYEES



Pernod Ricard employees are at the heart of the Group's CSR engagement, both as beneficiaries of the Group's social commitments and as ambassadors and contributors to the Group's pursuit of responsibility. This principle aligns with a tradition that fosters collaboration, dialogue and employee commitment.

18,421 employees
at 30 June 2015

1. PERNOD RICARD'S POSITION

"Pernod Ricard employees are at the heart of its CSR engagement, because they are the company's best ambassadors. We cultivate employee engagement and promote a safe, collaborative and convivial work environment where talents can grow and where employees are empowered to make a difference. Our employees embody our corporate values (entrepreneurial spirit, mutual trust, a strong sense of ethics) and we encourage them to take an active role in CSR initiatives in their communities. By empowering our employees, we leverage the full power of the Pernod Ricard network to carry out our CSR commitments across the world."

This engagement relies on five main actions:

- Educate all employees in sustainability challenges and Pernod Ricard's CSR engagement;
- Engage our employees in CSR actions and empower them to bring innovative ideas and be actors in their local community, field of activity and daily job;
- Promote diversity and relationships based on mutual trust and respect;
- Pay close attention to the well-being of our employees and support their development through first-class Human Resources practices;
- Expect our Leaders to lead by example: people management and development, core values and commitment to CSR are integrated into the Pernod Ricard Leadership Model.

2. EDUCATE ALL EMPLOYEES IN SUSTAINABILITY CHALLENGES AND PERNOD RICARD'S CSR ENGAGEMENT

In the last internal survey iSay (June 2015), 83% of Pernod Ricard employees said they were aware of the Group's social responsibility priorities and 79% stated that they felt involved in Pernod Ricard's sustainable development initiatives.

These results testify to the Group's actions to promote CSR values among employees.

- The Pernod Ricard Group's culture, its objectives, its organisation and its CSR engagement. Charter, essential document is distributed to all employees and communicates about the
- In 2014, a mandatory e-learning on code of ethics was implemented for the Marketing people and on a voluntary basis for other Pernod Ricard employees. As of November 2015 1500 people have got their "Certificate of Achievement"
- The brand-employer platform puts the spotlight on the Group's CSR engagement and promotes it among employees and future recruits.
- Employees are involved in CSR recommendations and action programmes. [See Focus One Young World Summit]



Pernod Ricard's new EVP (Employer Value Proposition) highlights the Group's CSR values among which building real relationships, acting responsibly and empowering people.



FOCUS

YOUTH ACTION COUNCIL

In November 2013, a diverse delegation of 8 young talents from Pernod Ricard participated to the One Young World Summit, a global CSR event where young talents from all over the world debate about world challenges with high level personalities (Kofi Annan, Francois Pienaar, Muhammad Yunus, among many others).

Following that event, the Group announced in June 2014 the creation of the "Youth Action Council", formed by 9 young employees (representing different departments and geographical areas) chosen by their peers.

These members are called to formulate and provide recommendations that will reinforce the influence of young generations in the heart of Pernod Ricard. They will also bring a fresh look and their contribution to our business.



3. ENGAGE OUR EMPLOYEES IN CSR ACTIONS AND EMPOWER THEM TO BRING INNOVATIVE IDEAS AND BE ACTORS IN THEIR LOCAL COMMUNITY, FIELD OF ACTIVITY AND DAILY JOB

Pernod Ricard's action is twofold.

**a. Develop entrepreneurial spirit to generate change, innovation and action at work by:
> fostering the exchange of ideas and know-how.**

In 2012, the Group launched Pernod Ricard Chatter, an enterprise social network that gives employees the opportunity to share their ideas freely. This tool helps to boost individual creativity and initiatives.

> recognizing and rewarding teams' commitment to the Group.

e.g. Orlando Wines has created the True Legend Award to recognise outstanding and dedicated employees who have made exceptional contributions to the brand over a sustained period.

> promoting entrepreneurial spirit and participatory innovation among employees through the Kangaroo Fund.



Set up in 2011, the Kangaroo Fund programme invites employees to become a "Kan-Do entrepreneur" and to join the innovation community where they can come up with innovative ideas likely to take the Pernod Ricard consumer offer in new directions and have a strong impact on business tomorrow. The best proposals benefit from funding, expertise and coaching support to move things forward from idea to concept to start-up project.

b. Encourage employees' commitment to CSR actions and involvement in their communities.

In line with Pernod Ricard's ambition to make employees CSR ambassadors, the Group organises mobilisation days in favour of social causes. Responsib'ALL Day is the emblematic event when employees act in the field: since 2011, all employees stop working for 24 hours to carry out responsible drinking initiatives worldwide and highlight efforts that have been made throughout the year.

The Group has also adopted a Leadership Model that promotes CSR values and employee community involvement.

Managers are expected to "demonstrate commitment to CSR priorities by promoting Group and local initiatives". This principle is part of the Leadership Model Handbook, a corporate roadmap defining managers' scope of action and responsibility towards their teams.

4. PROMOTE DIVERSITY AND RELATIONSHIPS BASED ON MUTUAL TRUST AND RESPECT

Pernod Ricard considers diversity and differences as a valuable source for enriching creativity and is committed to promoting diversity of gender, age and origin within the Group. It undertakes various actions to meet this goal.

a. Strengthen support for female leadership.

> internal measures and commitments taken at local scale.

e.g. Pernod SA, working with its social partners, has set up a Committee for Gender Equality which aims at improving work/life balance and fighting against discrimination. In December 2012, an agreement was signed with all the Trade Unions formalising Pernod SA's commitments and action plans.

> participation in external programmes promoting changes in the workplace.

e.g. since 2013, Pernod Ricard has been a member of the non-profit organisation Catalyst, which works to expand women's opportunities in business;

e.g. as part of Pernod Ricard University, the Group's female employees take part in the Ecole des Femmes programme organised by the Ecole Normale Supérieure in Paris to contribute to the creation of a Women's Business Dictionary.

b. Ensure diversity in recruitment and education of employees.

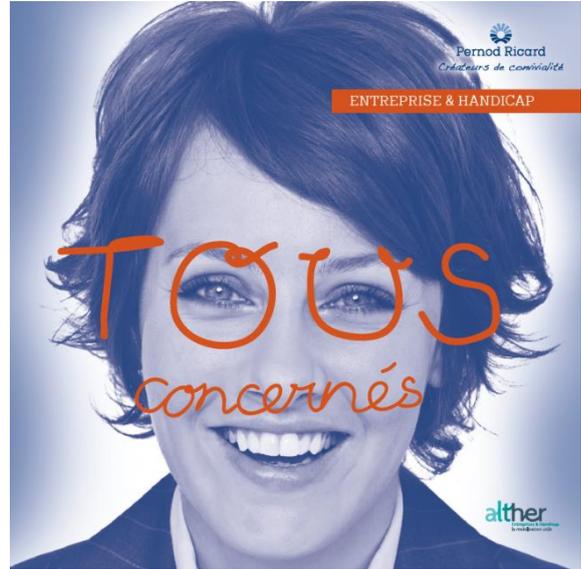
The diversity principle is enshrined in the Group’s Charter - “Equality of opportunity and non-discrimination are the two principles underpinning the Group’s recruitment and career development policies” - and implemented through the following initiatives:

> definition of internal local procedures and policies.

e.g. Pernod Ricard USA has appointed a Diversity and Inclusion officer and has launched an action plan; [See Focus Pernod Ricard USA: a 360° commitment to diversity]

> conduct of internal awareness campaigns to educate employees and change behaviours.

e.g. in 2012, Pernod Ricard Holding together with the organisation Alther ran a communications campaign on the issue of disability in the workplace, entitled *Tous concernés* (We’re all concerned).



Cover of the leaflet *Tous concernés* handed out to employees and introducing Pernod Ricard’s policy to facilitate the integration of people with disabilities.

BEST PRACTICE

**PERNOD RICARD USA:
A 360° COMMITMENT TO DIVERSITY
SINCE 2011**

In 2012, Pernod Ricard USA has supplemented Human Resources’ diversity initiatives by appointing leaders from other departments to develop and implement companywide initiatives.



In 2015, PR USA’s diversity leaders defined the following mission: “As a company, everything we do – whether it is training, recruitment, retention, development, marketing – is through the lens of diversity and inclusion.” Key accomplishments against that mission included:

- The establishment of Employee Resource Groups for Women, African-American and LGBT employees; and
 - Significant enhancements in maternity and child care benefits, positioning Pernod Ricard USA as an attractive employer for parents.
- Over the past year, PR USA hosted a steady stream of Diversity and Inclusion events, including the first-ever PR USA Women’s Leadership Panel; LGBT and Women’s History Month Happy Hours; a Black History Month Happy Hour hosted by Spike Lee; and several women’s networking events.

5. PAY CLOSE ATTENTION TO THE WELL-BEING OF EMPLOYEES

AND SUPPORT THEIR DEVELOPMENT THROUGH FIRST-CLASS HR PRACTICES

Pernod Ricard has defined four priority areas of action:

a. Pay close attention to new recruits' integration through dedicated welcome initiatives.

e.g. Pernod Ricard Asia has launched an 18-month integration programme across five countries in Asia to give all new recruits an in-depth introduction to all aspects of the Group's business lines and culture.

b. Provide support to accelerate career development.

The Group offers a set of tools and programmes to enable employees to be active players in developing their career and their talents.

> on-going training and knowledge transfer.

Pernod Ricard University, set up in 2011, pursues three main objectives: share know-how and improve skills in different operational fields (environmental responsibility, Human Resources, Operations, etc.); reinforce the Pernod Ricard Leadership Model through specific personal development sessions; convey the Group's values and commitments.

KEY FIGURES

Pernod Ricard University:

- 30 operational training sessions
- 3 leadership programmes
- 15,000 training hours delivered between 1 July 2014 and 30 June 2015 by Pernod Ricard University and local affiliates.



> promoting international mobility between affiliates, regardless of the country or position concerned, through two complementary programmes, iMove, an internal job exchange and an external recruitment platform listing job vacancies within the Group and iTravel, a support policy to offer expatriate employees advice and assistance (24/7 phone platform, dedicated website, etc.).

KEY FIGURES

- 249 internal moves
- 82 expatriations moves in 2014/2015

> employees need recognition and are given objective feedback on their performance indicating areas of improvement through regular reviews. 82% had an annual appraisal in 2011, 91 % in 2015.

c. Ensure and monitor well-being within the company.

Local initiatives are also in place to promote health & safety and well-being of employees.

FOCUS

A STRONG CONCERN FOR HEALTH AND SAFETY MANAGEMENT ON PRODUCTION SITES

Certified hygiene and safety management systems that comply with standard OHSAS 18001 are implemented within 89 production sites which represent more than 95 % of our production sites. Production sites are encouraged to creating a safety culture to ensure health & safety and wellbeing of employees, contractors and visitors. This strategy is achieved by setting clear and measurable health & safety objectives on an annual basis.

It is focused on three main lines:

- promote Health & Safety behaviour and employees involvement
- focus on visitors / contractors risks
- address Health & Safety risks outside production sites

The site safety performance is monitored against QSE guidelines. These guidelines are reviewed on a regular basis and define the minimum requirements that production sites are expected to meet while still ensuring compliance to local legislation.

Year-on-year health & safety statistics have demonstrated a significant reduction of employee accidents in operations (55 % from Full-year 2007 to full-year 2013). Accident severity decreased by 77 % in the last 6 years as well.

Every two years, Pernod Ricard launches the internal iSay survey to get feedback from employees and highlight areas for improvement. In 2015, the survey, sent to all employees in 85 countries, achieved the high response rate of 84%.

KEY FIGURES iSay results, 2015

95% of employees say they are proud to be part of Pernod Ricard

93% of employees subscribe to the Group's 3 core values

87% would recommend Pernod Ricard as a great place to work

BEST PRACTICE

IRISH DISTILLERS PERNOD RICARD (IDPR): YOUR VOICE ENGAGEMENT INITIATIVE 2013

Based on the 2013 results of iSay and the Irish Distillers Pernod Ricard local employee opinion survey (Taking Stock), the affiliate sets up the Your Voice Engagement Group, a cross-functional group of "champion" employees to help move from feedback and ideas to concrete remediation actions. Recruitment was voluntary and open to all employees. The initiative met with success and applications were much higher than predicted. Eventually, 24 champions from all areas and all levels of the business joined the team.

During day-long workshops they explored:

- what a Great Place to Work looks like, versus simply a good place;
- what IDPR currently does well today and where it can improve.

To date, it has resulted in over 20 project ideas and in developing four business cases for new projects.



As evidence of its sincere and proactive commitment to employee well-being, Pernod Ricard was awarded **Winner of the Human Capital Trophy 2013** for all its Human Resources work in five areas (Recruitment and Integration policy, Display of Management Model Values, Social Relations as part of International Development, Managerial and Organisational Innovations and Training).

Bruno Rain, Managing Director, Human Resources and Corporate Social Responsibility of Pernod Ricard, receiving the Human Capital Trophy from Benoît Potier, Chairman and Chief Executive Officer of Air Liquide Group, the winning company in 2012 and Chairman of the 2013 jury.

d. Foster social dialogue.

In 2000, Pernod Ricard set up the Group's European Works Council (PREWC) in accordance with the European directive of 1994 to support freedom of association and foster open and continuous employees-management dialogue.

Made of 25 members who represent the different European countries (affiliates with at least 75 employees), it plays a central role since delegates embody the link between General Management and Pernod Ricard European employees. The PREWC meets annually with General Management to review the Group's situation and openly discuss cross-border issues.

To ensure transparency of information and dialogue with employees, PREWC publishes *Le Journal européen* annually to report on discussions over the preceding year.

Pernod Ricard's action is also based on signing agreements with Trade Unions.

On 7 January 2014, Pernod Ricard and EFFAT (European Federation for Food, Agriculture and Tourism Trade Unions) concluded a European agreement on Corporate Social Responsibility, in the presence of Pierre Pringuet, Former Chief Executive Officer of Pernod Ricard and Harald Wiedenhofer, General Secretary of EFFAT.

The PREWC in key dates

- 28-29 September 1999: the Special Representative Group signed the agreement pertaining to the creation of the Pernod Ricard European Works Council.
- 1999: the first European Works Council meeting in relation to the agreement signed between Pernod Ricard and the European Works Council.
- Renewal of the European Works Council agreement in 2002, 2006, 2010 and 2014.
- 7 January 2014: signature of an European Agreement on Corporate Social Responsibility within the European Union, in the presence of Pierre Pringuet, Former Chief Executive Officer of Pernod Ricard and Harald Wiedenhofer, General Secretary of EFFAT.

Le CSRR en quelques dates

- 28-29 septembre 1999: signature de l'accord relatif à la création du Comité Européen Pernod Ricard.
- Renouvellement de l'accord de Coopération Sociale Européenne avec l'EFFAT en 2002, 2006, 2010 et 2014.
- 7 janvier 2014: signature d'un accord européen relatif à la Responsabilité Sociale d'Entreprise avec l'EFFAT en son nom de CSRR.

“Dear friends”
Alexandre RICARD, Chairman and CEO

I very much enjoyed taking part alongside Pierre Pringuet in the European Works Council meeting held in November 2014 in light of the change of governance implemented a few weeks ago. The spontaneity and depth of these discussions testified to the high standard of social dialogue that exists within Pernod Ricard. Since the Group was created, 40 years ago today, our relationship with each employee has always been based on regular, transparent, sincere and open discussions. If it needed to be said, you can count on me to carry on promoting these values that I hold so dear.

I would also like to highlight the long-standing work carried out by the Works Council.

Year after year, its members demonstrate the extent to which collective interests remain at the heart of Pernod Ricard's business model. The commitment of the upper echelons of the European Works Council is illustrated by the work of the Select Committee's five members, who have regularly met with the Group's Human Resources Department over the past few months. They have also been constantly informed of the progress of the Allegro project and its social impact.

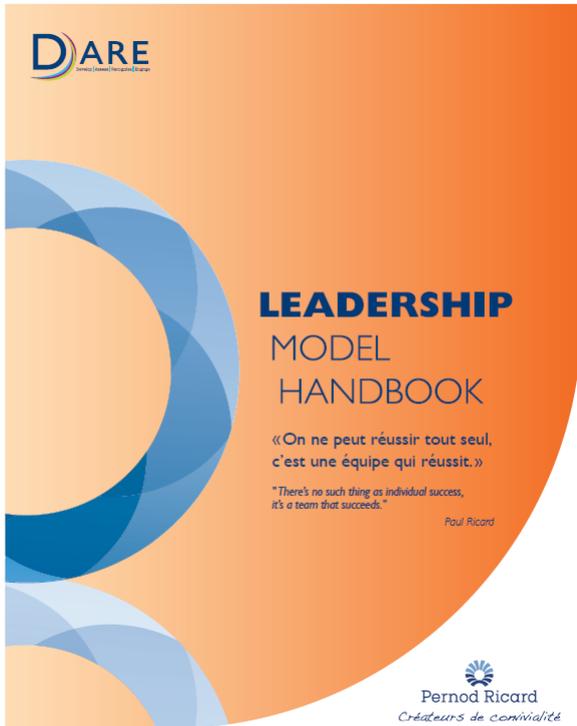
When it comes to tackling the major challenges faced by the Group, I know that I can count on the commitment of the European Works Council. Furthermore, I will give the Works Council my full support on the basis of a single goal: general interest at the service of collective performance.

Finally, I would like to recall the major projects launched and spearheaded by the Works Council. For instance, the exemplary European CSR agreement signed last year. Significant progress has been made in all of our European subsidiaries in these areas. I am certain that this initiative will inspire many others outside of Europe.

6. EXPECT OUR LEADERS TO LEAD BY EXAMPLE:

PEOPLE MANAGEMENT & DEVELOPMENT, CORE VALUES AND COMMITMENT

TO CSR ARE INTEGRATED INTO THE PERNOD RICARD LEADERSHIP MODEL



Pernod Ricard develops its responsible leadership culture through the Leadership Model, a well-structured handbook that provides managers with keys to act as models and inspire others, particularly in regards to CSR.

All managers must "embody and enthusiastically convey the Pernod Ricard key values, with adherence to ethics and commitment to CSR initiatives." It implies that managers maintain high professional standards in line with the organisation's values, ethics and charter, serve as a role model, translate values into understandable behaviours for others and promote ethics by confronting and addressing inappropriate or unethical behaviour.

To promote leadership culture, the Group has also set up iLead, a talent development and assessment tool, to recognise and select prospective talent and assess managers' leadership competencies as defined in the Leadership Model.

Promote responsible drinking



PROMOTE RESPONSIBLE DRINKING



From the beginning, Pernod Ricard has made promoting responsible drinking the centrepiece of its CSR engagement. In alignment with its baseline position as a *Créateurs de convivialité*, Pernod Ricard is thus fully committed to promoting responsible conviviality.

"If we wish to continue our business and develop our brands over the long term, we must maintain our commitment to our consumers and to our governing authorities. We want to remind our consumers to enjoy our brands responsibly."

Patrick Ricard,
former Chairman of the Board of Directors and Chief Executive Officer of Pernod Ricard - 2009

1. PERNOD RICARD'S POSITION

To ensure that the consumption of our products is an enjoyable and safe experience, Pernod Ricard promotes a moderate drinking culture and combats alcohol misuse through education and enforcement campaigns run individually or, whenever possible, in partnership with other members of our industry, non-profit organisations and public authorities. The Group has also defined strict internal ethical marketing standards through its Code for Commercial Communications.

Historically, Pernod Ricard has defined five priority areas of action to address specific at-risk audiences and behaviours related to inappropriate alcohol consumption patterns.

- Promote moderate drinking;
- Avoid drink-driving;
- Make young people aware of the risks linked to excessive or inappropriate alcohol consumption;
- Dissuade pregnant women from drinking;
- Make employees aware of their responsibilities;

Pernod Ricard's actions result from strong convictions within the Group, but also from working in close cooperation with industry players.

FOCUS

**THE FIVE INDUSTRY COMMITMENTS ON RESPONSIBLE DRINKING:
PERNOD RICARD LEADING THE WAY**

The IARD Conference held in October 2012 marked a turning point in the promotion of responsible drinking within the alcohol industry. Pierre Pringuet, Chief Executive Officer of Pernod Ricard, on behalf of eleven leading beer, wine and spirits producers and two trade associations, announced five commitments to further reduce the harmful use of alcohol, reinforcing the World Health Organisation (WHO) Global Strategy.

This commitment reflects Pernod Ricard's determination, as co-leader in the Wine and Spirits industry, to play a key role in inspiring a collective dynamic among the industry to spread increasingly responsible practices.

The companies have five years, until 2018, to address all five issues. An assessment will be carried out by an independent third party and results shared on an annual basis.

<http://www.producerscommitments.org/progress-report/>



Pierre Pringuet, Former Chief Executive Officer, Pernod Ricard, 10 October 2012, Washington D.C

1. Reduce underage drinking

2. Strengthen and expand marketing codes of practices

3. Provide consumer information and responsible product innovation

4. Reduce drinking and driving

5. Enlist the support of retailers to reduce harmful drinking

2. PROMOTE MODERATE DRINKING

Pernod Ricard's commitment to promoting moderate drinking is based on two principles.

a. Ensure that its products are marketed responsibly.

To ensure that every consumer or potential consumer is well informed about the dangers associated with inappropriate or excessive consumption, Pernod Ricard focuses on:

> transparency of information.

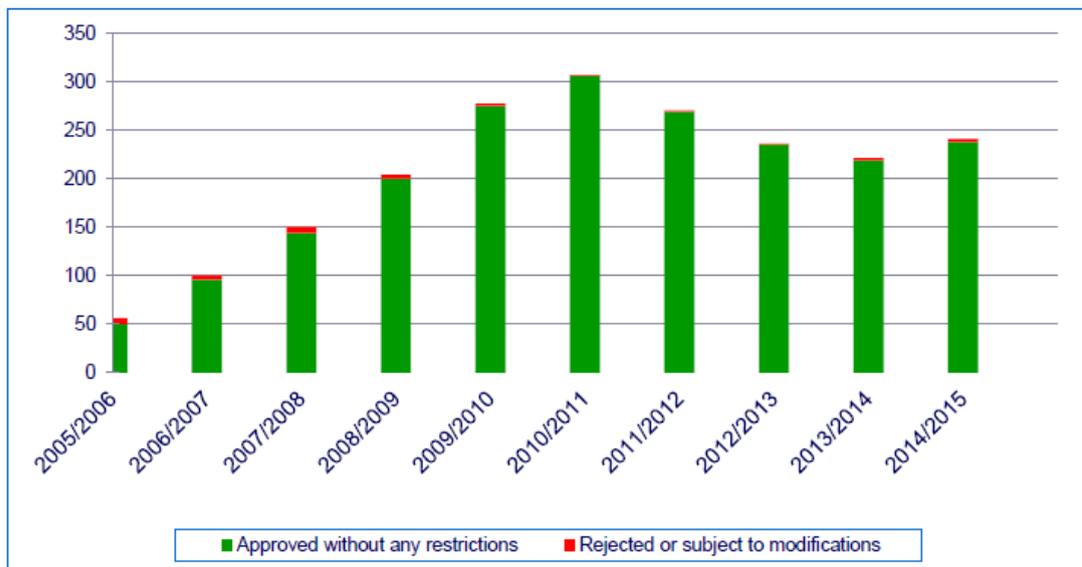
The Group's communications tools (from bottle labels to advertising billboards) help relay preventive messages.

> on ethical marketing.

In 2007, Pernod Ricard developed its own Code for Commercial Communications defining stringent self-regulation standards in terms of marketing. It ensures that commercial communications do not encourage or condone excessive or inappropriate consumption. It was updated in 2010, 2012, 2013 and 2015 to reflect changes in digital media and include product innovations.

To ensure the Code for Commercial Communications is respected and promotional messages are monitored, Responsible Marketing Panel has evaluated and controlled nearly 2 100 commercial communications before release since 2005.

Among 2062 campaigns reviewed, 2032 (green), 30 (amber or red) only 14 complaints - 2 upheld and 4 complaints upheld on campaigns not reviewed by the RMP



Graph showing advertising campaigns reviewed before release, between 2005 and 2015

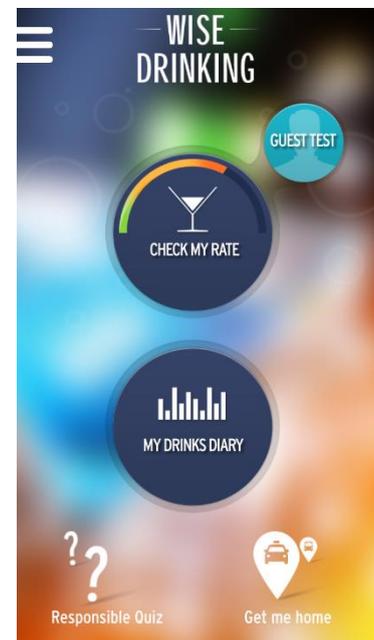
In 2014, a mandatory e-learning was implemented for the marketing people and on a voluntary basis for other Pernod Ricard employees. So far 1 500 employees got their "Certificate of Achievement".



> **Educating the consumer.**

e.g. **Wise Drinking – a free app educating consumers on responsible consumption**

Available in 37 languages, the consumer can calculate units of alcohol consumed in real time and keep track of his intake up to four weeks. The app takes into account the gender, weight, type of alcohol consume and volume. It also adapts to local legislation and suggests local transport thanks to geolocalisation. The consumer can also test their knowledge on responsible consumption with a quiz. In a year and a half since the launch there has been close to 92,000 downloads.



b. **Forge partnerships with the competent authorities.**

Pernod Ricard’s professional conduct also relies on working hand in hand with political and social players in order to:

> **design tailored and impactful initiatives.**

e.g. the hyper-targeted digital anti drink-driving campaign will be fronted by Jameson Irish whiskey to ensure that essential messages are delivered to key audiences. It aims to encourage drinkers to stay safe with a series of bespoke messages developed with AA.



Digital banners with a series of bespoke messages including 'The key to a great night? No car key' and 'Enjoy your evening – and your tomorrow'.

> **contribute to the process of moving social and legal frameworks forwards.**

e.g. in France, Pernod Ricard supported the raising of the legal purchase age (LPA) from 16 to 18.

The Group works with more than 50 preventive associations worldwide and is strongly committed to national, regional and international bodies including:

1971: founding member of Ireb (Institute for Scientific Research on Alcohol Beverages), now called FAR (Foundation of Public Interest on Alcohol Research)

1990: member of EFRD (European Forum for Responsible Drinking), part of SpiritsEUROPE since 2012;

2005: member of ICAP (International Center for Alcohol Policies), now IARD (International Alliance for Responsible Drinking)

2007: signatory to the European Forum's Alcohol & Health charter;

2007: signatory to the European Road Safety Charter;

2011: founding partner of the TFRD (Thai Foundation for Responsible Drinking).

2015: founding partner of VARD (Vietnam Association for Responsible Drinking).

3. AVOID DRINK-DRIVING

Reducing the number of alcohol-related road accidents is a priority for Pernod Ricard, which goal is to raise awareness and eventually change behaviours. The Group is committed at two levels.

a. Prevention through educational programmes and awareness campaigns developed in partnership with preventive associations.

Among its priorities, the Group promotes the designated driver initiative and encourages alcohol level testing.

e.g. With the ANABE association the 100% Cool campaign (since 2002) aims to increase knowledge, attitudes, beliefs and behaviours of Portuguese youth. Between 2013-2014 the number of young drivers caught drink driving decreased to 16%.

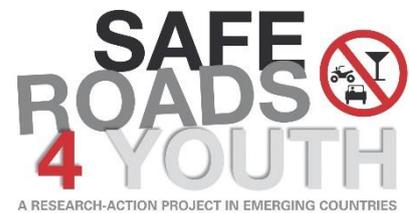
<http://www.100percentcool.pt>



100% Cool Driver, 2013

b. Conducts and supports research action.

e.g. Safe Roads 4 Youth project carried out in Argentina, Vietnam and South Africa with non-profit organisations and specialised research teams from local universities to address the need for better prevention in emerging countries. The project was made possible by a grant based on the personal commitment of all Pernod Ricard employees who have undertaken to raise funds through the Pernod Ricard Act. [See Responsib'ALL Day 2011]



"I am very proud to say that Safe Roads 4 Youth is the first experimental project of its kind that measures simultaneously the impact of community-based interventions on youth and drink driving in three different emerging countries – Vietnam, South Africa and Argentina – and in very different cultural environments."

Dr Jean-Pascal Assailly,
psychologist and researcher at INRETS (Institut National de Recherches sur les Transports et leur Sécurité) and scientific chairman for the Safe Roads 4 Youth project - 2013

4. MAKE YOUNG PEOPLE AWARE OF THE RISKS LINKED TO EXCESSIVE OR INAPPROPRIATE ALCOHOL CONSUMPTION

Minors and young adults are among the most vulnerable populations regarding alcohol consumption.

Pernod Ricard has set itself three major goals:

a. Delay the age of the first drink.

e.g. Since 2006, 75% of all Swedish schools with underage pupils have enrolled in the Prata Om Alkohol programme led by Pernod Ricard Nordic and The Absolut Company. 620 000 students and more than 19,000 teachers took part in the programme. Other neighboring countries have replicated. Lithuania is the latest to join in 2015 with 6852 students and 308 teachers taking part in the program.

b. Decrease the amount of alcohol consumption to prevent at-risk situations.

e.g. Responsible Party, a pan-European programme carried out since 2010 in partnership with the Erasmus Student Network to help students organise safe and responsible parties [27 countries and more than 250 000 students reached].



c. Decrease the frequency of drunkenness.

e.g. the No ikki! Programme running in Japan since 2011, is focused on preventing binge-drinking, a major problem among students. 132,000 pamphlets distributed. Messages conveyed at autumn and spring campus festivals in universities.



Identifying the appropriate methods to reach targets is a major challenge. Pernod Ricard has developed a number of effective strategies including launching preventive initiatives directly at places of consumption, designing social media campaigns and interactive digital tools adapted to young people's lifestyles [See Best Practice Pernod Ricard Wine Makers: The Wine Line] and getting adults - parents, education workers, retailers and bartenders – involved in conveying responsible messages. [See Best Practice Pernod Ricard Colombia: Alianza + 18]

BEST PRACTICE

**PERNOD RICARD COLOMBIA:
ALIANZA + 18
2013-2018**

Pernod Ricard has set up a partnership agreement with two major companies: Diageo and Bavaria to reduce underage drinking by enforcing legal purchasing regulations at retail level through Responsible Retail Practices (RRP) and has obtained the endorsement and enforcement of Colombia's Office for Families and Children (ICBF), a local authority. The programme also involves ICAP, the Parent's Association of Colombia (RedPapaz) and Nuevos Rumbos.

The initiative includes the launch of radio, TV, digital and print campaign. The programme benefits from extensive media coverage thanks to partnerships with the largest TV and radio networks.

An additional 5000 convenience store owners will be trained in responsible retailing practices by 2018. Underage drinking surveys are conducted every 3 years through Nuevo Rumbos and mystery shopper evaluations are conducted per sales channels.



BEST PRACTICE

**PERNOD RICARD WINE MAKERS:
THE WINE LINE
SINCE 2012 AND ONGOING**

To increase consumer awareness about the size of a standard serving of wine, Pernod Ricard Wine Makers has designed an interactive digital tool, The Wine Line app, that enables consumers to calculate and track how much they are drinking. Developed with experts, it allows consumers to take a picture of a glass of wine, detects its content and computes the number of alcohol units consumed. The Wine Line is set at 150mL, a typical serving, and reminds consumers that this is 1.5 times the standard drink.

Launched at the Australian Open 2012, the campaign was promoted through a wide range of media : more than 100,000 Point of Sale display items, web banners and a TV advert shown on more than 700 in-precinct screens.

The app, launched in 2013, has met with great success: nearly 7,000 downloads, over 100 media clippings and a direct increase (+37%) of visits to the DrinkWise Australia website during Australia Open.



5. DISSUADE PREGNANT WOMEN FROM DRINKING

Pregnancy is a particularly at-risk period when women should be made aware of the dangers associated with drinking alcohol (e.g. foetal alcohol syndrome). Pernod Ricard operates at two levels, reinforcing the advice of doctors and public health authorities:

a. Awareness campaigns based on the “Zero alcohol approach”.

e.g. in 2010, Pernod Ricard Deutschland, in cooperation with Charité Hospital in Berlin, launched the My baby doesn't want alcohol campaign with extensive media roll-out (print, TV, etc.).
<http://www.mein-kind-will-keinen-alkohol.de/>

e.g. “What mothers do to protect their children” campaign: Pernod Ricard México in association with FEMECOG (Mexican Federation of Gynecology and Obstetrics), launched the digital campaign “What mothers do to protect their children”, as well as follow up informative brochures with the focus on making women aware of the risks of drinking alcohol while pregnant to prevent fetal alcohol syndrome.



b. Rolling out the pregnant woman symbol.



FOCUS

WORLDWIDE APPLICATION OF THE “NO ALCOHOL DURING PREGNANCY” SYMBOL

This measure illustrates the Group's proactivity in terms of its CSR engagement. In an action launched in 2006, Pernod Ricard was the first wine & spirits company to introduce the Europe-wide application on back labels of the symbol warning women to avoid alcohol when pregnant, even in countries where it was not required.

In 2013, Pernod Ricard took a major step and extended the measure worldwide, in all its affiliates (in line with local laws).

6. MAKE EMPLOYEES AWARE OF THEIR RESPONSIBILITIES

Employees are encouraged to be exemplary at all levels and to spread responsible drinking messages beyond their working environment.

Pernod Ricard develops programmes and tools to turn employees into ambassadors:

- a dedicated intranet;
- awareness campaigns and training sessions: 100% of employees are trained annually on responsible drinking issues during Responsib'ALL Day, and in 2013 all employees received the information brochure, *Wise drinking*, highlighting the Group's commitment and best practices;
- a Code of Good conduct adopted in each affiliate: sanctions may be applied if the principles advocated are breached;
- The Pernod Ricard Charter, essential document distributed to all employees that communicates about the Group's culture, its objectives, its organisation and its CSR engagement.
- At a Glance (leaflet on key figures and actions)

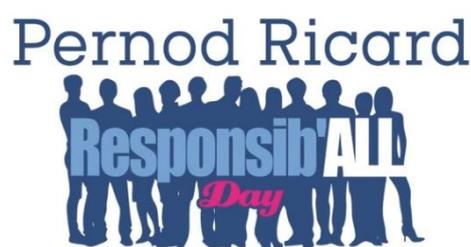


At a glance leaflet

RESPONSIB'ALL DAY: PERNOD RICARD'S EMPLOYEES AS FRONT-LINE AMBASSADORS FOR RESPONSIBLE DRINKING

1. AN ANNUAL GLOBAL DAY OF MOBILISATION DEDICATED TO RESPONSIBLE DRINKING

Held for the first time in 2011, Responsib'ALL Day is emblematic of the involvement of Pernod Ricard's employees in supporting the Group's CSR engagement. The idea of organising Responsib'ALL Day came from employees and quickly gained support from top management. Once a year, for 24 hours, and simultaneously in all affiliates worldwide, all employees stop their usual activities and take action to promote responsible drinking practices. This event, reflecting the spirit of conviviality that is deeply rooted in Pernod Ricard's DNA, is the opportunity for employees to share good practices, give new impetus to initiatives developed over the year and continue to implement concrete actions.



100%
of the
affiliates
mobilised
each year

Actions carried out during the event include exhibitions on prevention & awareness campaigns, forums with local authorities & non-profit organisations, education programmes targeting Group's employees and consumers, and street awareness actions targeting local communities.

With Responsib'ALL Day the group ensures all affiliates have the same level of awareness and highlights the best practices made worldwide during the year. It is also an opportunity to create local partnerships. The employees have the possibility of becoming active ambassadors on topics of concern.

"We, as employees of Pernod Ricard, should be advocates of responsible drinking, ensuring that this message is preached to our families, to our peers, to our colleagues and to the community at large."

Shirley Mabiletja,
Brand Manager, Pernod Ricard South Africa



Pernod Ricard Thailand employees during Responsib'ALL Day 2011

Responsib'ALL Day, 2011-2013

2011 – 1ST EDITION DRINK-DRIVING



15,055 employees signed the Pernod Ricard Act, a manifesto showing their personal commitment

→ **€1M** donated per year for three years to support the Safe Roads 4 Youth project in three countries: Vietnam, South Africa and Argentina

+ 200 banners rolled out worldwide in emblematic places

e.g. don't drink and drive collective action carried out on the Great Wall in China

2012 – ALCOHOL AND YOUTH



+ 13,000 employees signed the Pernod Ricard Act

+ 150,000 individuals personally briefed by Pernod Ricard's employees, *e.g. Pernod Ricard China employees handing out leaflets and talking to young adults about safe drinking habits in Shanghai*

2013, 2014 & 2015– THE INDUSTRY 5 COMMITMENTS

Each affiliate had the choice to mobilise its employees on one or more of the five Industry commitments



Responsib'ALL Day 2013, Pernod Ricard Peru



Responsib'ALL Day 2014, Irish Distillers



Responsib'ALL Day 2015, Pernod Ricard Bresil

Protect our planet



PROTECT OUR PLANET



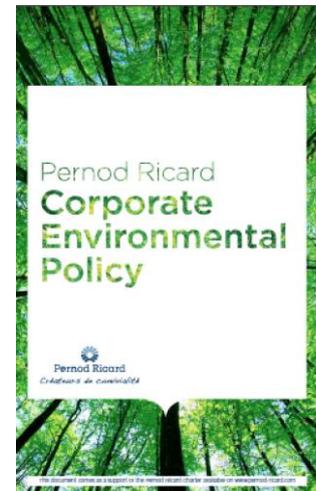
Links with the land and respect for local know-how are among the main factors that drive the way that Pernod Ricard develops its beverages. This results in a deep commitment to protecting local natural resources, essential to the delivery of high-quality products, and managing brands sustainably.

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 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, measurable and time-bound.

Areas	Commitments	2010/2015 targets	Results at 30.06.2015
Governance	Roll out an efficient environmental management system	100% of sites certified ISO 14001	96% (representing 99.7% of volumes produced)
Agriculture and biodiversity	Promote sustainable agriculture and protection of biodiversity	80% of vineyards belonging to the Group certified to environmental standards	78%
Water	Conserve water resources locally	Fall of -5% in water consumption per unit manufactured at production sites	-14%
Energy and greenhouse gas emissions	Reduce energy consumption Measure and reduce greenhouse gas emissions along the entire production chain	Fall of -10% in energy consumption and CO ₂ emissions per unit manufactured at production sites	-16% (energy) -26% (CO ₂)
Eco-design and waste	Reduce the impact of waste Promote eco-design	Fall of -40% in solid waste sent to landfill or incinerated per unit produced	-76%

Pillars	Commitments	2020 targets
Governance	Manage our long-term environmental risks and place environmental at the heart of our business	100% of our brand owners have conducted an assessment of their long-term environmental risks The commitment of all our employees is regularly measured and it demonstrates their support
Supply chain	Demonstrate our leadership in sustainable agriculture and the preservation of biodiversity on our agricultural properties. Engage our suppliers in environmental and social issues	100% of the vineyards operated by the Group are certified according to environmental standards and have implemented a biodiversity preservation programme 100% of brand owners have assessed the social and environmental conditions under which the farm raw materials they use are produced 80% of the Group's purchases are covered by our responsible procurement policy
Management of resources	Conserve water resources locally Reduce energy consumption and reduce greenhouse gas emissions along the entire production chain Reduce the impact of waste	100% of the Group's irrigated vineyards are equipped with a drip irrigation system 20% reduction in water consumption per unit produced at production sites between 2010 and 2020 100% of sites located in high water risk areas have implemented an action plan for managing water resources 20% reduction in energy consumption and 30% reduction in CO ₂ emissions per unit produced at production sites between 2010 and 2020 Aim for zero waste sent to landfill by 2020 at production sites Aim for 100% recyclable packaging at consumer level
Brands and consumers	Place environmental concerns at the heart of our brands and meet our consumers' expectations in this respect	19 of the group's priority brands incorporate eco-design principles into their product development 19 of the group's priority brands have conducted a life-cycle analysis in compliance with the environmental labelling regulations and are in a position to provide information regarding their impacts to consumers

2. PROMOTE SUSTAINABLE AGRICULTURE AND PRESERVE BIODIVERSITY

With 5,700 hectares of vineyards and the equivalent, in various forms, of about 2.6 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
PROTECTING NEW ZEALAND BIODIVERSITY**

ESTATE:

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 Sweden energy consumption is reduced by 45 percent and carbon emissions by 80 percent per liter of vodka, accomplished through extensive recycling of the heat produced during fermentation and distillation. The plant has also switched to district heating and renewable electricity.

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 **63%** of total electricity used.
- 28** of the 101 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
CO2E
PER ANNUM**

-9,000 t/year glass

-10,000t of CO2 emissions

- 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 CO2 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 2014/2015

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 2015, 96% 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 2015, all the group's production sites have obtained triple QSE certification (ISO 9001./ISO14001/OHSAS 18001), with the exception of two minor sites in France and recent acquisitions which represent 0,6% of the group's total production .

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...

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 participates in a partnership with Work and Income New Zealand, the Nelson Marlborough Institute of Technology (NMIT) to run a training courses for cellar hands over vintage for unemployed locals. Pernod Ricard Winemakers 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:
THE VENTURE
2015**

Chivas Regal is committed to supporting

After receiving over 1,000 entries from across five continents, Chivas Regal has selected a diverse shortlist of 16 startups with a mission to create positive change. The forward-thinking businesses which tackle a range of social and environmental issues competed to win a share of of \$1M in funding.

The 16 aspiring startups have been chosen to represent their local countries in The Venture global final for not only their potential to be profitable as a business, but also their ability to offer scalable and sustainable impact solutions.

Ultimately there were 5 winners:

- Algramo from Chili – an innovative solution for people with limited resources to buy food in small formats through automatic dispensers.
- Chipsafer from Uruguay – platform that transforms the way farmers monitor and care for their livestock
- SenSprout from Japan - field-monitoring system for farmers to assesses soil conditions and ultimately cut down on agricultural water waste.
- Lumkani from South Africa – affordable fire detection device to mitigate the loss of life and property
- And Diseclar from Columbia – transforming waste in stylish furniture



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 for products and services.

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 and social issues in calls for tender and contracts.

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

Pernod Ricard uses the EcoVadis platform 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.

d. Harmonisation of CSR audit standards

Pernod Ricard has selected SMETA standards (which is in line with the "mutual recognition" program established by AIM progress).

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.

Since 2013, Pernod Ricard carried out a pilot and 8 waves covering all 26 supplier categories identified (consulting firms, facilities management, etc.). AT the end of June 2015, 324 suppliers had been assessed.

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

Tomorrow's ambitions

TOMORROW'S AMBITIONS

Responsibility has been one of the founding values of Pernod Ricard's business strategy since the beginning and will continue to underpin the Group in the future.

The Group is determined to expand while continuing to give prominence to responsible and sustainable practices in the way it does business, which means:

Prioritizing a long-term vision

Pernod Ricard believes in the ability of a company to conduct its activities in long-term cycles, to adapt its business model to the changing world, to anticipate and to contribute fully to efforts toward sustainability.

"If we wish to continue our business and develop our brands over the long term, we must maintain our commitment to our consumers and to our governing authorities."

Patrick Ricard,

Former Chairman of the Board of Directors and Chief Executive Officer, Pernod Ricard

Promoting Brand Positive Impact (BPI)

Since the brands are in direct contact with the consumer, they cannot be ignorant of consumers' strong demand for social and environmental responsibility. Brands are subject to their critical judgment and capacity to sanction.

Aligning the brands with corporate CSR values and incorporating CSR into Brand Strategy is thus an essential step in the Group's CSR journey to renew consumer trust and meet the Group's goal to define a wide scope for its responsibility.

Demonstrating exemplary behaviour

Everyone has an important role to play in achieving change. Pernod Ricard believes in leading by example – starting with its employees, but they cannot do it alone. The whole supply chain needs to get onboard as well as all the stakeholders.

"Raising consumer awareness is at the heart of our business. It's the duty of the entire industry to set an example."

Alexandre Ricard

Chief Executive Officer, Pernod Ricard

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