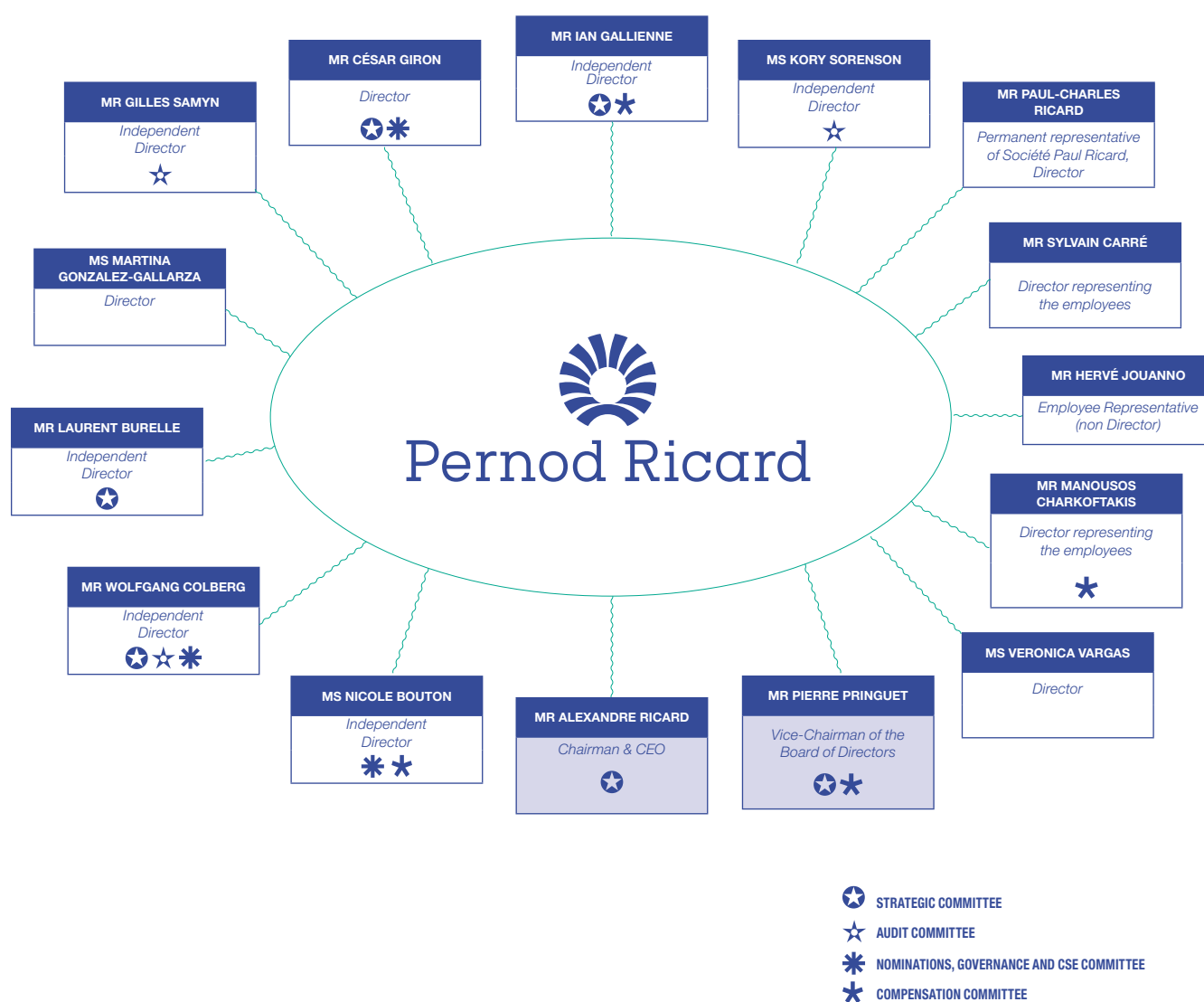


Report of the Chairman of the Board of Directors of the Company on the composition of the Board and the implementation of the principle of balanced representation of women and men on the Board, and on the conditions governing the preparation and organisation of the work performed by the Board of Directors

COMPOSITION OF THE BOARD OF DIRECTORS ON 30 JUNE 2016



DUTIES PERFORMED BY THE DIRECTORS



Mr Alexandre RICARD

Chairman of the Board and Chief Executive Officer

44 years old
French citizen

Business address:
Pernod Ricard
12, place des États-Unis
75116 Paris (France)

Date of first appointment:
29.08.2012

Date of last renewal:
09.11.2012

Date of expiry of term of office:
2016 Shareholders' Meeting

Number of shares held on 30 June 2016:
49,542

Mr Alexandre Ricard is a graduate of ESCP, the Wharton School of Business (MBA majoring in finance and entrepreneurship) and of the University of Pennsylvania (MA in International Studies). After working for seven years outside the Group, for Accenture (Management and Consulting) and Morgan Stanley (Mergers and Acquisitions Consulting), he joined the Pernod Ricard group in 2003, in the Audit and Development Department at the Headquarters. At the end of 2004, he became the Chief Financial and Administration Officer of Irish Distillers Group, and then CEO of Pernod Ricard Asia Duty Free in September 2006. In July 2008, he was appointed as Chairman and Chief Executive Officer of Irish Distillers Group and became a member of Pernod Ricard's Executive Committee. In September 2011, he joined the Group General Management as Managing Director, Distribution Network and became a member of the Executive Board. Mr Alexandre Ricard was the permanent representative of Société Paul Ricard company (a member of the Board) from 2 November 2009 until 29 August 2012, at which time he was co-opted as Director of Pernod Ricard and appointed Deputy Chief Executive Officer & Chief Operating Officer. On 11 February 2015, he was then appointed Chairman & CEO of the Group by the Board of Directors.

Mr Alexandre Ricard is a grandson of Mr Paul Ricard, the founder of Société Ricard.



Mr Pierre PRINGUET

Vice-Chairman of the Board of Directors

66 years old
French citizen

Business address:
Pernod Ricard
12, place des États-Unis
75116 Paris (France)

Date of first appointment:
17.05.2004

Date of last renewal:
09.11.2012

Date of expiry of term of office:
2016 Shareholders' Meeting

Number of shares held on 30 June 2016:
380,088

Mr Pierre Pringuet, a graduate of the École Polytechnique and the École des Mines, started his career in the French civil service. He was an advisor to government minister Michel Rocard (1981–1985), before being given responsibility for the Farming and Food Processing Industries at the Ministry of Agriculture. He joined Pernod Ricard in 1987 as Development Director, playing an active role in the Group's international development and holding the positions of Managing Director of Société pour l'Exportation de Grandes Marques (1987–1996) and then Chairman & CEO of Pernod Ricard Europe (1997–2000).

In 2000, he joined Mr Patrick Ricard at the Headquarters as one of Pernod Ricard's two joint CEOs, together with Richard Burrows. He was appointed Director of Pernod Ricard in 2004 and led the successful acquisition of Allied Domecq in 2005 and its subsequent integration. In December of the same year, he became the Group's Deputy Chief Executive Officer & Chief Operating Officer. In 2008, Mr Pierre Pringuet carried out the acquisition of Vin&Sprit (V&S) and its brand Absolut Vodka, which completed Pernod Ricard's international development. Following the withdrawal of Mr Patrick Ricard from his operational duties, Mr Pierre Pringuet was appointed Chief Executive Officer of Pernod Ricard on 5 November 2008. He performed his duties as CEO until 11 February 2015, date of expiry of his term of office pursuant to the Company's bylaws.

Mr Pierre Pringuet has been Vice-Chairman of the Board of Directors since 29 August 2012.

Mr Pierre Pringuet has also been President of the *Association Française des Entreprises Privées* (AFEP) (French Association of Private Enterprises) since 29 June 2012.

He holds the ranks of Knight of the Legion of Honour, Knight of the National Order of Merit and Officer of the *Mérite agricole*.



Ms Nicole BOUTON

Independent Director

68 years old
French citizen

Business address:
Friedland Gestion
90, avenue des Ternes
75017 Paris (France)

Date of first appointment:
07.11.2007

Date of last renewal:
06.11.2015

Date of expiry of term of office:
2019 Shareholders' Meeting

Number of shares held on 30 June 2016:
1,150

Ms Nicole Bouton is a graduate of the Institut d'Études Politiques in Paris. From 1970 to 1984, she held the positions of Sub-Manager and then Deputy Manager in the Central Administration function of Crédit Commercial de France. From 1984 to 1996, Ms Nicole Bouton went on to hold the positions of Deputy Manager, Manager and finally Managing Director of Lazard Frères et Cie and Lazard Frères Gestion. In 1996, she was appointed a member of the Executive Committee of Banque NSMD (ABN AMRO France group) and became Vice-Chairman responsible for Institutional and Bank Clients before being appointed a member of the Management Board in 2000. She also took up the duties of Vice-Chairman of the ABN AMRO France Holding Company the same year.

She was also appointed Chairman of the Management Board and then Vice-Chairman of the Supervisory Board of Asset Allocation Advisors and Chairman of the Banque du Phénix, which she merged with Banque NSMD in October 1998. Ms Nicole Bouton left ABN AMRO in 2001, and in 2002, she founded Groupe Financière Centuria, which she chaired until June 2010. In this capacity, she chairs several affiliates including Financière Accréditée, which was acquired in 2006. She is also a Director of several other affiliates of Groupe Financière Centuria. At the end of June 2010, she sold her shares in Centuria and remains Chairman of Financière Accréditée. She was appointed Chairman of the Strategic Committee of Friedland Gestion, an investment management company, alongside two new partners.

Ms Nicole Bouton has been a Director of Pernod Ricard since 2007.



Mr Laurent BURELLE

Independent Director

66 years old
French citizen

Business address:
Compagnie Plastic Omnium
1, allée Pierre Burelle
92593 Levallois Cedex (France)

Date of first appointment:
04.05.2011

Date of last renewal:
06.11.2013

Date of expiry of term of office:
2017 Shareholders' Meeting

Number of shares held on 30 June 2016:
1,000

Mr Laurent Burelle is an engineering graduate of the Swiss Federal Institute of Technology in Zurich (Switzerland) and holds a Master of Sciences in Chemical Engineering from the Massachusetts Institute of Technology (MIT, United States).

He spent his entire career with Compagnie Plastic Omnium, and notably served as Chairman & CEO of Plastic Omnium Spain from 1977 to 1981 and then General Vice-Chairman & CEO of Compagnie Plastic Omnium from 1981 to 2001. Since 2001, Mr Laurent Burelle has held the position of Chairman & CEO of Compagnie Plastic Omnium. He also holds directorships in Lyonnaise de Banque, Labruyère-Eberlé and the Jacques Chirac Foundation.

Mr Laurent Burelle is a Commander of the Legion of Honour.

Mr Laurent Burelle has been a Director of Pernod Ricard since 2011.

Mr Laurent Burelle resigned from his directorship and as a member of the Strategic Committee on 20 July 2016 to comply with the new provisions of the "Macron" law regarding the limited number of directorships held by Executive Directors.



Mr Wolfgang COLBERG

Independent Director

56 years old
German citizen

Business address:
CVC Capital Partners
WestendDuo, Bockenheimer Landstrasse 24
60323 Frankfurt am Main (Germany)

Date of first appointment:
05.11.2008

Date of last renewal:
09.11.2012

Date of expiry of term of office:
2016 Shareholders' Meeting

Number of shares held on 30 June 2016:
1,076

Mr Wolfgang Colberg holds a PhD in Political Science (in addition to qualifications in Business Administration and Business Informatics). He has spent his entire career with the Robert Bosch group and the BSH group. After joining the Robert Bosch group in 1988, he held a post as Business Analyst (Headquarters), and then went on to become Head of Business Administration at the Gottingen production site (1990-1993), then Head of the Business Analyst Team and Economic Planning (Headquarters) (1993-1994), before being appointed as General Manager for the Group's Turkey and Central Asia affiliate. In 1996, he was appointed Senior Vice-President-Central Purchasing and Logistics (Headquarters).

Between 2001 and 2009, Mr Wolfgang Colberg was Chief Financial Officer at BSH Bosch und Siemens Hausgeräte GmbH and a member of the Board of Management. He was then Chief Financial Officer of Evonik Industries AG as well as a member of the Board of Management between 2009 and 2013. Mr Wolfgang Colberg has been an Industrial Partner of CVC Capital Partners since 2013.

Mr Wolfgang Colberg has been a Director of Pernod Ricard since 2008.



Mr Ian GALLIENNE

Independent Director

45 years old
French citizen

Business address:
Groupe Bruxelles Lambert
24, Avenue Marnix
1000 Brussels (Belgium)

Date of first appointment:
09.11.2012

Date of last renewal:
06.11.2014

Date of expiry of term of office:
2018 Shareholders' Meeting

Number of shares held on 30 June 2016:
1,000

Mr Ian Gallienne has been Managing Director of Groupe Bruxelles Lambert since January 2012. He graduated in Management and Administration, with a major in Finance, from the ESDE Business School in Paris and obtained an MBA from INSEAD in Fontainebleau. From 1998 to 2005, he was Manager of the Rhône Capital LLC private equity funds in New York and London. In 2005, he founded the private equity funds Ergon Capital Partners I, II and III, of which he was Managing Director until 2012.

Mr Ian Gallienne has been a Director of Groupe Bruxelles Lambert since 2009, of Imerys since 2010, of SGS since 2013, of Umicore since 2015 and of Adidas since 2016.

Mr Ian Gallienne has been a Director of Pernod Ricard since 2012.



Mr César GIRON

Director

54 years old
French citizen

Business address:
Martell Mumm Perrier-Jouët
112, avenue Kléber
75116 Paris (France)

Date of first appointment:
05.11.2008

Date of last renewal:
09.11.2012

Date of expiry of term of office:
2016 Shareholders' Meeting

Number of shares held on 30 June 2016:
8,711

After graduating from the École Supérieure de Commerce de Lyon, Mr César Giron joined the Pernod Ricard group in 1987 where he has spent his entire career. In 2000, he was appointed CEO of Pernod Ricard Swiss SA before becoming Chairman & CEO of Wyborowa SA in Poland in December 2003.

From July 2009, Mr César Giron acted as Chairman & CEO of Pernod, until his appointment, on 1st July 2015, as Chairman & CEO of Société Martell Mumm Perrier-Jouët.

Mr César Giron is a member of the Management Board of Société Paul Ricard.

Mr César Giron is a grandson of Mr Paul Ricard, the founder of Société Ricard.

Mr César Giron has been a Director of Pernod Ricard since 2008.



Ms Martina GONZALEZ-GALLARZA

Director

47 years old
Spanish citizen

Business address:
Pernod Ricard España
C/Manuel Marañón 8
28043 Madrid (Spain)

Date of first appointment:
25.04.2012

Date of last renewal:
06.11.2014

Date of expiry of term of office:
2018 Shareholders' Meeting

Number of shares held on 30 June 2016:
1,100

Ms Martina Gonzalez-Gallarza is a graduate of the Jesuit ICADE Business School in Madrid (*licenciatura*) and holds a PhD in Marketing from the University of Valencia. She worked in the Marketing Department of KP Foods (part of the British United Biscuits group), then pursued her career in the academic world and held various roles in the Faculty of Business Studies at the Universitat Politècnica de València, including Director of the Marketing Department and Head of the International Office. In 2004, she joined the Catholic University of Valencia where she held the position of Dean of the Business Studies Faculty until 2008. In November 2008, Ms Martina Gonzalez-Gallarza joined the Marketing department, where she focused on consumer behaviour and teaches international master programmes (at the IAE in Rennes, at the IGC in Bremen (Germany)) and other professional degree programmes. She was a visiting scholar at Columbia University (New York City), at ESCP and at the University of Sassari (Sardinia, Italy).

In addition, Ms Martina Gonzalez-Gallarza is a member of the American Marketing Association, of the Spanish and French marketing associations, as well as a member of the International Association of Scientific Experts In Tourism (AIEST).

Ms Martina Gonzalez-Gallarza has been a Director of Pernod Ricard since 2012.



Mr Paul-Charles RICARD

Permanent representative of Société Paul Ricard ⁽¹⁾
Director

34 years old
 French citizen

Business address:
 Martell Mumm Perrier Jouët
 112, avenue Kléber
 75116 Paris (France)

Société Paul Ricard:

Date of first appointment:
 09.06.1983

Date of last renewal:
 06.11.2013

Date of expiry of term of office:
 2017 Shareholders' Meeting

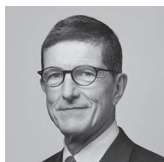
**Number of shares held by Mr Paul-Charles Ricard
 on 30 June 2016:**
 181,304

**Number of shares held by Société Paul Ricard at
 30 June 2016:**
 24,579,562

Mr Paul-Charles Ricard graduated from Euromed Marseille Business School with a Master's in Management Science, and from Panthéon-Assas Paris 2 University with a "Master's 2" in Communications (Media Law) and a Master's in Business Law. He joined Pernod Ricard in 2008 as an Internal Auditor in the Audit and Business Development Department at the Headquarters. In 2010, Mr Paul-Charles Ricard was appointed G.H. Mumm International Brand Manager at Martell Mumm Perrier-Jouët and became Group Marketing Manager in 2014.

Mr Paul-Charles Ricard is a grandson of Mr Paul Ricard, the founder of Société Ricard.

He has been the permanent representative of Société Paul Ricard (a member of the Board) since 29 August 2012.



Mr Gilles SAMYN

Independent Director

66 years old
 Belgian and French citizen

Business address:
 CNP
 Rue de la Blanche Borne 12
 B-6280 Loverval (Belgium)

Date of first appointment:
 06.11.2014

Date of last renewal:
 N/A

Date of expiry of term of office:
 2018 Shareholders' Meeting

Number of shares held on 30 June 2016:
 1,000

Mr Gilles Samyn holds a Commercial Engineering degree from the Université Libre de Bruxelles (ULB) – Solvay Business School, in which he held academic and scientific roles from 1969 to 2016. He began his professional career as a consultant at the Mouvement Coopératif Belge before joining Groupe Bruxelles Lambert in 1974. In 1983, after one year as an independent advisor, he joined Groupe Frère Bourgeois where he is now Managing Director.

Mr Gilles Samyn has been a Director of Pernod Ricard since 2014.

(1) Unlisted company, shareholder of Pernod Ricard.



Ms Kory SORENSON

Independent Director

47 years old
British citizen

Business address:
Pernod Ricard
12, place des États-Unis
75116 Paris (France)

Date of first appointment:
06.11.2015

Date of last renewal:
N/A

Date of expiry of term of office:
2019 Shareholders' Meeting

Number of shares held on 30 June 2016:
1,000

Ms Kory Sorenson, a British citizen born in the United States, has made her career in finance, with a focus on capital and risk management. She holds a Master's degree in Corporate Finance and the International Capital Markets from the Institut d'Études Politiques de Paris, a Master's degree in Applied Economics from the University of Paris Dauphine and a Bachelor of Arts degree with honours in Political Science and Econometrics from the American University in Washington, D.C. In 2013, she completed the Harvard Business School's executive education programme, "Making Corporate Boards More Effective".

Ms Kory Sorenson held the position of Managing Director, Head of Insurance Capital Markets at Barclays Capital in London, where her team conducted innovative transactions in capital management, mergers and acquisitions, as well as equity transactions, hybrid capital and risk management for major insurance companies. She previously led the team in charge of the financial markets, specialising in insurance, at Credit Suisse and the team in charge of debt markets for financial institutions in Germany, Austria and the Netherlands at Lehman Brothers. She began her career in investment banking at Morgan Stanley and in finance at Total.

Ms Kory Sorenson is a member of Women Corporate Directors (Paris chapter).

Ms Kory Sorenson has been a Director of Pernod Ricard since 2015.



Ms Veronica VARGAS

Director

35 years old
Spanish citizen

Business address:
Pernod Ricard
12, place des États-Unis
75116 Paris (France)

Date of first appointment:
11.02.2015

Date of last renewal:
N/A

Date of expiry of term of office:
2017 Shareholders' Meeting

Number of shares held on 30 June 2016:
5,420

Ms Veronica Vargas, of Spanish nationality, received a MEng degree in Industrial Engineering from the "Escuela Técnica Superior de Ingenieros" (Seville, Spain) having completed her degree in France at École Centrale Paris.

Ms Veronica Vargas started her professional career at the beginning of 2007 at Société Générale Corporate & Investment Banking in Paris as part of the Strategic and Acquisition Finance team. She joined the London team in 2009, where she continues to be involved in advising clients on all aspects related to the optimisation of their capital structure, as well as executing strategic transactions to support the clients' key business needs, including acquisitions, spin-offs, share buybacks, and other strategic transactions.

Ms Veronica Vargas is a great-granddaughter of Mr Paul Ricard and has been a permanent representative of Rigivar SL Company, member of the Supervisory Board of Société Paul Ricard SA since October 2009.

Ms Veronica Vargas has been a Director of Pernod Ricard since 2015.



Mr Sylvain CARRÉ

Director representing the employees

50 years old
French citizen

Business address:
Pernod Ricard
12, place des États-Unis
75116 Paris (France)

Date of first appointment:
02.12.2013

Date of last renewal:
N/A

Date of expiry of term of office:
02.12.2017

Mr Sylvain Carré joined the Pernod Ricard group in 1988 at its affiliate Pernod as a highly skilled worker in the fields of distillation and new products. In 1993, he was appointed Bottling Line Supervisor. Since 2012, he has been Production Team Manager at Pernod's Thuir facility.

Mr Sylvain Carré has been a Director representing the employees since the Board of Directors' meeting of 21 January 2014 following his nomination by the Group Committee (France) on 2 December 2013.



Mr Manousos CHARKOFTAKIS

Director representing the employees

46 years old
Greek citizen

Business address:
Pernod Ricard
12, place des États-Unis
75116 Paris (France)

Date of first appointment:
28.11.2013

Date of last renewal:
N/A

Date of expiry of term of office:
28.11.2017

Number of shares held on 30 June 2016:
50

Mr Manousos Charkoftakis joined the Pernod Ricard group in 1998 as an employee of Pernod Ricard Hellas, its Greek affiliate. In 2002, he was appointed Area Sales Manager for Crete and the Aegean Islands. He holds a Master's degree in Business Administration and he is also a member of the Greek Management Association.

Mr Manousos Charkoftakis has been a Director representing the employees since the Board of Directors' meeting of 21 January 2014 following his election by the European Works Council on 28 November 2013.

OFFICES HELD OUTSIDE THE GROUP ON 30 JUNE 2016

The table below lists the offices outside the Group held by members of the Board of Directors on 30 June 2016:

Director's first name and surname or Company name	Date of first appointment	Date of expiry of term of office ⁽¹⁾	Offices and main functions held outside the Group on 30.06.2016 or at the date of resignation where applicable	Offices held outside the Group that have expired during the last five years
CHAIRMAN & CEO				
Mr ALEXANDRE RICARD	29.08.2012	2015/16	<ul style="list-style-type: none"> ◆ Member of the Management Board of Société Paul Ricard ◆ Director of Le Delos Invest I ◆ Director of Le Delos Invest II ◆ Director of Bendor SA (Luxembourg) 	<ul style="list-style-type: none"> ◆ Chairman & CEO of Le Delos Invest II ◆ Chairman & CEO of Lirix
VICE-CHAIRMAN OF THE BOARD OF DIRECTORS				
Mr PIERRE PRINGUET	17.05.2004	2015/16	<ul style="list-style-type: none"> ◆ Director of Iliad* ◆ Director of Cap Gemini* ◆ Member of the Supervisory Board of Vallourec* ◆ Director of Avril Gestion SAS (Avril Group) 	<ul style="list-style-type: none"> ◆ Chairman of the Sully Committee
DIRECTORS				
Ms NICOLE BOUTON Independent Director	07.11.2007	2018/19	<ul style="list-style-type: none"> ◆ Chairman of Financière Accréditée (affiliate of Centuria Capital) ◆ Chairman of the Strategy Committee of Friedland Gestion ◆ Director of AMOC (Opéra Comique) 	<ul style="list-style-type: none"> ◆ Chairman of Centuria Capital ◆ Chairman of Centuria Luxembourg (affiliate of Centuria Capital) ◆ Chairman of Financière Centuria Asset Management (affiliate of Centuria Capital) ◆ Chairman of Centuria Accréditation (affiliate of Centuria Capital)

* Listed company.

(1) The term of office expires at the close of the Shareholders' Meeting held to approve the financial statements for the financial year cited.

Director's first name and surname or Company name	Date of first appointment	Date of expiry of term of office ⁽¹⁾	Offices and main functions held outside the Group on 30.06.2016 or at the date of resignation where applicable	Offices held outside the Group that have expired during the last five years
Mr LAURENT BURELLE Independent Director	04.05.2011	2016/17	<ul style="list-style-type: none"> ◆ Chairman & CEO of Compagnie Plastic Omnium SA* ◆ Chairman of Plastic Omnium Holding (Shanghai) Co Ltd (China) ◆ Chairman and Managing Director of Compania Plastic Omnium SA (Spain) ◆ Chairman of Plastic Omnium Inc. (United States) ◆ Deputy CEO of Burelle SA* ◆ Director of Burelle Participations SA ◆ Chairman and Member of the Supervisory Board of Sofiparc SAS ◆ Chairman of Plastic Omnium Auto Exteriors SAS ◆ Chairman of Plastic Omnium Auto Inergy SAS, ex-Inergy Automotive Systems SAS ◆ Director of La Lyonnaise de Banque ◆ Member of the Supervisory Board of Labruière Eberlé SAS ◆ Member of the Supervisory Board of Wendel SA* ◆ Director of the AFEP ◆ Vice-Chairman of the Institut de l'Entreprise ◆ Director of the Comité de liaison européenne Transalpine Lyon-Turin ◆ Director of the Jacques Chirac Foundation ◆ Managing Director of Sogec 2 ◆ Manager of CIE Financière de la Cascade 	<ul style="list-style-type: none"> ◆ Chairman of Performances Plastics Products – 3P Inc. (United States) ◆ Chairman of Plastic Omnium Auto Exteriors LLC (United States) ◆ Chairman of Plastic Omnium Industries Inc. (United States) ◆ Chairman of Performances Automotive Services Inc. (United States) ◆ Chairman of Inergy Automotive Systems LLC (United States) ◆ Chairman of Plastic Omnium Auto SAS ◆ Co-Manager, representative of Société Plastic Omnium Auto Exteriors, at Valeo Plastic Omnium SNC ◆ Chairman of Plastic Omnium Ltd ◆ Manager of Plastic Omnium GmbH (Germany) ◆ Director of Signal AG (Germany) ◆ Chairman and Member of the Supervisory Board of Plastic Omnium Environnement SAS ◆ Chairman of Plastic Omnium International BV (Netherlands)
Mr WOLFGANG COLBERG Independent Director	05.11.2008	2015/16	<ul style="list-style-type: none"> ◆ Chairman of the Board of Directors of ChemicalInvest Holding BV, Sittard (Netherlands) ◆ Chairman of the Board of AMSilk GmbH, Munich (Germany) ◆ Member of the Supervisory Board of Innoplexus AG, Stuttgart (Germany) ◆ Member of the Regional Board of Deutsche Bank AG (Germany) 	<ul style="list-style-type: none"> ◆ Member of the Executive Committee (CFO) of Evonik AG ◆ Vice-Chairman of the Board of STEAG GmbH (Germany) ◆ Member of the Board of THS GmbH (Germany) ◆ Member of the Board of Directors of Vivawest Wohnen GmbH (Germany) ◆ Member of the Supervisory Board of Roto Frank AG, Stuttgart (Germany)

* Listed company.

(1) The term of office expires at the close of the Shareholders' Meeting held to approve the financial statements for the financial year cited.

Director's first name and surname or Company name	Date of first appointment	Date of expiry of term of office ⁽¹⁾	Offices and main functions held outside the Group on 30.06.2016 or at the date of resignation where applicable	Offices held outside the Group that have expired during the last five years
Mr IAN GALLIENNE Independent Director	09.11.2012	2017/18	<ul style="list-style-type: none"> ◆ Managing Director of Groupe Bruxelles Lambert* (Belgium) ◆ Director of Imerys* ◆ Director of SGS SA* (Switzerland) ◆ Director of Erbe SA (Belgium) ◆ Director of Umicore* (Belgium) ◆ Director of Adidas AG* (Germany) 	<ul style="list-style-type: none"> ◆ Director of Lafarge SA* ◆ Director of Central Parc Villepinte SA ◆ Director of ELITech Group SAS ◆ Director of the Fonds de dotation du Palais ◆ Director of the Gardenia Beauty SpA (Italy) ◆ Director of Seves SpA (Italy) ◆ Director of Groupe de Boeck SA (Belgium) ◆ Director of PLU Holding SAS ◆ Member of the Supervisory Board of Arno Glass Luxco SCA (Luxembourg) ◆ Manager of Egerton SARL (Luxembourg) ◆ Managing Director of Ergon Capital Partners SA (Belgium) ◆ Managing Director of Ergon Capital Partners II SA (Belgium) ◆ Managing Director of Ergon Capital Partners III SA (Belgium) ◆ Director of Steel Partners NV (Belgium) ◆ Director of Gruppo Banca Leonardo SpA (Italy) ◆ Member of the Supervisory Board of Kartesia Management SA (Luxembourg) ◆ Manager of Ergon Capital II SARL (Luxembourg) ◆ Director of Ergon Capital SA (Belgium)
Mr CÉSAR GIRON Director	05.11.2008	2015/16	<ul style="list-style-type: none"> ◆ Member of the Management Board of Société Paul Ricard ◆ Director of Le Delos Invest I ◆ Director of Le Delos Invest II ◆ Director of Bendor SA (Luxembourg) 	<ul style="list-style-type: none"> ◆ Director of Lirix
Ms MARTINA GONZALEZ-GALLARZA Director	25.04.2012	2017/18	◆ N/A	◆ N/A
SOCIÉTÉ PAUL RICARD ⁽²⁾ Director Permanent representative: Mr PAUL-CHARLES RICARD	09.06.1983	2016/17	<ul style="list-style-type: none"> ◆ Chairman of Le Delos Invest III (Société Paul Ricard) ◆ Member of the Supervisory Board of Société Paul Ricard (Mr Paul-Charles Ricard) 	◆ N/A

N/A : not applicable.

* Listed company.

(1) The term of office expires at the close of the Shareholders' Meeting held to approve the financial statements for the financial year cited.

(2) Unlisted company, shareholder of Pernod Ricard.

Director's first name and surname or Company name	Date of first appointment	Date of expiry of term of office ⁽¹⁾	Offices and main functions held outside the Group on 30.06.2016 or at the date of resignation where applicable	Offices held outside the Group that have expired during the last five years
Mr GILLES SAMYN Independent Director	06.11.2014	2017/18	<ul style="list-style-type: none"> ◆ Chairman of the Board Groupe Flo SA* ◆ Chairman of the Board of Transcor Astra Group SA (Netherlands) ◆ Chairman of Cheval Blanc Finance SAS ◆ Chairman of Financière Flo SAS ◆ Chairman of the Board of Helio Charleroi Finance SA (Luxembourg) ◆ Managing Director of Domaines Frère-Bourgeois SA (Belgium) ◆ Managing Director of Frère-Bourgeois SA (Belgium) ◆ Managing Director of Erbe SA (Belgium) ◆ Chairman of Fibelpar SA (Belgium) ◆ Director of Groupe Bruxelles Lambert*, GBL (Belgium) ◆ Director of Pargesa Holding SA* (Switzerland) ◆ Director of M6 SA* ◆ Director of AOT Holding Ltd (Switzerland) ◆ Director of Banca Leonardo SpA (Italy) ◆ Director of Belholding Belgium SA (Belgium) ◆ Manager of Sienna Capital SARL (Luxembourg) ◆ Representative of Compagnie Immobilière De Roumont SA, Director of Bss Investments SA (Belgium) ◆ Representative of Société Des Quatre Chemins SA, Managing Director of Carpar SA (Belgium) ◆ Alternate Director of Cheval des Andes SA, ex-Opéra Vineyards SA (Argentina) ◆ Chairman of Compagnie Immobilière de Roumont SA (Belgium) ◆ Chairman of Compagnie Nationale à Portefeuille SA (Belgium) ◆ Chairman of Europart SA (Belgium) ◆ Director of Fidentia Real Estate Investment SA (Belgium) ◆ Chairman of the Board of Filux SA (Luxembourg) ◆ Managing Director of Financière de la Sambre SA (Belgium) ◆ Chairman of the Board of Finer SA, ex-Erbe Finance SA (Luxembourg) ◆ Representative of Frère-Bourgeois SA (Belgium) ◆ Manager of Gosa SDC (Belgium) ◆ Representative of Frère-Bourgeois SA, Manager of GBL Energy SARL (Luxembourg) ◆ Director of Grand Hôpital de Charleroi ASBL (Belgium) 	<ul style="list-style-type: none"> ◆ Chairman and representative of Société des Quatre Chemins SA, Director of ACP SA (Belgium) ◆ Commissaris of Agesca Nederland NV (Netherlands) ◆ Representative of ACP SA, Director of Antwerp Gaz Terminal NV (Belgium) ◆ Vice-Chairman of APG/SGA SA* (Switzerland) ◆ Director of Belgian Ice Cream Group NV (Belgium) ◆ Chairman of Belgian Sky Shops SA (Belgium) ◆ Managing Director of Carpar SA (Belgium) ◆ Director of Carsport SA (Belgium) ◆ Vice-Chairman of Compagnie Nationale à Portefeuille SA (Belgium) ◆ Director of Entremont Alliance SAS ◆ Managing Director of Fibelpar SA (Belgium) ◆ Managing Director of Fingen SA (Luxembourg) ◆ Chairman of Groupe Jean Dupuis SA ◆ Chairman of International Duty Free SA, ex-Distripar SA (Belgium) ◆ Chairman of Newcor SA (Belgium) ◆ Representative of Société des Quatre Chemins SA, Managing Director of Compagnie Nationale à Portefeuille SA, ex-Newcor SA (Belgium) ◆ Director of Société Générale d'Affichage SA (Switzerland) ◆ Director of Newtrans Trading SA (Belgium) ◆ Managing Director of Safimar SA (Belgium) ◆ Managing Director of SCP SA (Luxembourg) ◆ Chairman of the Board of Segelux SA, ex-Gesecalux SA (Luxembourg) ◆ Manager of Sodisco SARL ◆ Chairman of Solvayschoolsalumni ASBL (Belgium) ◆ Director of Starco Tielen NV (Belgium)

* Listed company.

(1) The term of office expires at the close of the Shareholders' Meeting held to approve the financial statements for the financial year cited.

Director's first name and surname or Company name	Date of first appointment	Date of expiry of term of office ⁽¹⁾	Offices and main functions held outside the Group on 30.06.2016 or at the date of resignation where applicable	Offices held outside the Group that have expired during the last five years
			<ul style="list-style-type: none"> ◆ Managing Director of Investor SA (Belgium) ◆ Chairman of the Board of Kermadec SA (Luxembourg) ◆ Managing Director of Loverval Finance SA, ex-Compagnie Nationale à Portefeuille SA (Belgium) ◆ Commissaris of Parjointco NV (Netherlands) ◆ Director of Société Civile du Château Cheval Blanc ◆ Managing Director of Société des Quatre Chemins SA (Belgium) ◆ Director of Stichting Administratiekantoor Frère-Bourgeois (Belgium) ◆ Chairman of Swilux SA (Luxembourg) 	<ul style="list-style-type: none"> ◆ Member of the Investment Committee of Tikehau Capital Partners SAS ◆ Director of Transcor East Ltd (Switzerland) ◆ Director of TTR Energy SA (Belgium) ◆ Chairman of Unifem SAS
Ms KORY SORENSON Independent Director	06.11.2015	2018/19	<ul style="list-style-type: none"> ◆ Director of Phoenix Group Holdings* (United Kingdom) ◆ Director of SCOR SE* ◆ Director of SCOR Global Life Americas Reinsurance Company (United States) ◆ Director of SCOR Global Life USA Reinsurance Company (United States) ◆ Director of Aviva Insurance Limited (United Kingdom) ◆ Member of the Supervisory Board of UNIQA Insurance Group AG* (Austria) ◆ Member of the Supervisory Board of Château Troplong Mondot ◆ Director of Institut Pasteur (non-profit foundation) 	◆ N/A
Ms VERONICA VARGAS Director	11.02.2015	2016/17	<ul style="list-style-type: none"> ◆ Permanent representative of Rigivar SL on the Supervisory Board of Société Paul Ricard 	◆ N/A
DIRECTORS REPRESENTING THE EMPLOYEES				
Mr SYLVAIN CARRÉ	02.12.2013 ⁽²⁾	02.12.2017	◆ N/A	◆ N/A
Mr MANOUSOS CHARKOFTAKIS	28.11.2013 ⁽²⁾	28.11.2017	◆ N/A	◆ N/A

N/A : not applicable.

* Listed company.

(1) The term of office expires at the close of the Shareholders' Meeting held to approve the financial statements for the financial year cited.

(2) Date of designation by the Group Committee (France) and the European works council, respectively.

The Directors hold no other employee positions in the Group, with the exceptions of: Mr César Giron, Chairman & CEO of Martell Mumm Perrier-Jouët; Mr Paul-Charles Ricard (permanent representative of Société Paul Ricard, a member of the Board), Group Marketing Manager

at Martell Mumm Perrier-Jouët; and Directors representing the employees Mr Sylvain Carré and Mr Manousos Charkoftakis, who hold the positions of Production Team Manager at Pernod and Area Sales Manager for Crete and the Aegean Islands at Pernod Ricard Hellas, respectively.

OFFICES HELD WITHIN THE GROUP ON 30 JUNE 2016

The table below lists the offices held within the Group by members of the Board of Directors on 30 June 2016:

Director's first name and surname	Nationality of company	Function	Company name		
Mr Alexandre Ricard Chairman & CEO	French companies	Permanent representative of Pernod Ricard, Director	◆ Pernod SA ◆ Ricard SA		
		Permanent representative of Pernod Ricard, Member of the Supervisory Committee	◆ Pernod Ricard Europe, Middle East and Africa		
	Non-French companies	Chairman	◆ Suntory Allied Limited		
		Director	◆ Geo G. Sandeman Sons & Co. Ltd ◆ Havana Club Holding SA		
			Member of the Board of Directors (“Junta de Directores”)	◆ Havana Club International SA	
		Manager	◆ Havana Club Know-How SARL		
	Mr César Giron Director	French companies	Chairman & CEO	◆ Martell Mumm Perrier-Jouët ◆ Martell & Co SA ◆ Champagne Perrier-Jouët ◆ G.H. Mumm & Cie S.V.C.S.	
Chairman				◆ Domaines Jean Martell ◆ Augier Robin Briand & Cie ◆ Le Maine au Bois ◆ Financière Moulins de Champagne ◆ Spirits Partners SAS	
				Director	◆ Société des Produits d’Armagnac SA ◆ Mumm Perrier-Jouët Vignobles et Recherches

RENEWALS OF DIRECTORSHIPS AND RATIFICATION OF THE CO-OPTION OF A DIRECTOR

As Mr Alexandre Ricard's, Mr Pierre Pringuet's, Mr César Giron's and Mr Wolfgang Colberg's directorships expire at the close of the Shareholders' Meeting held on 17 November 2016, it will be proposed that the Shareholders' Meeting (6th, 7th, 8th and 9th resolutions) renew their directorships as Directors for a four-year period expiring at the close of the Shareholders' Meeting to be held in 2020 to approve the financial statements for the previous financial year.

Furthermore, Mr Laurent Burelle informed the Board of Directors of his decision to resign from his directorship and membership of the Strategic Committee with effect from 20 July 2016 in order to comply with the new provisions of the "Macron" law regarding the limited number of directorships held by Executive Directors.

At the meeting held on 20 July 2016, following the recommendation of the Nominations, Governance and CSR Committee, the Board of Directors co-opted Ms Anne Lange as a Director (independent) and member of the Strategic Committee following Mr Laurent Burelle's resignation from his functions as a Director. This co-option will be submitted to the Shareholders' Meeting of 17 November 2016 (10th resolution) for ratification.

If the Shareholders ratify this co-option, Ms Anne Lange will be appointed for the remainder of Mr Laurent Burelle's term of office, namely, until the close of the Shareholders' Meeting to be held in 2017 to approve the financial statements for the previous financial year.

The Nominations, Governance and CSR Committee and the Board of Directors reviewed Ms Anne Lange's candidacy and determined that the Board of Directors could benefit from her expertise in innovation and digital technology, which are two major challenges for the Group. Furthermore, they agreed that Ms Anne Lange meets all of the independence criteria set by the AFEP-MEDEF Code, to which the Company refers.

Thus, at the close of the Shareholders' Meeting of 17 November 2016, the Board of Directors would comprise 14 members (including two Directors representing the employees), six Independent Directors (50%) and five women (42%) ⁽¹⁾ in accordance with the recommendations of the AFEP-MEDEF Code.

Ms Anne Lange's career history is detailed below:



Ms Anne Lange,

Ms Anne Lange, a French citizen, is a graduate of the Institut d'Études Politiques in Paris and of the Ecole Nationale d'Administration (ENA). Ms Anne Lange began her career within the office of the Prime Minister as

Director of the State-Controlled Broadcasting Office. In 1998, she joined Thomson as Manager of Strategic Planning before being appointed Head of the eBusiness Europe Department in 2000. In 2003, Ms Anne Lange took up the function of General Secretary of the Rights on the Internet Forum, a public body reporting to the office of the Prime Minister. From 2004 to 2014, she went on to successively hold the positions of Director of Public Sector Europe, Executive Director Media and Public Sector Global Operations (in the USA), and Innovation Executive Director within the Internet Business Solution Group division at Cisco.

She is currently co-founder and CEO of Mentis, a company which develops applications and platforms in the field of connected objects and collaborates with groups on mobility solutions and management of urban spaces. She is a Director of Orange and the Imprimerie Nationale.

Ms Anne Lange has strong expertise in innovation and digital technology which she has developed for the past 20 years, both in the public and private sectors.

CONVICTIONS, BANKRUPTCIES, CONFLICTS OF INTEREST AND OTHER INFORMATION

Absence of convictions for fraud, association with bankruptcy or any offence and/or official public sanction

To the best of Pernod Ricard's knowledge and at the date hereof:

- ◆ no conviction for fraud has been issued against the members of the Company's Board of Directors or General Management over the last five years;
- ◆ none of the members of the Board of Directors or General Management has been associated, over the last five years, with any bankruptcy, compulsory administration or liquidation as a member of a Board of Directors, Management Board or Supervisory Board or as a CEO;
- ◆ no conviction and/or official public sanction has been issued over the last five years against any members of the Company's Board of Directors or General Management by statutory or regulatory authorities (including designated professional organisations); and
- ◆ no Director or member of the General Management has, over the last five years, been prohibited by a court of law from serving as a member of a Board of Directors, a Management Board or Supervisory Board or from being involved in the management or running a company.

Service agreements

No member of the Board of Directors or General Management has any service agreements with Pernod Ricard or any of its affiliates.

⁽¹⁾ In accordance with the AFEP-MEDEF Code, Directors representing the employees are not taken into account when determining the percentage of Independent Directors or the proportion of women on the Board of Directors.

Conflicts of interest

To the Company's knowledge and at the date hereof, there are no potential conflicts of interest between the duties of any of the members of the Company's Board of Directors or General Management with regard to the Company in their capacity as an Executive Director and their private interests or other duties.

To the Company's knowledge and at the date hereof, there are no arrangements or agreements established with the main shareholders, clients or suppliers, under which one of the members of the Board of Directors or General Management has been appointed.

To the Company's knowledge and at the date hereof, except as described in the "Shareholders' agreements" paragraph of Section 8 of this document, "About the Company and its share capital", the members of the Board of Directors and General Management have not agreed to any restrictions concerning the disposal of their stake in the share capital.

In accordance with the Board's Internal Regulations ⁽¹⁾ and in order to prevent any risk of conflict of interest, each member of the Board of Directors is required to declare to the Board of Directors, as soon as he/she becomes aware of such fact, any situation in which a conflict

of interest arises or could arise between the Company's corporate interest and his/her direct or indirect personal interest, or the interests of a shareholder or group of shareholders which he/she represents.

Employee representatives

Since the nomination of two Directors representing the employees at the end of 2013, employees of Pernod Ricard SA are now represented on the Board of Directors by only one person, currently Mr Hervé Jouanno.

GOVERNANCE STRUCTURE

Corporate Governance Code

On 12 February 2009, the Board of Directors of Pernod Ricard confirmed that the AFEP-MEDEF Corporate Governance Code of listed corporations published in December 2008 and last revised in November 2015 (the "AFEP-MEDEF Code"), available on the AFEP and MEDEF websites, is applied by Pernod Ricard, including in preparing the report required by Article L. 225-37 of the French Commercial Code.

Implementation of the "Comply or Explain" rule

In accordance with the "Comply or Explain" rule set forth in Article L. 225-37 of the French Commercial Code and referred to in Article 25.1 of the AFEP-MEDEF Code, the Company believes that its practices comply with the recommendations of the AFEP-MEDEF Code. However, the Company has deviated from certain provisions for the reasons explained in the table below:

Provisions of the AFEP-MEDEF Code from which the Company has deviated

Review of the Board of Directors

Article 10.4 recommends that Non-Executive Directors meet regularly without the Executive or Internal Directors. The Code specifies that the Board of Directors' Internal Regulations should provide for an annual meeting of this nature, during which the performance of the Chairman, Chief Executive Officer and Deputy Chief Executive Officer & Chief Operating Officer(s) would be assessed and which would provide the opportunity for periodic reflection on the Company's future management.

Audit Committee

Article 16.2.1 recommends that the financial statements should be reviewed sufficiently in advance (at least two days before they are reviewed by the Board of Directors).

Explanation

Questions relating to the performance of the Executive Directors are dealt with, as the case may be, by the Nominations, Governance and CSR Committee as part of the periodic review of the operation of the Board of Directors, or by the Compensation Committee during the annual compensation review. For these reasons, and due to the collegiate nature of the Board of Directors (set out in Article 1.1 of the AFEP-MEDEF Code), no formal meeting of Non-Executive Directors is held without the presence of Executive Directors or internal Directors, nor is it provided for in the Board of Directors' Internal Regulations.

For practical reasons, linked particularly to the fact that the Committee comprises a majority of members not residing in France, the Audit Committee generally examines the financial statements the day before the Board of Directors' meeting. However, the members of the Audit Committee receive the documents and information required to perform their work with sufficient time to review them satisfactorily.

Reunification of the functions of Chairman of the Board of Directors and CEO

During its meeting of 29 August 2012, the Board of Directors, on the recommendation of the Nominations, Governance and CSR Committee, appointed Ms Danièle Ricard as Chairman of the Board of Directors, following the death of Mr Patrick Ricard, and Mr Pierre Pringuet as Vice-Chairman of the Board of Directors; Mr Pierre Pringuet, however, retained his position as Chief Executive Officer, which was renewed during the Board meeting of 9 November 2012.

(1) The Internal Regulations can be consulted on the Company's website (www.pernod-ricard.com). They may be modified by the Board of Directors at any time.

As Mr Pierre Pringuet's term of office expired on 11 February 2015, by virtue of the Company's bylaws, and following the decision of Ms Danièle Ricard to withdraw from the Board of Directors, on 11 February 2015 the Board of Directors decided that the functions of Chairman and CEO should be reunified and appointed Mr Alexandre Ricard as Chairman & CEO, in accordance with the French Commercial Code and the AFEP-MEDEF Code. In order to provide the checks and balances necessary (in the exercise of such powers) and good governance, the Company sought to establish guarantees, notably:

- ◆ as part of the Group's General Management, the Chairman & CEO relies on two management bodies: the Executive Board, which endorses every major decision relating to the Group's performance, and the Executive Committee, which ensures coordination between the Headquarters and its affiliates, in accordance with the Group's decentralised model;
- ◆ limitations on the powers of the Chairman & CEO by the Board of Directors: prior authorisation by the Board of Directors is necessary in particular for external growth transactions or disinvestments for amounts greater than €100 million and for loans exceeding €200 million (see the paragraph "Limitation on the powers of the Chairman & CEO" below); and
- ◆ four specialised Committees, responsible for preparing the work of the Board of Directors relating to the following topics: compensation; audit; nominations, governance and CSR; strategy. These Committees are mostly composed of Independent Directors ⁽¹⁾, and the Company goes beyond the recommendations of the AFEP-MEDEF Code (Audit Committee: 100% vs 67% recommended; Compensation Committee: 75% vs 50% recommended; Nominations, Governance and CSR Committee: 67% vs 50% recommended and Strategic Committee: 50% vs no recommendation).

Powers of the Chairman & CEO

As Chairman of the Board of Directors, the Chairman & CEO organises and directs the Board's work, which is reported on at the Shareholders' Meeting. He oversees the proper operation of the Company's managing bodies and, in particular, ensures that the Directors are in a position to fulfil their duties. He can also request any document or information that can be used to help the Board in preparing its meetings.

As Chief Executive Officer, the Chairman & CEO is granted full powers to act in the name of the Company under any circumstances. He exercises these powers within the limits of the corporate purpose and subject to the powers expressly granted by law to the Shareholders' Meetings and to the Board, and within the internal limits as defined by the Board of Directors and its Internal Regulations (see the paragraph "Limitation on the powers of the Chairman & CEO" below).

Limitation on the powers of the Chairman & CEO

For internal purposes, following the decision made by the Board of Directors on 11 February 2015 and in accordance with Article 2 of the Board's Internal Regulations ⁽²⁾, prior to making a commitment on behalf of the Company, the Chairman & CEO must obtain prior authorisation

from the Board of Directors for any significant transactions that fall outside the strategy announced by the Company, as well as the following transactions:

- ◆ carrying out acquisitions, transfers of ownership or disposals of assets and property rights and making investments for an amount of more than €100 million per transaction;
- ◆ signing any agreements to make investments in, or participate in joint ventures with, any other French or non-French companies, except with an affiliate of Pernod Ricard (as defined in Article L. 233-1 of the French Commercial Code);
- ◆ making any investments or taking any shareholding in any company, partnership or investment vehicle, whether established or yet to be established, through subscription or contribution in cash or in kind, through the purchase of shares, ownership rights or other securities, and more generally in any form whatsoever, for an amount of more than €100 million per transaction;
- ◆ granting loans, credits and advances in excess of €100 million per borrower, except when the borrower is an affiliate of Pernod Ricard (as defined in Article L. 233-1 of the French Commercial Code) and with the exception of loans granted for less than one year;
- ◆ borrowing, with or without granting a guarantee on corporate assets, in excess of €200 million in the same financial year, except from affiliates of Pernod Ricard (as defined in Article L. 233-1 of the French Commercial Code), for which there is no limit;
- ◆ granting pledges, sureties or guarantees, except with express delegation of authority from the Board of Directors, within the limits provided for by Articles L. 225-35 and R. 225-28 of the French Commercial Code;
- ◆ and selling shareholdings with an enterprise value in excess of €100 million.

On 6 November 2015, the Board of Directors authorised the Chairman & CEO, for a period of one year, to grant pledges, sureties or guarantees in the name of the Company up to a limit of €100 million, and for an unlimited amount to tax and customs authorities.

Role of the Vice-Chairman and assigned missions

In accordance with the bylaws of the Company, the role of the Vice-Chairman of the Board Directors is to chair the meetings of the Board of Directors or the Shareholders' Meeting should the Chairman of the Board be unable to attend.

On the recommendation of the Nominations, Governance and CSR Committee and pursuant to the Internal Regulations of the Board, the Board of Directors has, in connection with the monitoring of and compliance with rules of good governance, and particularly those relating to conflicts of interest, entrusted to the Vice-Chairman, in view of his expertise in corporate governance, the following specific duties:

- ◆ in agreement with the Chairman & CEO, to represent Pernod Ricard in its high-level relations notably with public authorities and professional associations at a national and international level;

⁽¹⁾ In accordance with the AFEP-MEDEF Code, Directors representing the employees are not taken into account when determining the percentage of Independent Directors on the Board of Directors.

⁽²⁾ The Internal Regulations can be consulted on the Company's website (www.pernod-ricard.com). They may be modified at any time by the Board of Directors.

- ◆ to take an active role, in conjunction with the Nominations, Governance and CSR Committee, in managing corporate governance matters and, in agreement with the Chairman & CEO, to represent Pernod Ricard in dealings with third parties on these issues while ensuring an adequate response from Pernod Ricard to the requirements of shareholders and, more generally, of other stakeholders.

STRUCTURE AND OPERATION OF THE BOARD OF DIRECTORS

General rules concerning the composition of the Board of Directors and the appointment of Directors

The members of the Board of Directors are listed in the section entitled "Composition of the Board of Directors and duties performed by the Directors".

The Board of Directors of the Company comprises no fewer than three and no more than 18 members, unless otherwise authorised by law. In accordance with the Company's bylaws, each Director must own at least 50 Company shares in registered form. However, the Board's Internal Regulations ⁽¹⁾ recommend that Directors acquire and hold at least 1,000 Company shares ⁽²⁾.

The members of the Board of Directors are appointed at the Ordinary Shareholders' Meeting based on proposals from the Board of Directors following the recommendations of the Nominations, Governance and CSR Committee. They can be dismissed at any time by a decision of the Shareholders' Meeting.

In accordance with the law of 14 June 2013 on the protection of employment and the Company's bylaws, two Directors representing the employees have sat on the Board of Directors since January 2014, following their nomination on 28 November 2013 by the European Works Council and on 2 December 2013 by the Group Committee (France), respectively.

One representative of the Company's employees attends the meetings of the Board of Directors in an advisory role.

At the date hereof, the Board of Directors comprises 14 members, including two Directors representing the employees. With five female Directors (42%) ⁽³⁾, Pernod Ricard exceeds the minimum requirements set out in the AFEP-MEDEF Code (a minimum of 40% women ⁽³⁾ as from the Shareholders' Meeting in 2016) and the law of 27 January 2011 on gender equality (for the Board to comprise a minimum of 40% women ⁽³⁾ from the Shareholders' Meeting in 2017). The Board has six Independent Directors ⁽³⁾. Moreover, six Directors are of foreign nationality.

The Board of Directors may, upon a proposal from its Chairman, appoint one or more censors, who may be either individuals or legal entities and who may or may not be shareholders.

The term of office of each Director is four years. However, on an exceptional basis, the Shareholders' Meeting may, on the Board of Directors' proposal, appoint Directors or renew their term of office for a period of two years so as to enable a staggered renewal of the Board of Directors.

Changes in the composition of the Board of Directors during the 2015/16 financial year

During the 2015/16 financial year, the Shareholders' Meeting of 6 November 2015 ratified the co-option of Ms Veronica Vargas as Director, in order to replace Ms Danièle Ricard, following her resignation from her functions as Director, for the remainder of Ms Danièle Ricard's term of office, namely, until the close of the Shareholders' Meeting held in 2017 to approve the financial statements for the previous financial year.

The Shareholders' Meeting of 6 November 2015 renewed, for a term of four years, the directorship (independent) of Ms Nicole Bouton and also appointed, for a term of four years, Ms Kory Sorenson as Director (independent), to replace Mr Anders Narvinger (Independent Director) whose term of office had expired.

Independence of Directors

The Company applies criteria of independence as expressed in the AFEP-MEDEF Code. A member of the Board of Directors is considered "independent" when he/she has no relationships of any kind with the Company, its Group or its Management, which could impair the free exercise of his/her judgement (Article 3 of the Internal Regulations of the Board of Directors).

Therefore, the Board of Directors and the Nominations, Governance and CSR Committee use the following criteria to assess the independence of Directors in their annual review as well as when a co-option, an appointment or a renewal is foreseen. The Board of Directors and the Nominations, Governance and CSR Committee consider whether the Director:

- ◆ performs any management duties in the Company or the Group or has any special ties with its Executive Directors;
- ◆ is or has been at any point in the past five years an employee or Executive Director or Director of the Company or of a Group company;
- ◆ is or has been an Executive Director of a company in which the Company holds a directorship, directly or indirectly, or in which an employee or Executive Director of the Company (currently or in the past five years) holds the office of Director;
- ◆ is a significant client, supplier, banker or commercial/investment banker of the Company or its Group or for which the Company or its Group represents a significant part of its business;
- ◆ has close family ties with an Executive Director;
- ◆ has been a Statutory Auditor of the Company in the past five years;

(1) The Internal Regulations can be consulted on the Company's website (www.pernod-ricard.com). They may be modified by the Board of Directors at any time.

(2) In accordance with the law, Directors representing the employees are not required to hold a minimum number of Company's shares.

(3) In accordance with the AFEP-MEDEF Code, Directors representing the employees are not taken into account when determining the percentage of Independent Directors or the proportion of women on the Board of Directors.

- ◆ has been a member of the Company's Board of Directors for more than 12 years;
- ◆ is a major or majority shareholder in the Company or the Parent Company controlling the Company. If this shareholder owns more than 10% of the share capital or voting rights in the Company, the Nominations, Governance and CSR Committee and Board will systematically review his/her independence in consideration of the Company's share ownership structure and the potential conflict of interest.

In the context of the annual Directors' independence review and with respect in particular to the business relationships with a Director criterion, the Nominations, Governance and CSR Committee and the Board of Directors acknowledged that a business relationship was disclosed by Mr Gilles Samyn. Regarding the information presented, the Committee and the Board of Directors concluded that the relationship was not significant and it did not challenge the Director's independence. Indeed, the purchases made by IDF/BSS and Group Flo from Pernod Ricard amounted to approximately €600,000 (on a turnover of €166 million) and approximately €1,000 (on a turnover of €294 million), respectively.

After consideration and review of all criteria referred to above, the Board of Directors' meeting held on 20 July 2016, on the recommendation of the Nominations, Governance and CSR Committee, confirmed that six out of 12 members of the Board of Directors (excluding the two Directors representing the employees⁽¹⁾) are deemed to be independent: Ms Nicole Bouton, Ms Anne Lange and Ms Kory Sorenson and Messrs Wolfgang Colberg, Ian Gallienne and Gilles Samyn.

Directors' Code of Conduct

Article 4 of the Internal Regulations and Article 17 of the bylaws stipulate the rules of conduct that apply to Directors and their permanent representatives. Each Director acknowledges that he/she has read and understood these obligations prior to accepting the office.

Moreover, the Board of Directors' meeting of 16 February 2011 adopted a Code of Conduct to prevent insider trading and misconduct.

In accordance with this Code, Directors are asked to submit any transactions involving Pernod Ricard shares or its derivatives to the Ethics Committee for approval.

Operation and activity

The method of operation of the Board of Directors is set forth in the legal and regulatory provisions, in its bylaws and in its Internal Regulations adopted by the Board of Directors at its meeting held on 17 December 2002, and as amended most recently on 11 February 2015. The Internal Regulations of the Board of Directors specify the rules and methods for the operation of the Board, and supplement the relevant laws, regulations and bylaws. In particular, they remind the Directors of the rules on diligence, confidentiality and disclosure of possible conflicts of interest.

The Internal Regulations also outline the various rules in force with regard to the conditions for trading in the Company's shares on the stock market and the declaration and publication requirements relating thereto.

The Board of Directors includes discussion of its operation on its agenda on a regular basis and at least once a year, focusing in particular on the following areas:

- ◆ a review of its composition, operation and structure;
- ◆ a verification that significant issues are adequately prepared and discussed.

Furthermore, at least once every three years, it performs or arranges an external and formal review of its work with the support of a corporate governance external consultant. Such a review was conducted during the 2014/15 financial year and the main conclusions from it are set out in the section on the Board of Directors' review, as part of the Report of the Chairman of the Board of Directors in the 2014/15 Registration Document.

Meetings of the Board of Directors

It is the responsibility of the Chairman to call meetings of the Board of Directors either at regular intervals, or at times that he or she considers appropriate. In order to enable the Board to review and discuss in detail the matters falling within its area of responsibility, the Internal Regulations provide that Board meetings must be held at least six times a year. In particular, the Chairman of the Board of Directors ensures that Board meetings are held to close the interim and annual financial statements and to convene the Shareholders' Meeting for the purpose of approving the financial statements.

Board meetings are called by the Chairman. The notice of the Board meeting, which is sent to the Directors at least eight days before the date of the meeting except in the event of a duly substantiated emergency, must set the agenda and state where the meeting will take place, which will, in principle, be the Company's registered office. Board meetings may also be held by video conference or teleconference, under the conditions provided for in the applicable regulations and the Internal Regulations.

Information provided to the Directors

The Directors receive the information they require to fulfil their role. The supporting documents pertaining to matters on the agenda are provided far enough in advance to enable them to prepare effectively for each meeting, and, generally, eight days before the meeting, pursuant to the Internal Regulations.

A Director may ask for explanations or for additional information to be produced and, more generally, submit to the Chairman any request for information or access to information which he or she deems appropriate.

As the Directors have insider information on a regular basis, they must refrain from using this information to buy or sell shares of the Company and from carrying out stock market transactions in the 30 days prior to publication of the annual and half-year results and 15 days prior to publication of quarterly net sales. This period is extended to the day after the announcement when it is made after the close of the markets (6.00 p.m., Paris time) and to the day of the announcement when it is made before the opening of the markets (9.00 a.m., Paris time). In addition, they must seek the advice of the Ethics Committee before making any market transactions involving the Company's shares or its derivatives (as indicated in the paragraph "Directors' Code of Conduct").

(1) In accordance with the law, Directors representing the employees are not required to hold a minimum number of the Company's shares.

Responsibilities of the Board of Directors and activity in 2015/16

In exercising its legal prerogatives, the Board of Directors, notably:

- ◆ rules on all decisions relating to the major strategic, economic, social and financial directions of the Company and sees to it that these are implemented by the General Management;
- ◆ deals with any issue relating to the smooth operation of the Company and monitors and controls these issues. In order to do this, it carries out the controls and verifications that it considers appropriate, including the review of the management of the Company;
- ◆ approves investment projects and any transaction, especially any acquisitions or disposal transactions, that are likely to have a significant effect on the Group's profits, the structure of its balance sheet or its risk profile;
- ◆ draws up the annual and interim financial statements and prepares the Shareholders' Meeting;
- ◆ defines the Company's financial communication policy;
- ◆ checks the quality of the information provided to the shareholders and to the markets;
- ◆ appoints the Executive Directors responsible for managing the Company;
- ◆ defines the compensation policy for the General Management based on the recommendations of the Compensation Committee;
- ◆ conducts an annual review of every individual Director prior to the publication of the annual report and reports the outcome of this review to the shareholders in order to identify the Independent Directors;
- ◆ approves the report of the Chairman of the Board of Directors on the composition of the Board and the implementation of the principle of balanced representation of women and men on the Board, the conditions governing the preparation and organisation of the work performed by the Board of Directors and the internal control procedures implemented by the Company.

During the 2015/16 financial year, the Board of Directors met nine times with an attendance rate of 89%. Meetings lasted approximately three hours on average.

The Directors were regularly informed of developments in the competitive environment, and the operational Senior Management of the main affiliates reported on their organisation, businesses and outlook.

The Board of Directors discussed the current state of the business at each of these meetings (operations, results and cash flow) and noted the progress of the Company's shares and the main ratios for market capitalisation.

The Board of Directors approved the annual and interim financial statements and the terms of financial communications, reviewed the budget, prepared the Combined Shareholders' Meeting and, in particular, approved the draft resolutions.

The Board of Directors devotes a significant part of its agenda to reporting on and discussing projects entrusted to the different Committees and their recommendations.

The Strategic Committee was in charge of analysing the main possible strategic orientations for the development of the Group and reporting to the Board on its reflections on the subjects related to its duties.

On the proposal of the Compensation Committee and in accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors' meeting held on 31 August 2016 established the 2015/16 terms of compensation for the Chairman & CEO.

The Board of Directors also examined governance issues, including the composition of the Board of Directors with respect to the recommendations of the AFEP-MEDEF Code, in particular regarding the proportion of women and the diversity of the Directors' profiles.

The Board of Directors carried out an external and formal review of its operations at its meeting of 20 July 2016, the conclusions of which are set out below.

Board of Directors' review

In accordance with the AFEP-MEDEF Code and with its Internal Regulations, the Nominations, Governance and CSR Committee and the Board carried out, during the financial year, a review of the operations of the Board and its committees.

It should be noted that the triennial external review of the operation of the Board and its committees was carried out in the 2014/15 financial year. Using a formalised interview guide, individual interviews were conducted with each Director by an external consultant specialising in corporate governance issues.

It appears from the triennial review and the annual review performed during the 2015/16 financial year that the Directors were unanimous in their opinion that the Board is very dynamic, that its ways of working have evolved positively over the past few years, that it is extremely professional and transparent, and that trust and attachment to the Group's family values are key elements.

The Directors are also very pleased with the Committees, their composition and their efficiency.

In a constructive approach, the Directors did, however, express a number of suggestions to improve their collective work.

The Nominations, Governance and CSR Committee and the Board of Directors have taken note of these suggestions, and proposals for improvements have been submitted to the Directors and implemented.

Shareholders' Meetings and attendance procedures

Article 32 of the bylaws sets out the procedures that shareholders must follow in order to attend Shareholders' Meetings. A summary of these rules is provided in Section 8 "About the Company and its share capital" of this Registration Document.

CORPORATE GOVERNANCE BODIES

Committees of the Board of Directors

The Board of Directors delegates responsibility to its specialised Committees for the preparation of specific topics submitted for its approval.

Four Committees handle subjects in the area for which they have been given responsibility and submit their opinions and recommendations to the Board: the Audit Committee; the Nominations, Governance and CSR Committee; the Compensation Committee and the Strategic Committee.

■ *Audit Committee*

At 31 August 2016, the Audit Committee comprises:

Chairman:

Mr Wolfgang Colberg (Independent Director)

Members:

Mr Gilles Samyn (Independent Director)

Ms Kory Sorenson (Independent Director)

The three Directors who are members of the Audit Committee are Independent Directors (100%), it being noted that the AFEP-MEDEF Code recommends an independence rate of 67%. The members of the Audit Committee were specifically chosen for their expertise in accounting and finance, based on their academic and professional experience.

The Internal Regulations of the Audit Committee were adopted at the Board of Directors' meeting of 21 January 2014.

During the 2015/16 financial year, the Audit Committee met five times, with an attendance rate of 100%.

Main roles of the Audit Committee

The main roles of the Audit Committee are as follows:

- ◆ reviewing the Group's draft annual and half-year Parent Company and consolidated financial statements before they are submitted to the Board of Directors;
- ◆ ensuring the appropriateness and consistency of the accounting methods and principles in force, preventing any breach of these rules and ensuring the quality of the information supplied to shareholders;
- ◆ ensuring the appropriate accounting treatment of complex or unusual transactions at Group level;
- ◆ examining the scope of consolidation and, where appropriate, the reasons why some companies may not be included;
- ◆ assessing the Group's internal control systems and reviewing internal audit plans and actions;
- ◆ examining the material risks and off-balance sheet commitments and assessing how these are managed by the Company;
- ◆ examining any matter of a financial or accounting nature submitted by the Board of Directors;
- ◆ giving the Board of Directors its opinion or recommendation on the renewal or appointment of the Statutory Auditors, the quality of their work in relation to the statutory audit of the Company and consolidated financial statements and the amounts of their fees,

while ensuring compliance with the rules that guarantee the Statutory Auditors' independence and objectivity;

- ◆ supervising the procedure for the selection of Statutory Auditors.

Report on the work carried out during the 2015/16 financial year

In accordance with its Internal Regulations and in conjunction with the Statutory Auditors and the Consolidation, Treasury and Internal Audit Departments of the Company, the work of the Audit Committee centred primarily on the following issues:

- ◆ review of the main provisions of French and foreign legislation or regulations, reports and commentaries with regard to corporate governance, risk management, internal control and audit matters;
- ◆ review of the interim financial statements at 31 December 2015 during the meeting of 9 February 2016;
- ◆ review of the consolidated financial statements on 30 June 2016 (these financial statements were reviewed at the meeting of 30 August 2016): the Audit Committee met with Management and with the Statutory Auditors in order to discuss the financial statements and accounts and their reliability for the whole Group. In particular, it examined the conclusions of the Statutory Auditors and the draft financial reporting presentation;
- ◆ monitoring of the Group's cash flow and debt;
- ◆ renewal or appointment of the Statutory Auditors:
 - proposal during the meeting of 18 September 2015 to appoint CBA company as alternate Statutory Auditor to Mazars following Patrick de Cambourg's notification of the termination of his activity as Statutory Auditor,
 - in the context of the forthcoming expiry of Mazars' term of office, the Audit Committee oversaw a selection process, which began in December 2015 by launching a tender process, then oversaw the various stages, until its final recommendation submitted at the meeting of 14 June 2016 of selecting KPMG to replace Mazars as Statutory Auditor;
- ◆ risk management: the Group's main risks are regularly the object of detailed presentations to the Audit Committee (the meetings held on 8 December 2015 and 14 June 2016 were devoted mainly to risk management). A diagnosis and an action plan on cyber and IT security were drafted in 2016, which involved the Group's various functions and affiliates. An online MOOC (training platform) on internal control has been developed and promoted among the Group's employees. Moreover, the marketing organisation and the application of the anti-bribery policy were subject to functional reviews in 2015/16 in order to reinforce the process implemented within the affiliates of the Group;
- ◆ review of internal control: the Group sent its affiliates a self-assessment questionnaire to evaluate whether their internal control system was adequate and effective. Based on the Group's internal control principles and in compliance with the French Financial Markets Authority (AMF) reference framework for risk management and internal control ("Cadre de référence de l'Autorité des Marchés Financiers (AMF) sur le dispositif de gestion des risques et de contrôle interne") and the latter's application guide published in 2007 and updated in July 2010, this questionnaire covers corporate governance practices, operational matters and IT support. Responses to the questionnaire were documented and reviewed by the Regions and the Group's Internal Audit Department. An analysis of the questionnaires returned was presented to the Audit Committee at the meeting of 30 August 2016;

- ◆ examination of the internal audit reports: in addition to the audits and controls carried out by the various affiliates on their own behalf, 22 internal audits were performed in 2015/16 by the internal audit teams. A full report was drawn up for each audit covering the types of risks identified – operational, financial, legal or strategic – and how they are managed. Recommendations were issued when deemed necessary. The Audit Committee approved the recommendations of all the audit reports issued and performs regular checks on the progress made in implementing the recommendations from previous audits;
- ◆ approval of the Group internal audit plan for 2016/17 at the meeting of 14 June 2016. The audit plan was prepared and approved, taking into account the Group's main risks.

Outlook for 2016/17

In 2016/17, the Committee will continue with the tasks it is carrying out for the Board of Directors in line with current regulations. In addition to the issues associated with preparing financial information, 2016/17 will be devoted to reviewing the management of the Group's major risks, as well as analysing reports on internal audits and the cross-disciplinary themes set out in the 2016/17 audit plan.

■ The Nominations, Governance and CSR Committee

At 31 August 2016, the Nominations, Governance and CSR Committee comprises:

Chairman:

Ms Nicole Bouton (Independent Director)

Members:

Mr Wolfgang Colberg (Independent Director)

Mr César Giron (Director)

Two out of the three Directors who are members of the Nominations, Governance and CSR Committee are Independent Directors (67%), it being noted that the AFEP-MEDEF Code recommends an independence rate of 50%. Mr Alexandre Ricard, Chairman & CEO, is associated with the work of the Committee in matters relating to the appointment of Directors, in accordance with the AFEP-MEDEF Code.

In 2015/16, this Committee met four times, with an attendance rate of 100%.

Main roles of the Nominations, Governance and CSR Committee

The roles of this Committee, formalised in its Internal Regulations amended on 11 February 2015, include:

- ◆ drawing up proposals concerning the selection of new Directors and proposing headhunting and renewal procedures;

- ◆ periodically, and on at least an annual basis, discussing whether Directors and candidates for the post of Director or for membership of a Committee of the Board of Directors qualify as independent in light of the independence criteria of the AFEP-MEDEF Code;
- ◆ ensuring the continuity of Management bodies by defining a succession plan for Executive Directors and Directors in order to propose options for replacement in the event of an unplanned vacancy;
- ◆ being informed of the succession plan for key Group positions;
- ◆ regularly reviewing the composition of the Board of Directors to monitor the quality (number of members, diversity of profiles, representation of women) and attendance of its members;
- ◆ carrying out regular assessments of the operation of the Board of Directors;
- ◆ evaluating the suitability of the commitments of the Company with regard to corporate and social responsibility (CSR);
- ◆ monitoring the implementation of the CSR commitments at Group level.

Report on the work carried out during the 2015/16 financial year

In 2015/16, the activities of the Nominations, Governance and CSR Committee included:

- ◆ an examination of the evolving composition of the Board of Directors and Committees, in particular regarding the criteria of feminisation and diversity;
- ◆ the selection of new Directors, instructions given to a headhunter company, a review of the applications and recommendations on Ms Anne Lange's co-option;
- ◆ an examination of the governance of the Group;
- ◆ annual examination of the Board members' independence;
- ◆ review of the CSR issues and the Group's performance;
- ◆ annual review of Pernod Ricard's policy on equal opportunities and pay;
- ◆ annual evaluation of the operation of the Board of Directors and its committees;
- ◆ proposal of matters to be examined to improve the operation of the Board of Directors;
- ◆ annual review of the Group's Talent Management policy and presentation of the succession plans for the Group's main Executive Directors.

Outlook for 2016/17

In 2016/17, the Committee will continue with the tasks it is carrying out for the Board of Directors. It will not only review any issues relating to the composition of the Board and the Directors' independence, but will also focus on the evaluation of the Board's operation so that it can present to the Directors proposals for improvements, and will review the Group's CSR challenges.

■ Compensation Committee

At 31 August 2016, the Compensation Committee comprises:

Chairman:

Ms Nicole Bouton (Independent Director)

Members:

Mr Ian Gallienne (Independent Director)

Mr Pierre Pringuet (Director)

Ms Kory Sorenson (Independent Director) ⁽¹⁾

Mr Manousos Charkoftakis (Director representing the employees)

Three out of the four Directors who are members of the Compensation Committee, excluding the Director representing the employees ⁽²⁾, are Independent Directors (75%), it being noted that the AFEP-MEDEF Code recommends an independence rate of 50%.

In 2015/16, the Compensation Committee met seven times, with an attendance rate of 96%.

Main roles of the Compensation Committee

The roles of this Committee, formalised in its Internal Regulations amended on 12 February 2014, include:

- ◆ reviewing and proposing to the Board of Directors the compensation to be paid to the Executive Directors, provisions relating to their retirement schemes and any other benefits granted to them;
- ◆ proposing rules to this effect, and reviewing these on an annual basis, to determine the variable portion of the compensation of Executive Directors and ensure that the criteria applied are in line with the Company's short-term, medium-term and long-term strategies;
- ◆ recommending to the Board of Directors the total amount of Directors' fees to be submitted for approval to the Shareholders' Meeting, as well as how they should be distributed:
 - for duties performed as Board members,
 - for duties carried out on Committees of the Board of Directors;

- ◆ being informed of the compensation policy of the senior managers of Group companies;
- ◆ ensuring that the compensation policy for senior managers is consistent with the policy for Executive Directors;
- ◆ proposing the general policy for allocation of stock options and performance-based shares, in particular the terms applicable to the Company's Executive Directors;
- ◆ approving the information provided to the shareholders in the annual report on the compensation of the Executive Directors (in particular, the elements of compensation submitted to the shareholders' advisory vote under the "Say on Pay" initiative) and the policy for the allocation of stock options and performance-based shares as well as, more generally, the other work of the Compensation Committee.

Report on the work carried out during the 2015/16 financial year

Further details of the work of the Compensation Committee are provided in the "Corporate officers' compensation" paragraph in Section 4 "Management report" of this Registration Document.

During the 2015/16 financial year, the members of the Compensation Committee considered the regulatory developments and the best practices notably in terms of good governance and the transparency of elements of the Executive Directors' compensation, and suggested proposals to the Board for the subsequent practical application of certain measures by Pernod Ricard. They have also studied the defined-benefit supplementary pension scheme of Mr Alexandre Ricard.

Outlook for 2016/17

In 2016/17, the Committee will continue with the tasks it is carrying out for the Board of Directors, notably the analysis of the compensation policy for the Executive Directors with respect to the AFEP-MEDEF Code recommendations, as well as preparing the elements of compensation due or granted in respect of the 2015/16 financial year to the Executive Director and to be submitted to the shareholders' advisory vote at the Shareholders' Meeting of 17 November 2016 ("Say on Pay").

(1) Since 20 July 2016.

(2) In accordance with the AFEP-MEDEF Code, Directors representing the employees are not taken into account when determining the percentage of independent directors or the proportion of women on the Board of Directors.

■ **Strategic Committee**

The Strategic Committee was created by the Board of Directors on 11 February 2015, on the proposal of the Chairman of the Board of Directors and following the recommendation of the Nominations, Governance and CSR Committee.

At 31 August 2016, the Strategic Committee comprises:

Chairman:

Mr Alexandre Ricard (Chairman & CEO)

Members:

Mr Wolfgang Colberg (Independent Director)

Mr Ian Gallienne (Independent Director)

Mr César Giron (Director)

Ms Anne Lange (Independent Director) ⁽¹⁾

Mr Pierre Pringuet (Director)

Three out of the six Directors who are members of the Strategic Committee are Independent Directors (50%), it being noted that the AFEF-MEDEF Code does not make any recommendations regarding the Strategic Committee's independence.

In 2015/16, the Strategic Committee met twice with an attendance rate of 92%.

All the Directors may, upon request, and even if they are not a member of the Committee, participate in the meetings of the Strategic Committee.

Main roles of the Strategic Committee

The roles of the Strategic Committee, as confirmed by the Board on 11 February 2015, include:

- ◆ reviewing the key strategic issues of the Pernod Ricard company or of the Group;
- ◆ drawing up and giving its prior opinion on significant partnership transactions, sales or acquisitions;
- ◆ generally, dealing with any strategic issues affecting the Company or the Group.

Report on the work carried out during the 2015/16 financial year

During the 2015/16 financial year, the members of the Strategic Committee reviewed the strategic issues of the Group and the disposal or acquisition projects which have been submitted to it.

Outlook for 2016/17

In 2016/17, the Committee will continue with the tasks it is carrying out for the Board of Directors and notably the review and analysis of the key significant strategic issues foreseen for the Group's development as well as the study of any strategic issues affecting the Company or the Group.

MANAGEMENT STRUCTURE

General Management

As at 30 June 2016, the General Management of the Group is carried out by the Chairman & CEO, Mr Alexandre Ricard, and two Managing Directors ⁽¹⁾. They form the permanent body for coordinating the management of the Group.

The Executive Board is composed of Group General Management and the General Counsel and the Global Business Development Director.

The Executive Board prepares, examines and approves all decisions relating to the functioning of the Group and submits these decisions to the Board of Directors when the latter's approval is required. It organises the Executive Committee's work.

Composition of the Executive Board on 30 June 2016:

- ◆ **Chairman & CEO, Alexandre Ricard**, Executive Director;
- ◆ **Two Managing Directors ⁽¹⁾, respectively:**
 - **Gilles Bogaert**, Managing Director, Finance & Operations,
 - **Bruno Rain**, Managing Director, Human Resources and Corporate Social Responsibility ⁽²⁾;
- ◆ **Ian FitzSimons**, General Counsel;
- ◆ **Conor McQuaid**, Global Business Development Director.

The Group Communication Department also reports to the Chairman & CEO.

Executive Committee

The Executive Committee is the management unit of the Group comprising the Executive Board and the chairmen of the Group's direct affiliates. The Executive Committee provides coordination between the Headquarters and its affiliates as well as between the affiliates themselves (Brand Companies and Market Companies). Under the authority of General Management, the Executive Committee ensures that Group business is carried out and that its main policies are applied.

In this capacity, the Executive Committee:

- ◆ examines the Group's activity and how it varies from the development plan;

- ◆ gives its opinion regarding the establishment of objectives (earnings, debt and qualitative objectives);
- ◆ periodically reviews the brands' strategies;
- ◆ analyses the performance of the Group's network of Market Companies and Brand Companies and recommends any necessary organisational adjustments;
- ◆ approves and enforces adherence to the Group's main policies (Human Resources, best marketing and business practices, quality, safety and environment (QSE) policies, corporate responsibility, etc.).

The Executive Committee meets eight to eleven times a year.

The Executive Committee comprises on 30 June 2016:

- ◆ the Executive Board;
- ◆ the Chairmen of the Brand Companies:
 - Chivas Brothers, Laurent Lacassagne, Chairman & CEO,
 - Martell Mumm Perrier-Jouët, César Giron, Chairman & CEO,
 - Pernod Ricard Winemakers, Jean-Christophe Coutures, Chairman & CEO ⁽²⁾,
 - Irish Distillers Group, Anna Malmhake, Chairman & CEO ⁽²⁾,
 - The Absolut Company, Paul Duffy, Chairman & CEO ⁽²⁾;
- ◆ the Chairmen of the Market Companies ⁽³⁾:
 - Pernod Ricard Americas, Philippe Dréano, Chairman & CEO ⁽⁴⁾,
 - Pernod Ricard Asia, Philippe Guettat, Chairman & CEO,
 - Pernod Ricard Europe, Middle East and Africa, Christian Porta, Chairman & CEO,
 - Ricard SA and Pernod SA, Philippe Savinel, Chairman & CEO.
- ◆ The Executive Senior Vice-President in charge of growth initiatives, Pierre Coppéré.

(1) Until 30 June 2016. From 1 July 2016, the Managing Director, Human Resources and Corporate Social Responsibility is replaced by the Human Resources of the Group, Sustainability & Responsibility Director.

(2) Until 30 June 2016. On 1 July 2016:

- Bruno Rain was appointed Chairman & CEO of Pernod Ricard Winemakers;
- Cédric Ramat was appointed Human Resources of the Group, Sustainability & Responsibility Director;
- Jean-Christophe Coutures was appointed Chairman & CEO of Irish Distillers Group;
- Anna Malmhake was appointed Chairman & CEO of The Absolut Company;
- Paul Duffy was appointed Chairman & CEO of Pernod Ricard North America.

(3) On 1 July 2016, a new Market Company was created, Pernod Ricard Global Travel Retail, under the management of Mr Mohit Lal. It will strengthen the coordination between the three current areas of Travel Retail (Europe, Americas and Asia) and all of the domestic "Travel Retail" teams.

(4) Until 30 June 2016. On 1 July 2016, the Market Company Pernod Ricard Americas was reorganised into Pernod Ricard North America (United States and Canada) under the management of Mr Paul Duffy and Pernod Ricard Latin America, which is included in the scope of the market company Pernod Ricard Europe Middle East and Africa, under the management of Mr Christian Porta. As from this date, Mr Philippe Dréano decided to retire after 27 years within the Group.

Report of the Chairman of the Board of Directors on internal control and risk management

The Group's internal control and risk management policies and procedures follow corporate governance guidelines which are compliant with the French Financial Markets Authority (AMF) reference framework for risk management and internal control.

DEFINITION OF INTERNAL CONTROL

The internal control policies and procedures in effect within the Group are designed:

- ◆ firstly, to ensure that management, transactions and personal conduct comply with guidelines relating to Group business conduct, as set out by the Group's governing bodies and General Management, applicable laws and regulations, and in accordance with Group values, standards and internal rules;
- ◆ secondly, to ensure that the accounting, financial and management information provided to the Group's governing bodies accurately reflects the performance and the financial position of the companies in the Group;
- ◆ lastly, to ensure the proper protection of assets.

One of the objectives of the internal control systems is to prevent and control all risks arising from the business activities of the Group, in particular, accounting and financial risks, including error or fraud, as well as operational, strategic and compliance risks. As with all control systems, they cannot provide an absolute guarantee that such risks have been fully eliminated.

DESCRIPTION OF THE INTERNAL CONTROL ENVIRONMENT

Components of the internal control system

The principal bodies responsible for internal control are as follows:

■ **At Group level**

The **Executive Board** is the permanent coordination unit for the management of the Group. It comprises the Chairman & CEO, the Managing Director, Finance and Operations, the Managing Director, Human Resources and Corporate Social Responsibility, the Global Business Development Director and the General Counsel. The Executive Board prepares, examines and approves all decisions relating to the functioning of the Group or submits these to the Board of Directors when the latter's approval is required. It organises the work of the Executive Committee.

The **Executive Committee** comprises the Group's Executive Board and the Chairman & CEOs of the Brand and Market Companies. The Executive Committee ensures that the Group's operations are carried

out and that its main policies are applied. The Executive Committee meets 8 to 11 times a year.

The **Group's Internal Audit Department** is attached to the Group's Finance Department and reports to General Management and the Audit Committee. The internal audit team based at the Headquarters is in charge of implementing the audit plan, with the support of the audit teams in the Regions and the IT teams. The audit plan is drawn up once the Group's main risks have been identified and analysed. It is validated by Executive Board and the Audit Committee and presents the various cross-disciplinary issues that will be reviewed during the year, the list of affiliates that will be audited, and the main topics to be covered during the audits.

The findings of the work are then submitted to the Audit Committee, the Executive Board and the Statutory Auditors for examination and analysis.

External Auditors: the Board of Directors selects the Statutory Auditors to be proposed at the Shareholders' Meeting on the basis of recommendations from the Audit Committee.

The Group has selected Statutory Auditors who are able to provide it with comprehensive worldwide coverage of Group risks.

■ **At affiliate level**

The **Management Committee** is appointed by the Headquarters or by the relevant Region and is composed of the affiliate's Chairman & CEO and the Directors of its main functions. The Management Committee is responsible for managing the main risks that could affect the affiliate.

The affiliate's **Chief Finance Officer** is tasked by the affiliate's Chairman & CEO with establishing appropriate internal control systems for the prevention and control of risks arising from the affiliate's operations, in particular, accounting and finance risks, including error or fraud.

Identification and management of risks

The 2015/16 financial year focused on:

- ◆ reviewing and defining an action plan relating to the cyber security process which involved various functions and affiliates of the Group;
- ◆ different approaches which are designed to strengthen internal control within the Group, notably through the development and launch of an online MOOC (training platform) on internal control, for use by employees;
- ◆ implementing the self-assessment questionnaire on internal control and risk management. This questionnaire, which was updated during the financial year, complies with the AMF reference framework for risk management and internal control, as does its application guide, itself updated in July 2010;
- ◆ performing audits: 22 internal audits were conducted in 2015/16. The purpose of these audits was to ensure that the Group's internal control principles were properly applied at its affiliates. They also reviewed the processes in place, best practices and the potential for improvements based on two cross-disciplinary areas: the marketing organisation and the application of the anti-corruption policy.

All of the key areas for improvement identified were addressed in specific action plans drawn up at every affiliate and at Group level, which were validated by the Executive Board and the Audit Committee. Their implementation is regularly monitored and assessed by the Group's Internal Audit Department.

The work performed enabled the quality of internal control and risk management to be strengthened within the Group.

Key components of internal control procedures

The key components of internal control procedures are as follows:

The **Pernod Ricard Charter** specifies the rights and responsibilities of every employee with regard to the Group's fundamental values, in particular its ethics: compliance with the law, integrity and the application of rules and procedures in force within the Group. Every employee is given a copy of the Charter when they are recruited and it is always available on the Group Intranet site.

A formal **delegation of authority** procedure, issued by the Board of Directors, sets out the powers of the Chairman & CEO, as well as the powers delegated to the members of the Executive Board.

The **internal control principles** outline the common ground of all the principles and rules that apply to all of the Group's affiliates with respect to internal control, for each of the 16 main operational cycles identified.

The **self-assessment questionnaire**, which is regularly updated to comply with the AMF reference framework for risk management and internal control. In particular, it covers corporate governance practices, operational activities and IT support. Submitted to the Group's affiliates, it enables them to assess the adequacy and the effectiveness of their internal controls. Responses to the questionnaires are documented and reviewed by the Regions and the Group's Internal Audit Department. All of this work is detailed in:

- ◆ a summary by affiliate and an overall Group summary, both of which are provided to the Executive Board and the Audit Committee;
- ◆ a letter of representation from every affiliate to the Chairman & CEO of their parent company and a letter of representation from the various parent companies to the Chairman & CEO of Pernod Ricard. This letter is binding on the affiliates' management with regard to the adequacy of their control procedures in light of the identified risks.

The **Internal Audit Charter** applies to all employees who have a management and audit position. It defines the standards, tasks, responsibilities and organisation of the Group's Internal Audit Department and the way in which it operates, in order to remind every employee to strive for compliance with and improvement of the internal control process.

The **Pernod Ricard Quality, Safety and Environment Standards** set out the rules to be followed in these areas. The Group's Operations Department is responsible for ensuring that they are followed.

Budgetary control focuses on three key areas: the annual budget (reforecast several times during the year), monthly reporting to monitor performance and the four-year strategic plan. Budgetary control is exercised by the management control teams attached to the Finance Departments at the Headquarters, in the Regions and in the affiliates. It operates as follows:

- ◆ the budget is subject to specific instructions (principles and timetable) published by the Headquarters and sent to all the affiliates. The final budget is approved by the Group's Executive Board;
- ◆ reporting is prepared on the basis of data input directly by affiliates working to a specific timetable provided at the beginning of the year and in accordance with the reporting manual and the accounting principles published by the Headquarters;
- ◆ monthly performance analysis is carried out as part of the reporting process and is presented by the Finance Department to the Executive Board, the Executive Committee and at meetings of the Audit Committee and the Board of Directors;
- ◆ a four-year strategic plan for the Group's main brands is prepared every two years using the same procedures as those used for the budget;
- ◆ a single management and consolidation system allows each affiliate to input all its accounting and financial data directly.

Centralised treasury management is led by the Treasury Unit of the Group's Finance Department.

Legal and operational control of the Headquarters over its affiliates

Affiliates are mostly wholly owned, either directly or indirectly, by Pernod Ricard.

Pernod Ricard is represented directly or indirectly (through an intermediate affiliate) on its affiliates' Boards of Directors.

The Pernod Ricard Charter and the Group's internal control principles define the level of autonomy of affiliates, particularly with respect to strategic decisions.

The role assigned to Pernod Ricard, as described in the paragraph on "Decentralised organisation" in Section 1 "Presentation of the Pernod Ricard group" of this Registration Document, is an important component of the control of affiliates.

Financial and accounting reporting

PREPARATION OF THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

In addition to the management information described above, the Group prepares half-year and annual consolidated financial statements. This process is managed by the Consolidation Department attached to the Group's Finance Department, as follows:

- ◆ communication of the main Group accounting and financial policies through a procedures manual;
- ◆ preparation of specific instructions by the Consolidation Department, including a detailed timetable, and issuance to the affiliates prior to each consolidation;
- ◆ consolidation by sub-group;
- ◆ preparation of the consolidated financial statements on the basis of the information provided, to cover the entire scope of consolidation;
- ◆ use of a single software package by Group affiliates. The maintenance of this software package and user training are carried out by the Group's Finance Department, with occasional assistance from external consultants.

In addition, consolidated affiliates sign a letter of representation addressed to the Statutory Auditors, which is also sent to the Headquarters. This letter is binding on the Senior Management of each consolidated affiliate with regard to the accuracy and completeness of the financial information sent to the Headquarters in respect of the consolidation process.

PREPARATION OF PERNOD RICARD'S PARENT COMPANY FINANCIAL STATEMENTS

Pernod Ricard prepares its financial statements in accordance with applicable laws and regulations. It prepares the consolidation package in accordance with the instructions received from the Company's Finance Department.

Paris, 31 August 2016

Mr Alexandre Ricard

Chairman & CEO