



Mindset



*17 of Pernod Ricard's 18,500 employees
pose for Omar Victor Diop*



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- Omar Victor Diop -
PHOTOGRAPHER & DESIGNER



"I WAS REALLY STRUCK BY THE ENTHUSIASM AND ENERGY ON THE PART OF THE PERNOD RICARD EMPLOYEES. IT WAS A WONDERFUL DEMONSTRATION OF THE PERNOD RICARD MINDSET!"



THIS YEAR'S ART CAMPAIGN

OMAR VICTOR DIOP

CHOOSES

- PERNOD RICARD -

Designer and photographer Omar Victor Diop is an artist of many talents. With his photography he offers new insight into the imaginative world of Africa, the continent of his birth.

His goal is to convey the richness of urban Africa. Often cited as an heir to Seydou Keita, Omar Victor Diop was born in Dakar in 1980. After studying business in France, he returned to Africa to work in communications for several multinational firms.

In 2011 he submitted his photography work to *Rencontres de Bamako*, the African photography biennial. From that point on, he decided to devote himself exclusively to his passion.

Since that time his work has continued to inspire emulators: at the *Rencontres d'Arles* in 2015, and at *Photo Quai* in Paris in 2016.

Each year since the Group was founded in 1975, we have given a selected artist *carte blanche* to design the cover of our annual report. In the process, we have worked with a wide variety of talented individuals, including the French sculptor César (1991) and the Scottish painter Bruce McLean (2000).

Since 2009, this arts campaign has focused on photography. Our employees serve as muses for the photographer, who treats them to an unforgettable experience marked by convivialité, sharing and dialogue. Why our employees? Because, first and foremost, it is they who bring our commitments and our ambition to life. In short, they represent the Pernod Ricard Mindset.

For this 41st demonstration of our commitment to the arts, Omar Victor Diop has photographed 17 African employees dressed by the Senegalese designer Selly Raby Kane. To show the bonds that link the employees in our African affiliates with their colleagues worldwide, each costume is ornamented with a medallion depicting the employees who interact with the models in their daily work lives.

The series of 17 photographs taken on this occasion in Johannesburg can be viewed throughout the annual report.

The photographs were also exhibited at Paris Photo on 10-13 November 2016.



Go behind the scenes with the art campaign at www.pernod-ricard.com

1

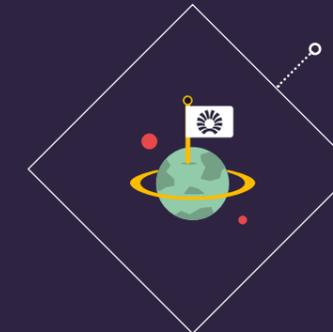
Our Mindset: THE FUNDAMENTALS

*A Mindset is a collective state of mind
- our desire to win - that makes all the difference
in a highly challenging environment.
Shaped by our ambitions, our Mindset draws
its strength from our fundamentals: culture,
organisation, strategy.*

A CHAT WITH
ALEXANDRE RICARD
p.06



A DECENTRALISED
ORGANISATION
p.14



4 MOMENTS
TO DISCOVER
IN THIS SECTION



CULTURE
& VALUES
p.18



THE BRAND
PORTFOLIO
p.20

“Making each shared moment a truly genuine encounter. That really is the essence of our business.”

Alexandre Ricard
Chairman and Chief Executive Officer

✪
 FOR THE SECOND YEAR IN A ROW, PERNOD RICARD CONDUCTED A DIGITAL CAMPAIGN IN WHICH THE GROUP'S SOCIAL MEDIA FOLLOWERS WERE GIVEN AN OPPORTUNITY TO MEET ALEXANDRE RICARD, PERNOD RICARD'S CHAIRMAN AND CHIEF EXECUTIVE OFFICER. HERE WE OFFER SOME EXCERPTS FROM THEIR CONVERSATIONS.



<p>WHERE?</p> <p>PARIS</p>	<p>WHEN?</p> <p>25 August 2016</p>
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This year's campaign was dubbed **“#CHEERS TO CONVIVIALITÉ”**

In a sequel to last year's #Meet Alex promotion, this summer Pernod Ricard led a global campaign on its corporate social media accounts under the banner “#Cheers To Convivialité”.

The rules were simple: post a photo on your social media toasting three best friends you'd like to share a drink with. The aim was to create a chain of convivialité on social media. The prize? Winners could join their three friends in Paris to discover true convivialité, courtesy of Pernod Ricard, and meet its top-ranking ambassador – Alexandre Ricard. Two winners were randomly chosen for this unique experience. They and their friends, scattered across Spain, Italy, Canada, the United States and Australia, were invited to spend two days in Paris, where they discovered the city's finest establishments. A cocktail mixing session provided an ideal setting to sit down with Alexandre Ricard.



Discover the winners of **“#Cheers To Convivialité”**

<p>Mélanie GILCRIST</p> <p>Wine Brand Ambassador 24 years old</p>	<p>Instagram: 1,662 followers</p>	<p>Australian living in Montreal</p> <p>A Pernod Ricard employee at Corby (Canada) since July 2016</p> <p>Interests: wine, food</p>
<p>Kara LANDELLS</p> <p>Sport, fitness and yoga instructor, triathlete 24 years old</p> <p>Australian living in Milan</p> <p>Interests: healthy, sport Instagram: 41 followers</p>	<p>Olivia WHYTE</p> <p>Publicist at TBWA Chiat Day 24 years old</p> <p>Australian living in New York</p> <p>Interests: media, film, visual content production Instagram: 508 followers</p>	<p>Jaclyn LYON</p> <p>Beautician, hairstylist – 24 years old</p> <p>Australian living in Melbourne</p> <p>Interests: beauty, fashion, art Instagram: 768 followers</p>
<p>Oscar Garcia ORTEGA</p> <p>Photographer, graphic designer 49 years old</p>	<p>Instagram: 11,100 followers</p>	<p>Spaniard living in Barcelona</p> <p>Interests: photography, art, design, Wine & Spirits</p>
<p>Juan José MACIAS TORRES</p> <p>Blogger – 55 years old</p> <p>Spaniard living in Barcelona</p> <p>Interests: photography, art Instagram: 584 followers</p>	<p>Dolores MORENO BURGO</p> <p>Photographer – 53 years old</p> <p>Spaniard living in Barcelona</p> <p>Interests: photography, art, social media Instagram: 60,900 followers</p>	<p>Elena Sarinena VIRUMBRALES</p> <p>Photographer – 47 years old</p> <p>Spaniard living in Barcelona</p> <p>Interests: photography (nude), art Instagram: 2,998 followers</p>

A chat with Alexandre Ricard Highlights from the conversation



reminding us of how critically important it is to focus on what's really essential: being surrounded by loved ones. On a more personal level, it gives me the chance to meet consumers and talk with them directly, without any filters!

2

BUT IN CONCRETE TERMS, HOW IS THAT OUTLOOK EXPRESSED WITHIN YOUR COMPANY? WHAT DOES THAT MEAN FROM A BUSINESS PERSPECTIVE?

Ninety-five percent of our employees, distributed across more than 85 countries, believe that convivialité is a reality within their affiliate. We decided not to translate the term but to leave it in French: our English-speaking employees realised there wasn't any adequate way to convey everything the word suggests in French. Convivialité isn't something you can impose – it's something you put into practice! And that starts within the company, through relationships that are simple, genuine, direct, transparent and authentic. We want to go even further and turn convivialité into something that actually makes us more efficient. How? By breaking down functional silos to help us collaborate more effectively, and to strengthen the diversity of our team. As for consumers, this perspective is fundamentally rooted in our business: it's our brands that will serve as the essential vehicle for those moments of convivialité, and if we succeed in making a Pernod Ricard brand central to each of those moments, we'll inevitably become the leader in our industry. To meet that goal we have developed a new consumer-centred strategic model. We described it at length throughout our previous annual report, it is still built around four essentials, our fundamentals (Operational Excellence, Talent Development, Sustainability & Responsibility and Route to market/Consumer) and four accelerators (Portfolio Management, Premiumisation & Luxury, Innovation and Digital Acceleration).

1

THIS IS THE FIRST TIME THAT WE'VE MET THE PRESIDENT OF A MAJOR COMPANY LIKE YOURS. WHAT MADE YOU DECIDE TO DO THIS? WHAT DO YOU HAVE TO GAIN?

My grandfather, Paul Ricard – the founder of Ricard and later Pernod Ricard – had a motto: "Make a new friend every day". We've drawn on that thought to create our tagline as a company, "Créateurs de convivialité". Each of Pernod Ricard's 18,500 employees, starting with myself, is called on to turn each shared moment, each celebration into a truly genuine encounter – in short, a "convivial" moment. That really is the essence of our business and it was in that spirit that we launched this latest "#Cheers To" campaign last July in which you came out the winners. You won a trip to Paris, I hope we can all say we've made some new friends, and that's not bad at all! With this campaign we wanted to encourage people to meet with their friends and acquaintances at a time when, more than ever, news events are

3

YOU HAVE MADE FASTER GROWTH IN TURNOVER YOUR TOP PRIORITY. ARE YOU SATISFIED WITH YOUR CURRENT PERFORMANCE?

We would describe this year's results as solid and encouraging. Solid, because we can report to the markets that, in this very volatile environment, we've increased turnover by 2%, we've posted record net income of just over €1.3 billion; we continue to reduce our debt; we've accelerated the pace of innovation, which now accounts for half of our growth, and so on. And encouraging, because we're completely in line with our medium-term operating plan: a year ago we announced that we were committed to mid-term growth rates of 4% to 5%. We're not there yet, but we've come a little closer by entering this new phase. That's what we called a gradual improvement. And I'm especially mindful of how every Group employee has contributed to that performance.



"Each of Pernod Ricard's 18,500 employees, starting with myself, is called on to turn each shared moment, each celebration into a truly genuine encounter. That really is the essence of our business and it was in that spirit that we launched this campaign last July."

4

BUT I'VE READ THAT YOU'RE STILL FACING A CHALLENGE IN CHINA, AND WITH YOUR ABSOLUT BRAND IN THE UNITED STATES?

We are still facing a challenge in China, but our workforce has done a tremendous job there. The biggest task is creating a paradigm shift. China is reverting to a more usual consumption pattern with regard to Wine & Spirits: in place of the past focus on Super-Premium and Ultra-Premium products that was unique among world markets, we're now seeing a move towards more Premium products that's being driven by middle-class Chinese consumers. That's a shift that we need to keep pace with, and we're doing that by restructuring our workforce on the ground: alongside the Prestige sales teams, we have just created a sales force that's focusing specifically on the Premium segment. You also mention Absolut and the United States. There, our record is improving: Absolut is still in negative territory but it's on a path towards stabilisation, which is our objective. You'll recall that the United States is our biggest market, ahead of India, China and France combined in profit terms. The US market is currently fuelling our growth as a company, thanks to the performance of Jameson and The Glenlivet but also growth drivers like Martell, and our innovations with Avion and Altos tequila. There too, we've revamped the affiliate, for example by organising our marketing teams around moments of convivialité. And we've also reallocated our resources based on a new segmentation of priority markets. But I could also point you to our impressive performance in India, Africa, Spain and elsewhere.



5

HAVE YOU BEEN AFFECTED BY BREXIT?

Ever since Brexit passed, we've been reassuring our workforce that it doesn't change any of our plans, either with regard to our expansion in the British market or the success of our Scotch whiskeys, which obviously we'll continue to produce in Scotland. We've even seen a positive currency effect with the declining pound. And I'll tell you a secret: I don't believe that anyone who might leave London for Frankfurt, Dublin, Amsterdam, Paris or elsewhere is going to stop meeting up with friends over drinks in their new location. That's where an international group like ours gets its strength.

6

YOU TALK A LOT ABOUT INNOVATION; WHAT HAS WORKED THIS YEAR? WHAT ARE YOU BETTING ON NEXT? THE WHOLE IDEA OF REGIONAL ORIGIN REALLY SEEMS TO BE TAKING ON MORE IMPORTANCE: PEOPLE WANT TO KNOW HOW THE PRODUCT WAS MADE. IS YOUR APPROACH DIFFERENT FOR A YOUNGER TARGET AUDIENCE?

Innovation truly has become a performance booster for our Group; as I said, it accounts for half of our growth this year. At one point we had nearly 350 projects in development. That was certainly a little excessive, and so we decided to prioritise our portfolio of innovations by concentrating our resources on those that offered the greatest potential: I'm thinking in particular of Jameson Caskmates, Absolut Elyx, Chivas Extra and Jacob's Creek Double Barrel. Alongside those global innovations, consider the results from more regional brands such as Lillet, which has found success in Germany by highlighting its French origin and primarily targeting women. It's young people - those famous Millennials we hear about - who

"You can't talk about digital transformation unless you're fully committed to it yourself (...) Digital media currently accounts for close to 30% of our advertising investment."

are looking for greater authenticity from brands as they become more and more connected on social media. They want digital technology, to be sure, but also more transparency and truthfulness.

7

YOU YOURSELF HAVE BECOME MORE ACTIVE ON SOCIAL MEDIA. WHAT ARE YOU DOING WITHIN THE GROUP WITH REGARD TO THE DIGITAL REALM? DO YOU HAVE SPECIFIC AMBITIONS IN TERMS OF E-COMMERCE? AND DO YOU HONESTLY POST YOUR OWN MESSAGES ON SOCIAL MEDIA?

You can't talk about digital transformation unless you're fully committed to it yourself; how could you maintain your credibility otherwise? To give you a few numbers, the social media accounts for our brands currently have almost 34 million followers. Digital media currently accounts for close to 30% of our advertising investment. There isn't a single new product launch or campaign that doesn't include a digital component. We have signed partnerships with Amazon and Google. We also have a presence on the websites of major retailers, and we've developed nearly 27 e-commerce platforms. But we're still struggling to make it a profitable business model on its own. In order to make more rapid progress and spread the costs more evenly, we have created a new platform that all the other platforms can plug in to; it's a good example of how we become more agile by pooling our resources. In my view, the digital journey is only just beginning - it's going to go beyond a simple sales transaction to become a complete brand experience. And to answer your final question: yes, it really is me posting my photos and my comments!

8

YOU'VE ALSO SPOKEN A LOT ABOUT THE PERNOD RICARD MINDSET. CAN YOU TELL US AGAIN EXACTLY WHAT THAT IS AND WHY YOU THINK IT'S SO IMPORTANT?

At heart, I'm convinced that, in an increasingly volatile, hard-fought, competitive environment, it's the Mindset of the men and women who make up Pernod Ricard that will make the difference. Our competitors also have coherent strategies and



9

BUT I THOUGHT YOU CARRIED OUT A COST REDUCTION PLAN JUST A FEW YEARS AGO: WHY ANOTHER ONE NOW? DID THE FIRST ONE FAIL?

The operational efficiency campaign you're referring to was called Allegro, which we've now brought to completion; it yielded €150 million in savings over a three-year period, and one third of that has been reinvested. That project is in no way related to what we've been doing over the past year. The goal of Allegro was to review our organisation from top to bottom and redefine the tasks and responsibilities of each entity, including Headquarters, the regions, the Brand Companies, the Market Companies. It made us more agile and helped us respond more quickly to market trends. Unfortunately, it also led us to eliminate 900 job positions. What we're doing today is a global cost reduction plan: we are focusing on reducing our spending by €200 million between now and 2020, thanks to more efficient processes and better terms for our direct and indirect purchasing. We're going to reinvest half of that amount in support of our brands. I should also note that we expect to improve our cash flow, by €200 million.

"At heart, I'm convinced that in an increasingly volatile, hard-fought, competitive environment, it's the Mindset of the men and women who make up Pernod Ricard that will make the difference."



10

ABOUT YOUR ACQUISITION OF MONKEY 47: WHY A GIN BRAND? IS THAT A NEW TREND? ARE YOU GOING TO CONTINUE BUYING UP BRANDS OF THAT KIND?

We have the most comprehensive portfolio in our industry, but that doesn't prevent us from making tactical acquisitions to strengthen our position in a given market segment with high-potential brands. That's what we've done with Monkey 47 gin, which as bartenders know, is a real gem and has a wonderful brand story. As with our Aviön tequila and its founder Ken Austin, I had the pleasure of meeting Alexander Stein, who's a passionate, fascinating man in person. It's true that we already had gin brands in our portfolio, but the value of Monkey 47 is that it enables us to stake out the segment for Ultra-Premium gin, a category with a very high growth rate. That's what I mean by actively managing our portfolio, which includes additions but also disposals, as in the sale of Paddy. And we'll continue in that vein so long as these acquisitions can still be made for a reasonable price!

11

DO YOU ENVISAGE ANY FURTHER BIG TRANSACTIONS LIKE YOU'VE DONE IN THE PAST, OR IS IT STILL TOO SOON TO CONTEMPLATE SOMETHING LIKE THAT?

We never comment on possible sales or acquisitions. But I can tell you that increasingly it's not a matter of financial resources: our net-debt-to-EBITDA ratio has hit an all-time low of 3.4. Nevertheless, we want to remain investment grade. So our acquisition strategy is currently focused on "bolt-ons" designed to improve our growth potential in specific segments or for specific moments of "convivialité". There are no transforming acquisitions to expect for the time being.



12

WHAT ARE YOU DOING TO COMBAT BINGE DRINKING AMONG YOUNG PEOPLE? IT'S A REAL PROBLEM IN SOME COUNTRIES.

Yes, it's a real problem. But I'd like to point out that the trend is declining, as reflected in the latest pan-European study from ESPAD, which showed that binge drinking among young people has declined by one third over the past decade. But it's still much too common. We have a very hard time making governments understand that. They don't want to listen to us because we're immediately accused of being biased. Not true! We all have an interest in reducing deviant behaviour that comes from consuming our products. Even though it only involves a very tiny minority, that kind of behaviour is destructive for our consumers, destructive for our brands, destructive for society. That's why we have no choice but to take action, with one voice, as we are doing in many countries. We've developed more than 90 campaigns to raise public awareness about consuming our products responsibly. There's

something else I'd like to convey to our consumers: yes, sharing a drink is a moment to be enjoyed. But as with many other things, as soon as you do it to excess, it becomes harmful to yourself and others. There's no convivialité in excess, and that ability to combine hedonism and moderation – to strike that balance – is something you learn! And it's something we have to share with our younger consumers, by teaching them to savour what they drink, to learn restraint, rather than preventing drinking altogether by imposing a high tax. Personal responsibility is not something we can take for granted. And that's where we need to focus in order to see results over time. I believe in accountability, not prohibition.

"We'll continue to invest in our brands in order to tell their stories, improve our processes and enhance our know-how while maintaining our innovation."

13

BUT REGULATIONS OF THAT KIND ARE BECOMING INCREASINGLY COMMON. SO WHAT DO YOU SEE AS THE FUTURE FOR YOUR INDUSTRY? ARE YOU NERVOUS ABOUT WHAT THE FUTURE HOLDS?

No, I'm not nervous. Our objective is to build value over time with our employees, our shareholders and our consumers. That's the aim of the legacy that our reference shareholder, the Ricard family, strives to uphold. Almost all of our brands are rooted in a region, a history, an expertise that in some cases goes back more than a century. We owe it to ourselves to pass on that legacy, intact, from generation to generation. Our products and the men and women who create them are the expression of a culture; in some countries they're inextricably linked with the national heritage. That's not about to disappear, not at a time when, more than ever, consumers are seeking products that have authentic roots. They're prepared to consume less if it means supporting products that may be more expensive but that have more heart and soul. So we'll continue to invest in our brands in order to tell their stories, improve our procedures and enhance our know-how while maintaining our innovation.

"Almost all of our brands are rooted in a region, a history, an expertise that in some cases goes back more than a century. We owe it to ourselves to pass on that legacy, intact, from generation to generation."

KEY FIGURES FOR THE YEAR



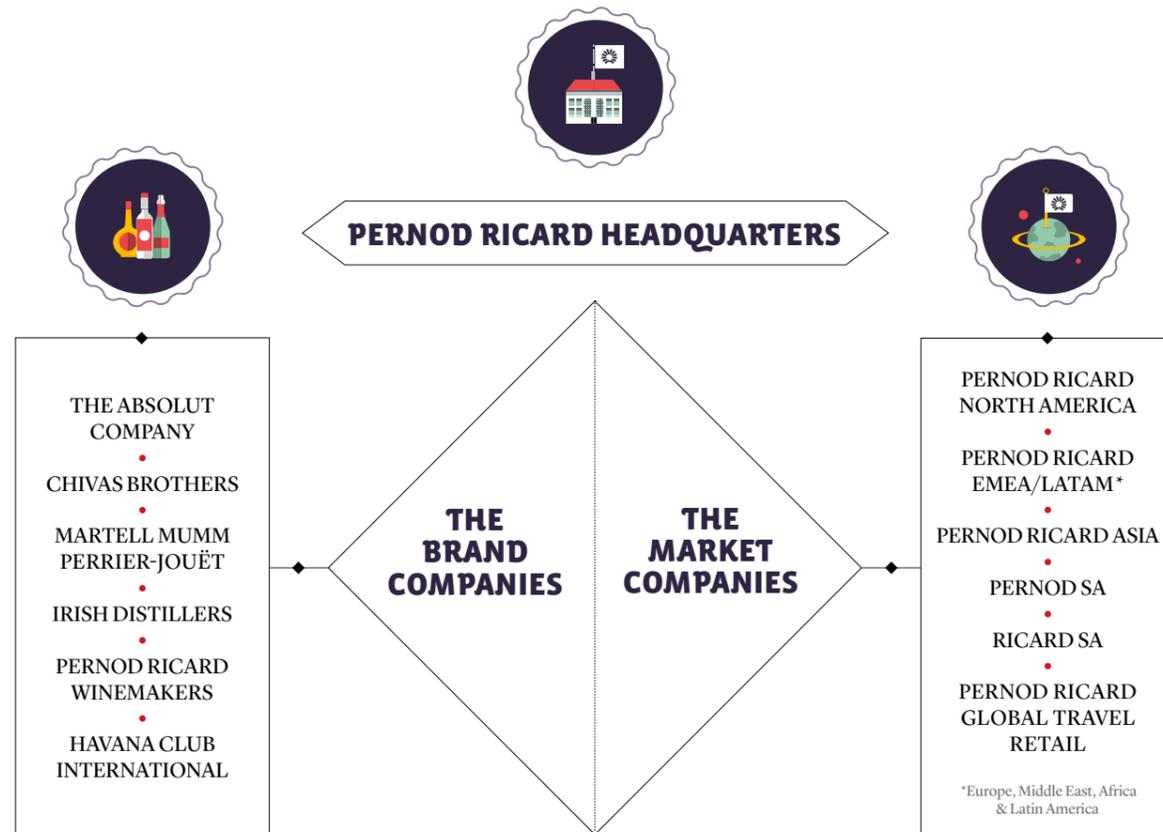
PERNOD RICARD FOUNDING DATES



(1) Source: Impact Databank 2015, published in March 2016.
 (2) Source: "The Pernod Ricard Market View", based on IWSR data, volume data at year-end 2015.
 (3) Internal growth.

Our organisation: Decentralisation

The Group's organisational structure is based on one guiding principle: decentralisation, to ensure that decisions are made so as to reflect market expectations as closely as possible. This provides a genuine competitive advantage that allows the Group to respond more quickly to customer and consumer needs in a highly volatile environment. This organisation is built around three entities: Brand Companies, Market Companies and Headquarters.



THE BRAND COMPANIES

Located in the home countries of their portfolio management, the Brand Companies are in charge of developing the overall strategy for the brands as well as activation solutions with which the Market Companies can implement that strategy at the local level. They are also responsible for production and management of their industrial facilities.

PERNOD RICARD HEADQUARTERS

The Headquarters defines the overall strategy and coordinates and oversees its implementation, while ensuring that the affiliates are in compliance with the Group's general policies. As the spearhead of the Group's efforts, the Headquarters is responsible for:

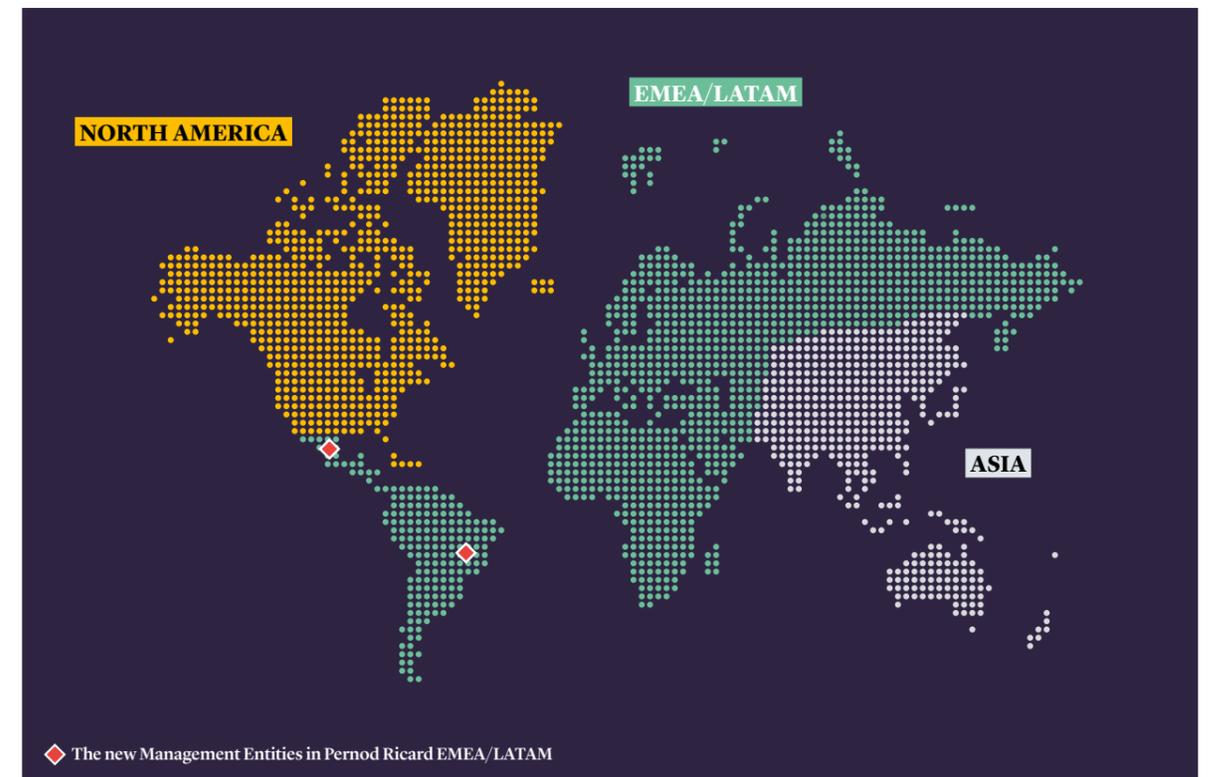
- ◆ governance functions (strategy, mergers and acquisitions, finance, legal affairs, corporate communication, talent development, corporate social responsibility, etc.);
- ◆ cross-functional initiatives with high added value (digital marketing, luxury, innovation, etc.) as part of the merger of the Marketing and Sales divisions into the Global Business Development entity;
- ◆ shared resources (Pernod Ricard Research Centre, IT, etc.).

THE MARKET COMPANIES

These are linked to regions (Pernod Ricard Asia, Pernod Ricard EMEA/LATAM, Pernod Ricard North America), with the exception of the two French Market Companies from which the Group originated, Pernod and Ricard, which are directly represented on the Executive Committee. We have 85 Market Companies whose mission is to activate the Group's international brand strategies in their markets and to manage local and regional brands in their portfolio. They also ensure the implementation of the Group's strategy and key policies in their markets.

A new geographical segmentation

As of 1st July 2016, the geographic scope of our regions has evolved to address 3 main objectives: simplify our organisational structures, prioritise our investments and pool our resources. This new operational organisation is designed to meet our growth objective, and can be summarised in three points.



SIMPLIFICATION OF THE AMERICAS REGION

The region will now concentrate on its core business: the two major North American markets. The new entity, which will have a direct representative on the Executive Committee (COMEX), will intensify its focus on the Group's largest market, the US. Pernod Ricard USA is currently finalising a new organisation for its marketing and sales teams, designed to reinforce the affiliate's consumer-centric strategy.

PERNOD RICARD EMEA BECOMES PERNOD RICARD EMEA/LATAM

Within Pernod Ricard EMEA/LATAM (Europe, Middle East, Africa & Latin America), two new Management Entities have been created:

- ◆ one with Mexico as Lead Market, together with Colombia, Venezuela and Peru;
- ◆ one with Brazil as Lead Market, together with Argentina, Uruguay and Chile.⁽¹⁾

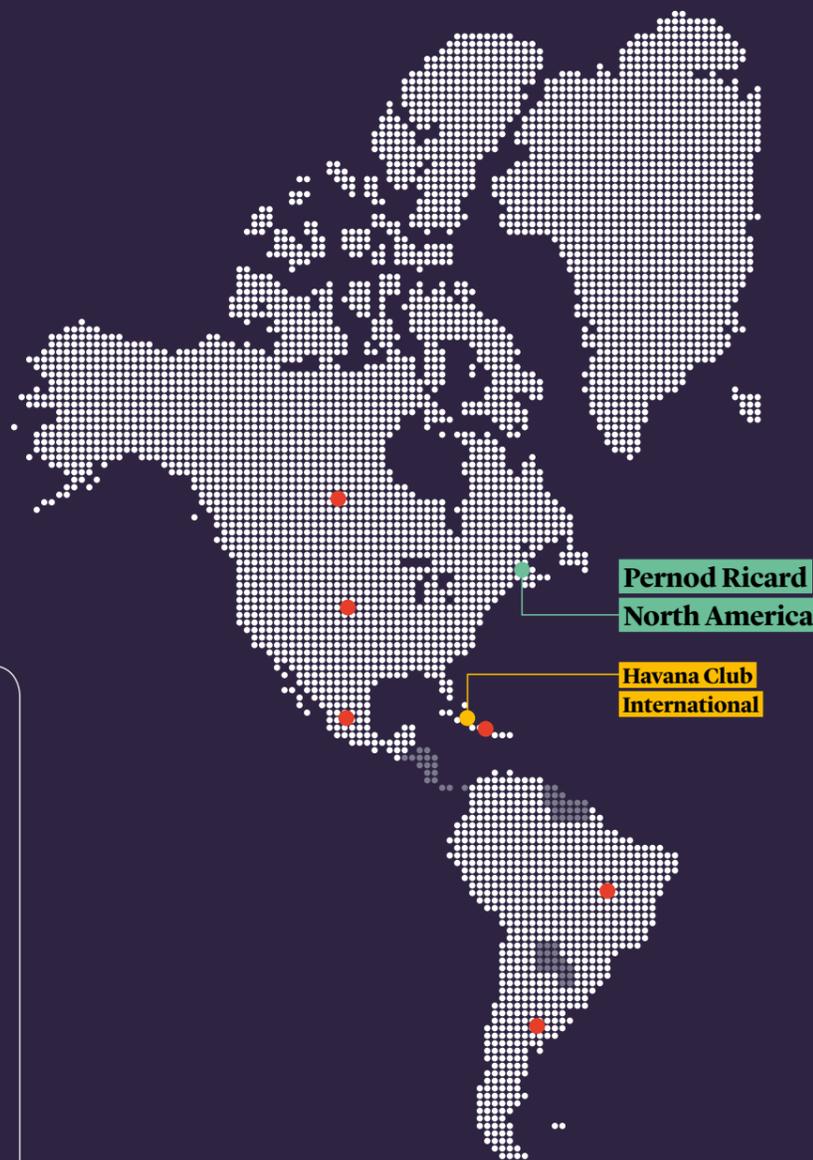
The two new Management Entities will report to Pernod Ricard EMEA/LATAM and will leverage the region's expertise on emerging markets.

(1) Because of its large size, the EMEA region demanded a new structural organisation, that would enhance synergies and pool the logistics and support functions of the various Market Companies. Consequently, in 2014, the region was divided into 10 Management Entities, each of which includes a Lead Market and affiliated Market Companies.

CREATION OF A GLOBAL TRAVEL RETAIL EXECUTIVE

The new Global Travel Retail executive reports directly to Headquarters. This new position will enhance coordination among the three current Travel Retail regions (Europe, Americas and Asia) and the domestic Travel Retail teams, while ensuring that Group initiatives in this priority distribution channel are more consistent.

Pernod Ricard worldwide



Pernod Ricard
North America

Havana Club
International

3
REGIONS

6
BRAND
COMPANIES

85
MARKET
COMPANIES

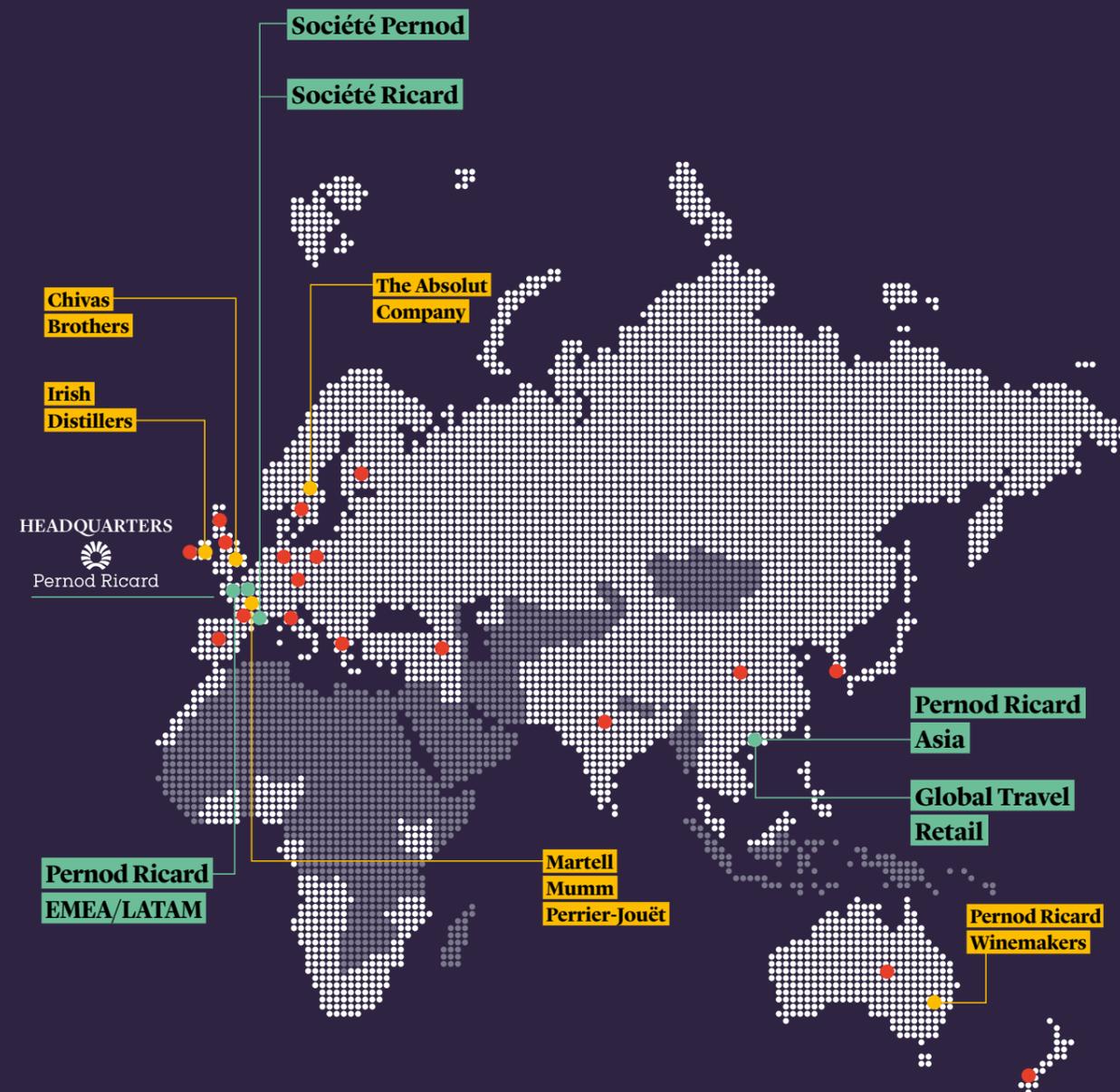
101
ACTIVE
PRODUCTION
SITES AT
30 JUNE 2016



REGIONS WHERE PERNOD RICARD
IS NOT ESTABLISHED



PERNOD RICARD
LOCATIONS



Société Pernod

Société Ricard

Chivas
Brothers

Irish
Distillers

HEADQUARTERS
Pernod Ricard

The Absolut
Company

Pernod Ricard
EMEA/LATAM

Martell
Mumm
Perrier-Jouët

Pernod Ricard
Asia

Global Travel
Retail

Pernod Ricard
Winemakers

●
HEAD OFFICES
BRAND COMPANIES

Havana - Cuba / Paris - France /
Dublin - Ireland / London - United
Kingdom / Stockholm - Sweden /
Sydney - Australia

●
HEAD OFFICES
PERNOD RICARD REGIONS

New York - United States /
Paris, Marseilles, Créteil - France /
Hong Kong - China

●
PRODUCTION SITES
IN 24 COUNTRIES

Argentina / Armenia / Australia /
Brazil / Canada / China / Cuba / Czech
Republic / England / Finland / France /
Germany / Greece / India / Ireland /
Italy / Mexico / New Zealand / Poland /
Scotland / South Korea / Spain /
Sweden / United States

18,500 employees, all driven by the same Pernod Ricard Mindset

Pernod Ricard's success is rooted in the exceptional commitment of its employees, who live by and embody the Group's values and culture each day. Their commitment is the result of a winning Mindset – the Pernod Ricard Mindset – which is based on a sense of entrepreneurialism, sharing and team spirit. As a result, the Group gains the speed and agility it needs to operate in an increasingly volatile environment. Today, that Mindset provides a formidable competitive advantage.

Corporate Social Responsibility: 40 years of commitment for Pernod Ricard

Over the past 40 years, the Group has dedicated itself to striking a consistent balance between “economic efficiency” on one hand and “community well-being” and “protection of the environment” on the other. That commitment draws its strength from two principles: first, as a member of the Executive Board and the Executive Committee, the Director of Human Resources and Sustainability & Responsibility is represented at the highest level of the company. Second, every employee pledges to serve as an ambassador of our policy. Pernod Ricard has developed a S&R model based on four areas of commitment.

PERNOD RICARD'S VALUES

A MODEL

DECENTRALISATION

We are committed to upholding operating autonomy at our affiliates based on the principle of subsidiarity. This policy ensures that decisions can be made as close as possible to the markets and consumers involved. To be effective, decentralisation requires that everyone is aligned and all our actions are consistent, from product development to activation in each market.



1 ENTREPRENEURSHIP



2 MUTUAL TRUST



3 SENSE OF ETHICS

AN ATTITUDE

CONVIVIALITÉ

Decentralisation and these three values become truly meaningful when they are animated by an attitude: convivialité. That is what gives Pernod Ricard its distinctive character as a Group. We encourage simple and direct relationships among our various hierarchical levels, so as to nurture our collective commitment and help us become the ambassadors expressed in our motto.



3

A STRONG SENSE OF ETHICS

A sense of ethics is synonymous with respect, honesty and transparency, because trust is impossible without transparency. To guarantee a strong sense of ethics, Pernod Ricard strives to ensure that all of its ambassadors comply with the Group's policies and procedures; maintain the highest ethical standards; treat colleagues, shareholders, customers, consumers, suppliers and competitors with respect; pledge to protect the environment; uphold industry commitments... and more. For all these reasons, the Code of Business Conduct and the Commercial Code of Communications define the core principles that guide the Group in its day-to-day activities.



RESPONSIBLE CONSUMPTION

Pernod Ricard's strategy focuses on three fundamental goals: targeting at-risk behaviours and groups such as young people and pregnant women; taking preventive action via education and direct awareness-raising campaigns; and addressing local concerns through the active participation of affiliates.

92% of affiliates carried out at least one responsible drinking initiative in 2015/2016



PROMOTE RESPONSIBLE DRINKING



DEVELOP OUR COMMUNITIES AND ENGAGE OUR PARTNERS

PARTNERS AND LOCAL COMMUNITIES

Pernod Ricard has made a long-term commitment to the communities in the markets where the Group does business, by including partners and suppliers in its sustainability initiatives.

822 suppliers are committed to respect sustainability principles (at end June 2016)



EMPLOYEES

Pernod Ricard has made its employees the frontline ambassadors for its commitments. The company's success is reliant on its S&R model, which is a direct outgrowth of Pernod Ricard's values: entrepreneurial spirit, mutual trust and a strong sense of ethics.

94% of our employees are proud to work for Pernod Ricard (5% above the FMCG average)



PROTECT OUR PLANET

PROTECTING OUR PLANET

The Group's Premium strategy hinges on preserving and passing on the unique 'terroir' from which each of its brands is produced. Pernod Ricard pursues stringent initiatives, embodied in each affiliate's action plan, that reflect its responsibilities and the issues at stake for the business.

25% reduction in CO₂ emissions and 17% reduction in water consumption

KEY FIGURES FROM THE I SAY SURVEY (JUNE 2015)

In June 2015 we conducted our third biennial I SAY survey, an opinion barometer that once again drew an exceptional response rate of 84% despite difficult macroeconomic conditions and our deployment.

of the Allegro project for operational efficiency. The levels of satisfaction expressed in the survey continue to be significantly higher than the average for companies in the Fast-Moving Consumer Goods (FMCG) sector.

94%

wholeheartedly share the Group's values (7% above the FMCG average)

87%

employee engagement rate (7% above the FMCG average)

A SUSTAINABILITY & RESPONSIBILITY POLICY SUPPORTED BY OUR TEAMS

The June 2015 I SAY survey offers proof that the workforce understands and embraces the Group's Corporate Social Responsibility policy:

90%

believe that the affiliate in which they work is a socially responsible member of its community

85%

say they are encouraged in their efforts to act responsibly within their department

83%

of employees are aware of Pernod Ricard's S&R policy and our four areas of commitment

A complete portfolio of international Premium brands

Since its inception, Pernod Ricard has built a unique Premium portfolio management with international reach. This portfolio – one of the most comprehensive on the market, covering all categories of wines and spirits – is organised into the House of Brands, which has been redesigned this year.

STRATEGIC INTERNATIONAL BRANDS



LUXURY



+



INNOVATION



+



WINES



STRATEGIC LOCAL BRANDS



In view of the portfolio's prioritisation criteria, (see page at right), Kahlúa is now considered a strategic local brand, while Suze, Ruavieja, Something Special and Becherovka are no longer included in that category.

REMINDER: WHAT IS THE HOUSE OF BRANDS?

The House of Brands is used to organise the leading brands in the Pernod Ricard portfolio into coherent market segments.

WHY WAS IT CREATED?

For two reasons: to help us respond more efficiently to the rapid changes in the Wine & Spirits market (innovation, luxury), and to capitalise more effectively on the strength of our portfolio within each market, by adapting to consumer expectations.

HOW IS IT USED?

The House of Brands is a dynamic resource that makes it easier for our affiliates to prioritise their marketing investment. As a result, they can better manage their brand portfolio within their specific market.

WHAT CHANGES HAVE BEEN MADE TO THE HOUSE OF BRANDS THIS YEAR?

Focus on strategic global brands

DEVELOPING ICONIC BRANDS

Our global brands cover the primary categories of spirits and champagne. They ensure that we offer the right product at the right time to the right consumer (see pages 86-87). Our intent is to make each of these an iconic brand, activated in every Group market. Each of the strategic brands generates turnover of at least €150 million and volume of more than 500,000 cases each year.

LECERCLE FOR CAPTURING THE LUXURY MARKET

We are counting on our "Le Cercle" portfolio of Prestige spirits and champagne to help us reinforce our leading market share in the luxury segment. These brands, targeted to an exclusive clientele, require a very specific sales and marketing strategy that includes presence and activations in the most iconic establishments, unique storytelling, and a customised service experience. To learn more, see page 97.

The introduction of two new sections



INNOVATION: OUR KEY TO FUTURE GROWTH

Historically a strategic resource for the Group, innovation is helping to ensure its future growth, through services, experiences and customised products. Each market identifies the most promising innovations on the basis of specific criteria: a value proposition for the consumer, a response to consumer needs, or market potential – with return on investment as a key factor.

WINES: CREATING AN INTERNATIONAL MARKET FOR SELECT REGIONAL WINES

We have identified four priority brands in this category, based on net sales that now exceed €30 million. Our next objective is to create a global market for a range of wines from multiple regions – Australia, New Zealand, Spain, USA.

A twofold focus on wines and strategic, strong-performing local brands



STRONG, STRATEGIC LOCAL BRANDS

Strategic local brands are crucial: they respond to the needs of local consumers in a way that global brands cannot match. Often the leaders in their market, they ensure a strong local footprint in numerous strategic markets for the Group. Each generates more than €30 million in net sales and a minimum volume of 500,000 cases per year.

A strategic consumer-centric model



OUR STRATEGIC MODEL

EXPLAINED IN FOUR POINTS

1

BECOME THE LEADER IN THE WINE & SPIRITS INDUSTRY

Since his appointment in February 2015, Alexandre Ricard has undertaken a new synthesis of Pernod Ricard's strategic fundamentals with a single ambition: to become the leader in the Wine & Spirits industry. That objective derives from the concept of "Créateurs de convivialité" which serves as a call to action: it invites each Group employee to position one of our brands at each shared moment of celebration, with the aim of inspiring an experience of convivialité, a genuine and authentic encounter. By achieving this goal, Pernod Ricard will inevitably become the leader of the Wine & Spirits industry.

2

PLACE CONSUMERS AT THE CENTRE OF OUR STRATEGY

This vision positions moments of consumption – and consumers – as the first priority in our strategic model. Today, consumers are no longer loyal to one brand; instead, they move among a variety of brands that they choose on the basis of a given moment of consumption or experience of convivialité. Everything we do revolves around that quest for satisfaction. This strategic model is based on four "Essentials" which are the Group's long-time fundamentals on which the four "Accelerators" of growth will rest.

3

FOUR "ESSENTIALS" BUILT ON OUR HISTORIC FUNDAMENTALS

- ◆ Operational Excellence: streamline our procedures in order to take action more quickly and more nimbly.
- ◆ Talent Development: make effective use of our culture to develop our employees and attract talented new employees.
- ◆ Sustainability & Responsibility: enlist the support of the brands to ensure long-term growth.
- ◆ Route-to-Market/Consumer: boost our brands across every distribution channel.

4

"FOUR ACCELERATORS" FOR GAINING SPEED IN OUR OPERATIONS

- ◆ Portfolio Management: place the most appropriate brand in the midst of each consumption occasion.
- ◆ Premiumisation and Luxury: encourage consumers to move upmarket, and capture the luxury market.
- ◆ Innovation: develop new services, experiences and products to ensure future growth.
- ◆ Digital Acceleration: build a direct relationship with our consumers.

Value creation: targeting long-term growth

We have consistently sought to prioritise a long-term approach to value creation. Our strategy is based on a systematic policy of moving our brands upmarket (“Premiumisation”), which requires a significant, ongoing investment on behalf of each brand. Our goal is to develop operating models that generate economic, social and environmental value for all of our stakeholders.



1

PROCURE HIGH-QUALITY RAW MATERIALS

All of our products are made from agricultural raw materials (grapes, grains, sugar cane, agave, etc.). That is why we are firmly committed to protecting local natural resources – which are essential to producing high-quality products – and managing our brands in a sustainable way (see our Environmental Roadmap, page 39).

The Group used the equivalent of **2,590,524 tonnes** of agricultural products as raw materials.⁽¹⁾
The Group indirectly cultivated the equivalent of **255,863 hectares** of land.⁽¹⁾



3

ENHANCE OUR PRODUCTION CAPACITY

The bottling process for our products receives extremely close attention and complies with all relevant quality and safety standards. In 2014 we developed a new bottle traceability system to ensure the best possible experience for our consumers. Dubbed “the Internet of Bottles”, the system guarantees the authenticity of each customer’s purchase, thanks to a label placed on the bottle cap. The label includes a QR code that can be scanned to reveal the bottle’s identity and history.

The Group’s industrial base produced a volume of **1,064 million litres**.⁽¹⁾
The Group distilled a total of **2.42 million litres** of pure alcohol.⁽¹⁾



4

EXPAND OUR DISTRIBUTION NETWORKS

We maintain our own distribution networks, and as a result we have a sales force that is attentive to the needs of our consumers and the markets in which we operate. Those networks allow us to tailor our international strategy to the specific characteristics of each market (see page 14 to learn more about our decentralisation).

The Group delivered **2,532 million glass bottles**.⁽¹⁾⁽²⁾



2

CONSTANTLY MODERNISE OUR PRODUCTION INFRASTRUCTURE

We invest in modern resources (vinification, distillation, maturation, assembly, etc.) commensurate with our production and storage capacity, while proposing environmentally friendly solutions for water treatment, wastewater management and other concerns.

The Group’s total industrial expenditure amounted to **€242 million**.⁽¹⁾
The Group’s capital expenditure related to eaux-de-vie maturing capacity for whiskies and cognac amounted to **€90 million**.⁽¹⁾



5

INSTIL CUSTOMER LOYALTY AND PROMOTE RESPONSIBLE CONSUMPTION

We work side by side with our customers to offer quality products and experiences for consumers. Consuming our products should be a pleasant, risk-free experience. Accordingly, we promote responsible, moderate consumption through campaigns to educate consumers and raise awareness, conducted independently in association with other industry firms, NGOs and governments.

92% of Group affiliates conducted at least one responsible drinking campaign.⁽¹⁾
100% of Group operating as distributors displayed the “no alcohol for pregnant women” logo on their bottles.⁽¹⁾



6

PLEDGE A LONG-TERM COMMITMENT TO OUR COMMUNITIES

We forge close ties with customers, employees, suppliers and local communities in each market where we operate (see pages 58-63).

96% of Group’s affiliates conducted at least one initiative to develop communities and enlist partner support.⁽¹⁾



We share the value we generate with all of our stakeholders who, in turn, create long-term value:

- ◆ Our employees;
- ◆ Communities and the environment;
- ◆ Our customers and consumers;
- ◆ Our suppliers;
- ◆ Our shareholders.

(1) During fiscal year 2015/2016. (2) Excluding recyclable PET bottles in Canada.

The Board of Directors

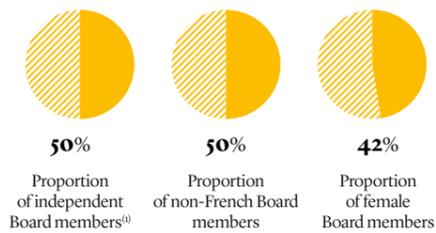
The Pernod Ricard Board of Directors oversees the Group's governance, in accordance with ethics and transparency rules. The Board members, who bring together complementary skills and experience, ensure that the Group pursues its strategy and is managed in the best interests of the business and its shareholders.



ORGANISATION AND METHOD OF OPERATION

Pernod Ricard follows the AFEP-MEDEF Code of corporate governance for listed companies and applies the independence criteria established in the Code. The Board of Directors is comprised of 14 members (including two Directors representing employees).

In figures



(1) Excluding Employee Directors.

- 01. **Ian Gallienne** ♦
- 02. **Martina Gonzalez-Gallarza**
- 03. **Pierre Pringuet**
Vice-Chairman of the Board of Directors
- 04. **Alexandre Ricard**
Chairman & Chief Executive Officer
- 05. **Nicole Bouton** ♦
- 06. **Kory Sorenson** ♦
- 07. **César Giron**

♦ Independent Director

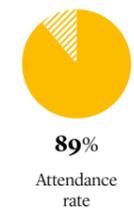
- 08. **Paul-Charles Ricard**
Permanent Representative of Société Paul Ricard
- 09. **Sylvain Carré**
Employee Director
- 10. **Veronica Vargas**
- 11. **Wolfgang Colberg** ♦
- 12. **Anne Lange** ♦
- 13. **Manousos Charkoftakis**
Employee Director
- 14. **Gilles Samyn** ♦

THE BOARD OF DIRECTORS IN 2015/2016

The Board of Directors met 10 times during the financial year that ended on 30 June 2016, with an attendance rate of 89%. The average length of the meetings was approximately three hours. The activities of the Board of Directors during the financial year were primarily as follows:

- ♦ approve the half-year and annual financial statements,
- ♦ examine the budget,
- ♦ oversee preparations for the Annual Shareholders Meeting,
- ♦ review and approve the work of the Committees,
- ♦ review presentations on the activities of the functional departments and affiliates.

In figures



CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

The Shareholders Meeting of 6 November 2015 renewed the term of Ms Nicole Bouton as Director for four years and appointed Ms Kory Sorenson as Director for a four-year term. On 20 July 2016 the Board of Directors co-opted Ms Anne Lange⁽¹⁾ as Director to replace Mr Laurent Burelle.

(1) Her co-option is subject to the approval of the Shareholders Meeting of 17 November 2016 (10th resolution).

Committees of the Board of Directors

The Board of Directors delegates responsibility to four specialised committees for the preparation of specific topics within their purview. Those Committees – the Strategic Committee; Audit Committee; Nominations, Governance and CSR Committee; and Compensation Committee – submit their opinions and recommendations to the Board.

CREATED BY ALEXANDRE RICARD ON 11 FEBRUARY 2015, THE STRATEGIC COMMITTEE CURRENTLY HAS THE FOLLOWING MEMBERS:

- Mr Alexandre Ricard (Chairman)
- Mr Wolfgang Colberg⁽¹⁾
- Mr Ian Gallienne⁽¹⁾
- Mr César Giron
- Ms Anne Lange⁽¹⁾⁽⁴⁾
- Mr Pierre Pringuet

The main activities of the Strategic Committee during the financial year were as follows:

- ♦ review of the key strategic challenges facing the Group;
- ♦ review and recommendations regarding all significant acquisitions, divestments or partnerships;
- ♦ examination of any strategic matters affecting the Company or its Group.

THE AUDIT COMMITTEE CURRENTLY HAS THE FOLLOWING MEMBERS:

- Mr Wolfgang Colberg⁽¹⁾ (Chairman)
- Mr Gilles Samyn⁽¹⁾
- Ms Kory Sorenson⁽¹⁾⁽⁴⁾

In accordance with its Internal Regulations and in liaison with the Statutory Auditors and the Consolidation, Finance and Internal Audit Departments of the Company, the Audit Committee's work mainly related to the following issues:

- ♦ review of the draft half-year and annual financial statements (corporate and consolidated);
- ♦ monitoring of the Group's cash flow and debt;
- ♦ review of significant risks and assessment of the Group's risk management;
- ♦ assessment of internal control systems;
- ♦ review of Internal Audit action plans.

THE NOMINATIONS, GOVERNANCE AND CSR COMMITTEE CURRENTLY HAS THE FOLLOWING MEMBERS:

- Ms Nicole Bouton⁽¹⁾ (Chairwoman)
- Mr Wolfgang Colberg⁽¹⁾
- Mr César Giron

Mr Alexandre Ricard, in his capacity as Chairman & CEO, is associated with the work of the Committee on matters related to the appointment of Directors. The main activities of the Nominations, Governance and CSR Committee during the year were as follows:

- ♦ selection of new Directors;
- ♦ review of the composition of the Board and the independence of the Directors;
- ♦ evaluation of the Board's operations;
- ♦ review of CSR issues and the Group's performance.

THE COMPENSATION COMMITTEE CURRENTLY HAS THE FOLLOWING MEMBERS:

- Ms Nicole Bouton⁽¹⁾ (Chairwoman)
- Mr Ian Gallienne⁽¹⁾
- Mr Pierre Pringuet
- Ms Kory Sorenson⁽¹⁾⁽⁴⁾
- Mr Manousos Charkoftakis⁽²⁾

The primary responsibility of the Compensation Committee is to define the compensation policy for the Group's Executive Directors in accordance with the recommendations contained in the AFEF-MEDEF Code of corporate governance. The main activities of the Compensation Committee during the financial year were as follows:

- ♦ review of and proposals on the compensation and retirement benefits to be paid to the Executive Director and on the total amount of Directors' fees;
- ♦ proposals on the general policy governing long-term compensation;
- ♦ proposals on and implementation of the annual plan for allocation of stock options and performance-based shares.

TWO MEETINGS IN 2015/2016



Independence: 50% Attendance rate: 92%

FIVE MEETINGS IN 2015/2016



Independence: 100% Attendance rate: 100%

FOUR MEETINGS IN 2015/2016



Independence: 67% Attendance rate: 100%

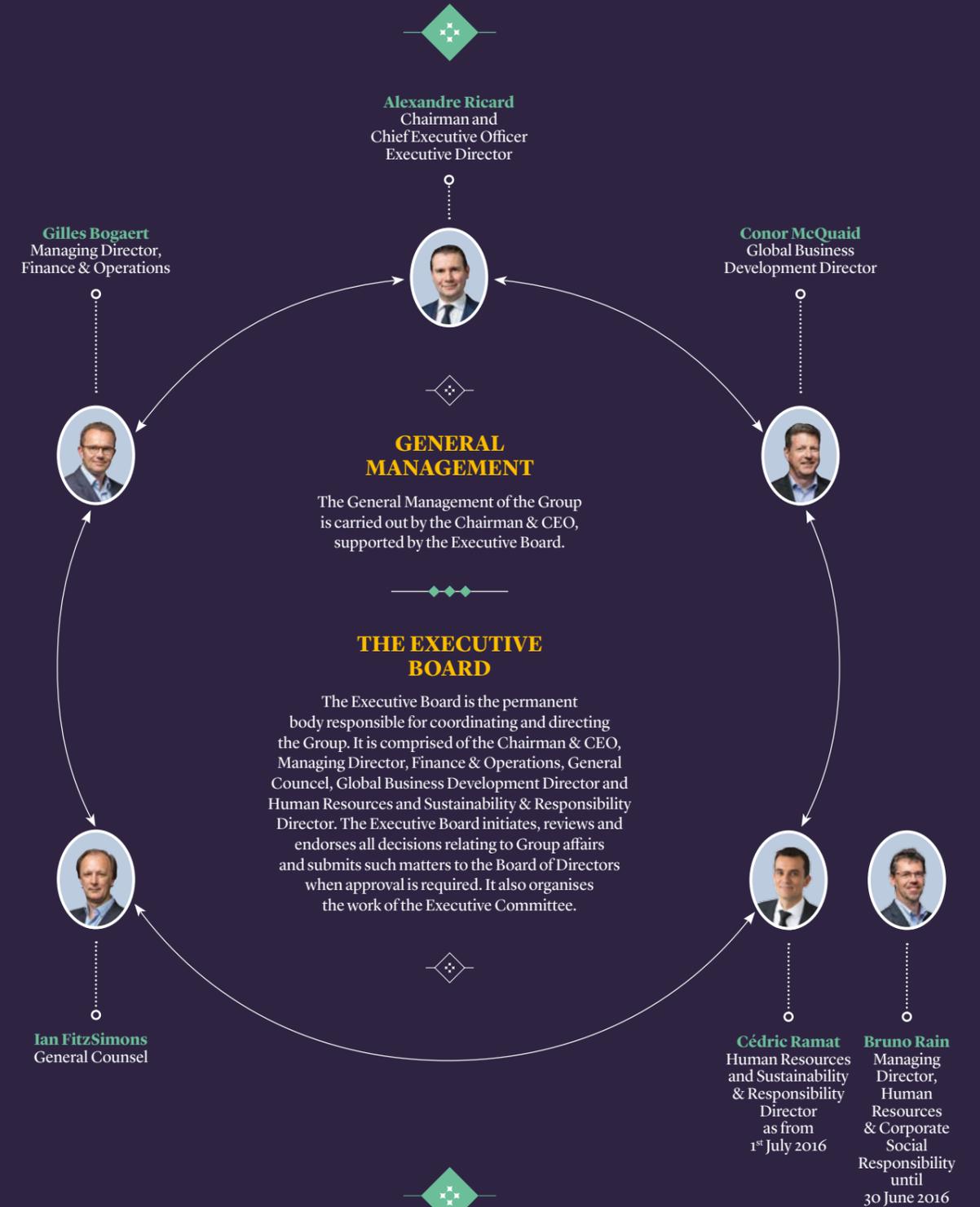
SEVEN MEETINGS IN 2015/2016



Independence: 75% Attendance rate: 96%

(1) Independent Director. (2) Employee Director. (3) Excluding Employee Directors. (4) Since 20 July 2016.

Management Structures



The Executive Committee

The Executive Committee is the Group's management body comprising the Executive Board and the chairmen of the direct affiliates.



ORGANISATION AND METHOD OF OPERATION

The Executive Committee coordinates between the Headquarters and the affiliates, as well as among the affiliates themselves (Brand Companies and Market Companies). Working under the authority of the General Management, the Committee is responsible for conducting the Group's business activities and ensuring that its main policies are applied.

IN THIS CAPACITY, THE EXECUTIVE COMMITTEE:

- ◆ reviews the Group's activities and any deviations from the operating plan;
 - ◆ actively participates in setting objectives (financial results, debt, qualitative objectives);
 - ◆ periodically reviews brand strategies;
 - ◆ analyses results within the network of Market Companies and Brand Companies and proposes any necessary changes in the organisation;
 - ◆ approves and ensures compliance with the Group's main policies (Human Resources; sales and marketing best practices; Quality, Safety, Environment (QSE) policy; corporate social responsibility, etc.).
- The Executive Committee meets between 8 and 11 times annually.

ON 1ST JULY 2016 THE EXECUTIVE COMMITTEE WAS COMPRISED OF:

- | | | | | | |
|--|--|--|---|--|---|
| <p>◆ 01. Mohit Lal
Chairman & CEO, Pernod Ricard Global Travel Retail⁽¹⁾</p> <p>◆ 02. Pierre Coppéré
Executive Senior Vice-President in charge of Growth Initiatives</p> <p>◆ 03. Gilles Bogaert
Managing Director, Finance & Operations</p> | <p>◆ 04. César Giron
Chairman & CEO of Martell Mumm Perrier-Jouët</p> <p>◆ 05. Alexandre Ricard
Chairman and Chief Executive Officer, Executive Director</p> | <p>◆ 06. Anna Malmhake
Chairwoman & CEO of The Absolut Company⁽²⁾</p> <p>◆ 07. Philippe Savinel
Chairman & CEO of Ricard SA and Pernod SA</p> <p>◆ 08. Paul Duffy
Chairman & CEO of Pernod Ricard North Americas⁽³⁾</p> | <p>◆ 09. Ian FitzSimons
General Counsel</p> <p>◆ 10. Conor McQuaid
Global Business Development Director</p> <p>◆ 11. Cédric Ramat
Human Resources and Sustainability & Responsibility Director⁽⁴⁾</p> | <p>◆ 12. Laurent Lacassagne
Chairman & CEO of Chivas Brothers</p> <p>◆ 13. Philippe Guettat
Chairman & CEO of Pernod Ricard Asia</p> <p>◆ 14. Bruno Rain
Chairman & CEO of Pernod Ricard Winemakers⁽⁵⁾</p> | <p>◆ 15. Christian Porta
Chairman & CEO of Pernod Ricard Europe, Middle East, Africa and Latin America</p> <p>◆ 16. Jean-Christophe Coutures
Chairman & CEO of Irish Distillers Group⁽⁶⁾</p> |
|--|--|--|---|--|---|

(1) As from 1st July 2016, a new Market Company has been created, Pernod Ricard Global Travel Retail, under the direction of Mohit Lal. This new company will strengthen coordination among the three current Travel Retail regions (Europe, Americas and Asia) and the entire domestic Travel Retail staff. (2) Anna Malmhake was Chairwoman & CEO of Irish Distillers Group until 30 June 2016. (3) Paul Duffy was Chairman & CEO of The Absolut Company until 30 June 2016. As from 1st July 2016, the Market Company Pernod Ricard Americas has been restructured as Pernod Ricard North America (United States and Canada) under the direction of Paul Duffy and Pernod Ricard Latin America, which is becoming part of Pernod Ricard Europe Middle East and Africa, under the direction of Christian Porta. Philippe Dreano has elected to retire effective 1st July 2016 after 27 years of service to the Group. (4) Effective 1st July 2016, the position of Managing Director, Human Resources & Corporate Social Responsibility has been replaced with that of Human Resources and Sustainability & Responsibility Director, in the person of Cédric Ramat. (5) Bruno Rain was Managing Director, Human Resources & Corporate Social Responsibility until 30 June 2016. (6) Jean-Christophe Coutures was Chairman and CEO of Pernod Ricard Winemakers until 30 June 2016.

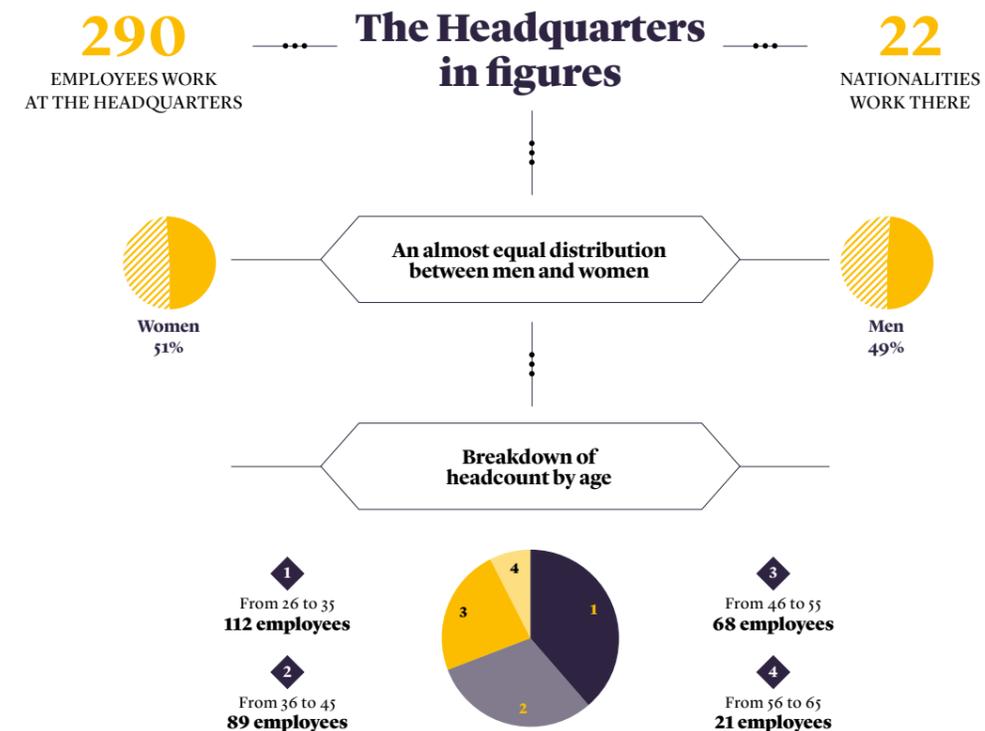
Headquarters Directors

Pernod Ricard Headquarters is composed of the Group's nine functional departments, which are organised around the General Management. These departments spearhead the Group's strategy in their respective areas of expertise and coordinate implementation with the affiliates. They are tasked with uniting the entire organisation behind the Group's two priorities: accelerating top-line growth and instilling a winning Mindset at every level.

<p>CORPORATE AFFAIRS AND SUSTAINABILITY & RESPONSIBILITY</p> <p>Jean Rodesch International Affairs and S&R Director</p> <p>José-Ramon Fernandez VP European Affairs</p> <p>André Hémar VP Corporate Social Responsibility</p> <p>Armand Hennon VP Responsible Marketing S&R - France</p> <p>Laurent Scheer Public Affairs Director - France</p> <p>COMMUNICATION</p> <p>Olivier Cavil Communications Director</p> <p>Christine Laborde Internal Communications Director</p> <p>Sylvie Machenaud External Communications Director</p> <p>BIG</p> <p>Alain Dufossé Managing Director, Breakthrough Innovation Group</p> <p>Vlastimil Spelda Director, Breakthrough Innovation Group</p>	<p>FINANCE</p> <p>Jean-Baptiste Briot Financial Control Director</p> <p>Hélène de Tissot Director, Group Strategy and M&A</p> <p>Olivier Guélaud Treasury Director</p> <p>Gwenaél Morin Tax Director</p> <p>Julia Massies VP Financial Communication and Investor Relations</p> <p>Benoît Becu Consolidation Director</p> <p>Isabelle Colin Financial Services Director, Holding, EMEA</p> <p>Laure Pavec Management Control Director since 1st September 2016</p> <p>Nicolas Piketty Internal Audit Director</p> <p>GROUP INFORMATION SYSTEMS</p> <p>Mathieu Lambotte Chief Information Officer</p> <p>Frédéric André IT Governance Director</p> <p>Jean-François Bernard Chief Technical Officer</p> <p>Gabriel Rotella VP IT Solutions</p>	<p>GLOBAL BUSINESS DEVELOPMENT</p> <p>Franck Pierre Research Centre Director</p> <p>Antonia McCahon Global Digital Acceleration Director</p> <p>Thibaut de Poutier de Sone Executive Vice President On-Trade & Luxury Commercial Development</p> <p>Florence Rainsard Consumer Insights & Experience Director</p> <p>Olivier Rouche Off-Trade Commercial Development Director</p> <p>Yves Schladenhaufen Innovation and Portfolio Strategy Director</p> <p>Tareef Shawa Luxury & CRM Director</p> <p>Simon van Moppes On-Trade Commercial Development Director</p> <p>LEGAL</p> <p>Philippe Prouvost Senior Executive Director Corporate Legal Affairs & Board Secretary</p> <p>Stephen Fisher VP Brand Security</p> <p>Mathieu Prot Group Intellectual Property Director</p>	<p>OPERATIONS</p> <p>Peter Morehead Group Operations Director</p> <p>Mark Harrison Global Supply Chain Director</p> <p>Hervé Jouanno Director of Procurement for Direct, Manufacturing & General Expenses</p> <p>Nicolas Meauzé Director of Indirect A&P Procurement</p> <p>Jean-François Roucou Sustainable Performance Director</p> <p>HUMAN RESOURCES</p> <p>Véronique Jacquet Director of Human Resources, Headquarters</p> <p>Alban Marignier Director, Organisations, People and Leadership</p> <p>Géraldine Noel Compensation, Benefits and International Mobility Director</p> <p>Jaime Jordana Human Resources Development Director</p>
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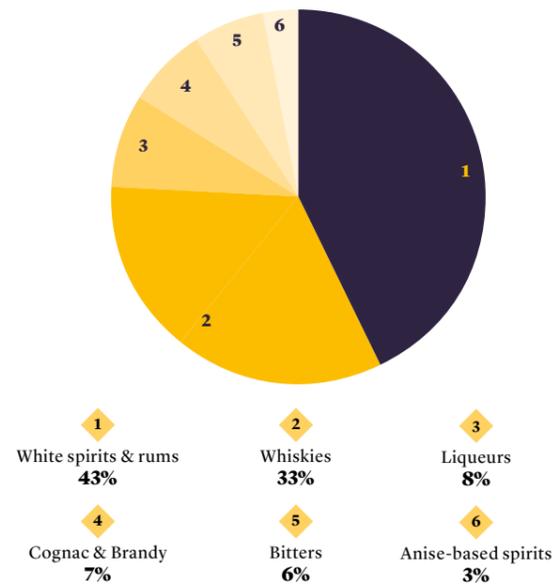
The staff of the Headquarters and the Paris-based affiliates pose together at ResponsibALL Day 2016



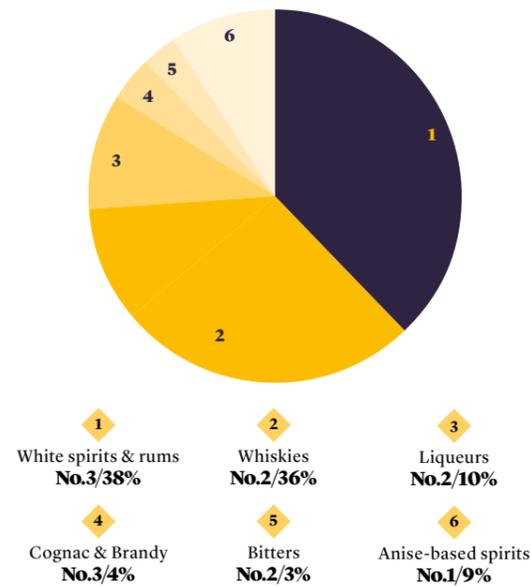
The Global spirits market

Category focus

Breakdown of international spirits consumption⁽¹⁾



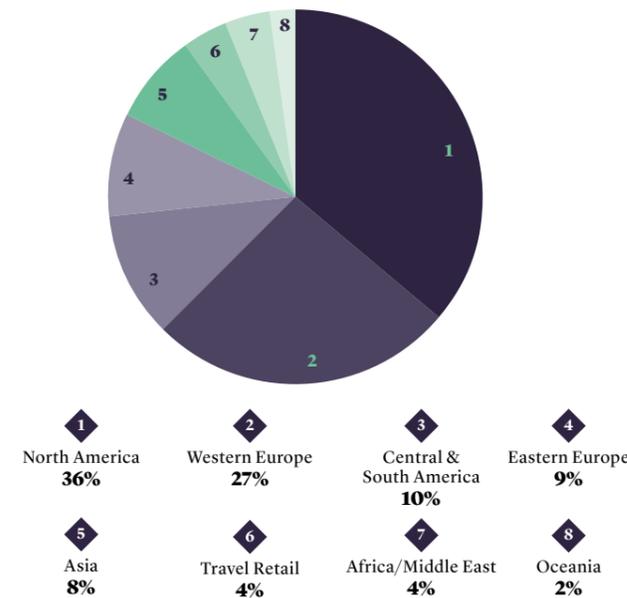
Breakdown of Pernod Ricard's volumes⁽¹⁾ & the Group's position⁽²⁾



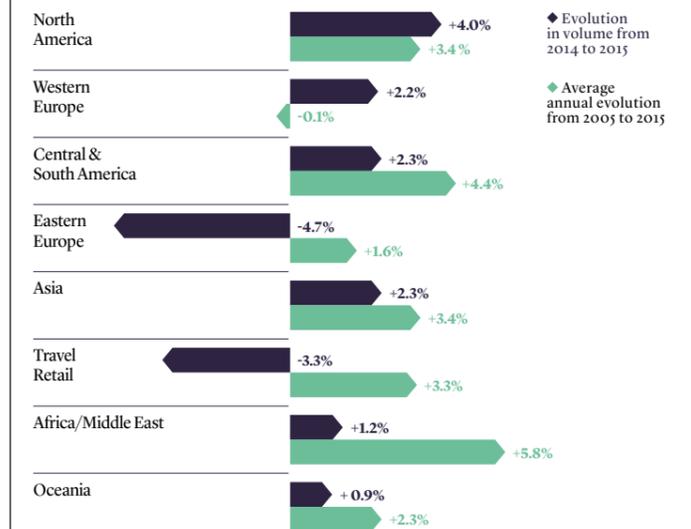
(1) Source: The Pernod Ricard Market View, based on IWSR data, volume data at year-end 2015, "International Spirits".
(2) Ranking among international groups.

Regional focus

Breakdown of global spirits consumption by geographical region

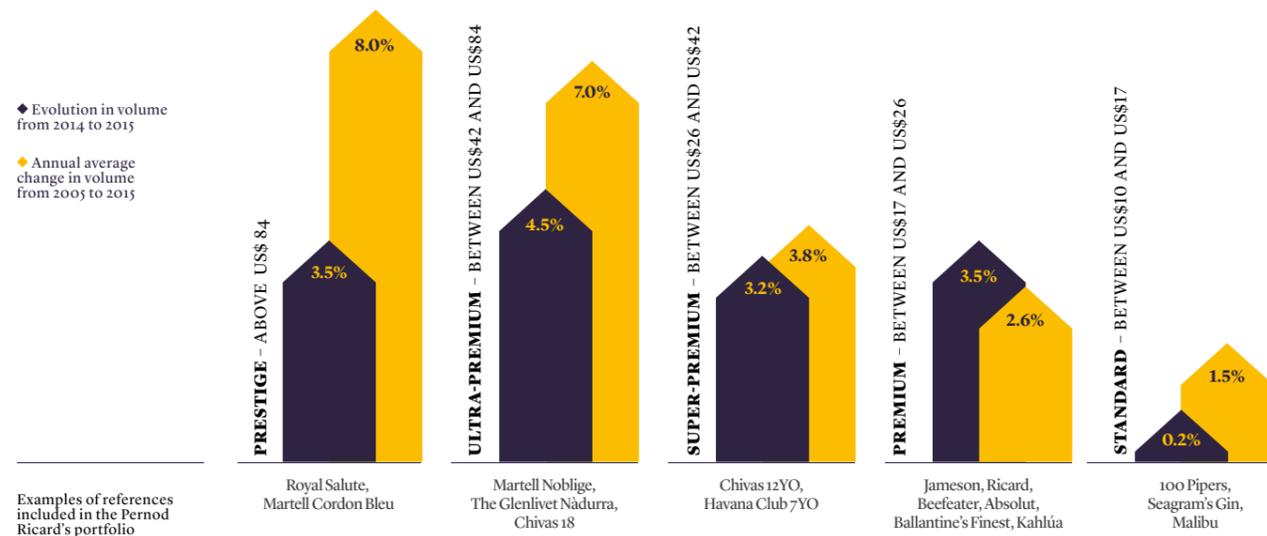


Evolution of global spirits consumption by geographical region



Source: The Pernod Ricard Market View, based on IWSR data, volume data at year-end 2015, "International Spirits".

Evolution in international spirits consumption by price segment⁽³⁾



(3) Price for a 75 cl bottle in the United States.
Source: The Pernod Ricard Market View, based on IWSR data, volume data at year-end 2015, "International Spirits".

Ranking among international groups



(1) Internal data.
Source: The Pernod Ricard Market View, based on IWSR data, volume data at year-end 2015, "International Spirits".



Our strategy: THE FOUR ESSENTIALS

Operational Excellence, Talent development, Sustainability & Responsibility and Route-to-Market/Consumer are four essential priorities to create long-term value. They are the essential cornerstones on which our four growth accelerators rest.



- GILLES BOGAERT -
MANAGING DIRECTOR,
FINANCE AND OPERATIONS

OPERATIONAL EXCELLENCE

“Operational Excellence encompasses all the processes that we carry out every day around the globe to produce, distribute and market our products. Our goal is to make those procedures as efficient as possible and to streamline each process by improving our coordination, pooling our resources and sharing our experiences. By being more efficient, every euro saved can be reinvested in our brands to drive top-line growth.”



- CÉDRIC RAMAT -
HUMAN RESOURCES AND SUSTAINABILITY
& RESPONSIBILITY DIRECTOR

TALENT DEVELOPMENT

“To make the Mindset one of the Group’s two priorities, we need to reaffirm our priority focus on employees. We need to help our talented employees grow and develop so that in the future they can drive our ambition to lead the industry. Through mobility, training, collaboration and diversity, we can ensure that each of us dares to go against conventional wisdom and take risks in order to seize each new growth opportunity.”



- ALEXANDRE RICARD -
CHAIRMAN & CHIEF EXECUTIVE
OFFICER OF PERNOD RICARD

SUSTAINABILITY & RESPONSIBILITY

“I see myself as the heir to a legacy: our centenary brands and our Group are the custodians of a heritage, a history, a terroir that we need to pass on to future generations. There is no alternative but to promote sustainable growth on behalf of all our communities. It’s a prerequisite for our long-term performance.”



- CONOR McQUAID -
GLOBAL BUSINESS DEVELOPMENT
DIRECTOR

ROUTE-TO-MARKET/CONSUMER

“The Route-to-Market and Consumer answers one simple question: how do we reach every single consumer as efficiently as possible? In the past, it was fairly simple to find consumers at major retailers and other networks outside their homes. Today, we have to completely revise that route to consumers by thinking about new touch points like e-commerce, Hometainment and travel retail.”



Operational Excellence

Optimisation for Stronger Performance



- MARK HARRISON -
Global Supply Chain Director
(Headquarters)



- ALMA KILCOOLEY -
Director Corporate Services,
Pernod Ricard USA

WHY HAS OPERATIONAL EXCELLENCE BEEN CITED AS ONE OF THE FOUR ESSENTIALS?

Operational Excellence means streamlining our procedures and our organisational structures. It's essential for maintaining growth and competitiveness, because optimising our operations means lowering costs: doing better with less! We can then reinvest the savings in our brands to drive top-line growth.

So performance is at the centre of our Operational Excellence strategy. It means utilising our people, plants and inventories as effectively as possible to deliver optimum service and quality throughout the supply chain.

That ongoing quest for efficiency is key to the Pernod Ricard Mindset: it should help us become more flexible, so we can continuously adapt to changing consumer needs. And efficiency doesn't just mean operating performance: all of our solutions need to continuously incorporate the idea of environmental efficiency (see page 42).



"That ongoing quest for efficiency is key to the Pernod Ricard Mindset: it should help us become more flexible, so we can continuously adapt to changing consumer needs."



HOW CAN WE REDUCE COSTS IN A GROUP AS DECENTRALISED AS PERNOD RICARD?

We're currently focusing our efforts on indirect costs. As part of that focus, since May 2015 Hervé Jouanno's team at Headquarters has been taking part in a global project called ARTEMIS, which is designed to reduce our spending in five categories: production purchases, overhead costs, logistics, IT procurement and marketing expenses. More than 100 people have been working on this project to help us pool purchasing for certain items, create dedicated communities, share existing best practices and identify additional avenues for improvement. For example, with regard to travel, in the spring of 2016 we launched a pilot project in the US as part of the Group's initiative to reduce lodging expenses. We put together a call for tenders with the New York hotels we typically work with, using a solution from Lanyon. As a result, the entire Group has access to a database with our negotiated fares and can secure the best price for employee accommodations, while maintaining an appropriate level of quality. That project, which is currently in the test phase, is set to be finalised in early 2017 for New York, and then extended to the rest of the US and other countries.



"We've already made substantial progress, thanks to two factors: adherence to a set of best practices in purchasing and the adoption of a Group-wide strategy for procurement negotiations."



A 4-YEAR OPERATIONAL EFFICIENCY PLAN



SUPPLY CHAIN



PRODUCTION



€200 M

in anticipated savings overall on gross margin and advertising/promotional investment as well as support costs between 2016 and 2020

THE OPERATIONAL EFFICIENCY ROADMAP INTRODUCED IN 2015 IS AMONG THE INITIATIVES THAT WILL HELP US MEET OUR MEDIUM-TERM GROWTH OBJECTIVES.

€200 M

in anticipated cash savings between 2016 and 2020



PURCHASING



INFORMATION TECHNOLOGIES

€100 M

reinvested in brands



AN AMBITIOUS ENVIRONMENTAL ROADMAP FOR 2020

This policy of Operational Excellence includes an environmental component, since energy and raw materials are essential for manufacturing products. In this regard, Pernod Ricard has adopted a new environmental roadmap for 2020, having met its reduction targets for all of its production sites over the 2010-2015 period.

The environmental roadmap for 2020 is built on four pillars: governance, supply chain, resource management, and brands & consumers. We can already see some initial results: as of 30 June 2016, 82% of the Group's vineyards are certified compliant with international and local environmental standards and 78% include

a biodiversity protection programme. Moreover, the production sites reduced their CO₂ emissions by 25% and cut water consumption by 17% per unit produced between 2010 and 2016.

See page 75 of the Registration Document to learn more.



📍 PERNOD RICARD
NIGERIA

◆ EMPLOYEE IN
THE PHOTOGRAPH
LOLA ASHAFI
SENIOR BRAND MANAGER
PRESTIGE

◆ EMPLOYEE ON
THE MEDALLION
CLÉMENT QUILICHINI
SENIOR BRAND MANAGER
MARTELL MUMM PERRIER-JOUËT



📍 PERNOD RICARD
KENYA

◆ EMPLOYEE IN
THE PHOTOGRAPH
STEPHEN WAWIRE
SUPPLY CHAIN MANAGER

◆ EMPLOYEE ON
THE MEDALLION
MARK PEARSON
ACCOUNTS RECEIVABLE ANALYST
CHIVAS BROTHERS LTD



Operational Excellence

360° of Operational Excellence



Chivas Brothers Ltd

DALMUNACH: A NEW DISTILLERY TO MEET DEMAND FOR SCOTCH WHISKY

Chivas Brothers' new malt whisky distillery, Dalmunach, set on the banks of the River Spey in Carron, Scotland, combines the functional efficiency of a modern industrial building with an architecturally stunning design that is perfectly suited to its surroundings. Built combining original features from the previous distillery with the latest environmental expertise such as heat recovery technology, the distillery is capable of producing up to ten million litres of high-quality Speyside-style spirit per year. Dalmunach is the company's 14th operating malt whisky distillery, reflecting Chivas Brothers' confidence in the long-term growth prospects for the category. The distillery's architectural design was recognised with an award by the Royal Institute of British Architects.

Pernod Ricard Headquarters

S&R RISK ANALYSIS

The in-house Sustainability & Responsibility risk analysis tool was used to analyse 1,200 suppliers over the financial year 2015/2016. See page 71 of the Registration Document to learn more.

Pernod Ricard India

BUILDING FOR SUSTAINABLE SUCCESS

Two of Pernod Ricard India's production sites in India were singled out for recognition in the Frost & Sullivan Sustainability 4.0 Awards. This recognition reflects the affiliate's commitment to improving the efficiency and sustainability of its operations. The Nashik plant was honoured with a "Leaders Award" and the Rocky plant with a "Challengers Award" in their respective categories to highlight their systematic efforts to integrate environmental best practices into their manufacturing operations, on a daily basis.

Pernod Ricard China

HELPING CONSUMERS SPOT FAKES

Pernod Ricard's "scannable bottles" are starting to turn the tide in the battle against widespread product counterfeiting in China. A smart security sticker affixed to every bottle sold in the country contains codes and visual elements, including a QR code that consumers can scan to identify potential fakes. Already applied to millions of bottles, this innovative solution is generating more than 3,000 consumer scans a day. The sticker allows consumers to detect counterfeiting, and expand their knowledge of the brands while providing for easier tracking of shipments and sales.



Pernod Ricard Maroc

MORE EFFICIENT "INTEGRATED" LOGISTICS

Operating in Morocco since 2013, Pernod Ricard Morocco decided to bring its logistics operations in-house. This campaign conducted on a speedy timetable cut distribution costs by 20% and increased customer satisfaction by 6% in just six months! This success would not have been possible without the energetic efforts of the teams in the field and the support of Pernod Ricard EMEA/LATAM. The affiliate adopted a new warehouse logistics management system that's integrated into the company's computerised management software.

Pernod Ricard Headquarters

MAINTAINING EFFICIENCY EVEN DURING A CRISIS

Preparing the workforce to protect Pernod Ricard people and brands is the focus of the crisis management strategy launched in 2016 in the form of MOOCs (Massive Open Online Courses). Short, inspiring and fun, MOOCs provide an efficient and unique way for large groups of people to expand their knowledge and skills in a specific area. Organised by Pernod Ricard University and the Corporate Communications department, the interactive MOOC enables employees to learn crisis management skills through online modules and simulations and to sharpen their skills by earning points and competing against each other. Some 1,363 employees have already taken part.



REGION HIGHLIGHTS



Pernod Ricard North America 2015/2016

No.1

THE GLENLIVET'S RANKING
IN THE US MARKET
FOR SCOTCH MALT WHISKY



+25%

FOR MARTELL
IN THE UNITED STATES
Source: Nielsen on 12 months as of July 2016.



+21%

INCREASE IN SALES FOR
JAMESON IN THE
UNITED STATES

Sharpened focus for the North American organisation

To accelerate its momentum in the Americas region, the Group made several changes to align its organisation and focus its work methods. The new organisation is designed to conquer the Group's biggest market, the U.S., and deliver on Pernod Ricard's mid-term topline growth objective of 4% to 5%. This transformation initiative is designed to generate sustainable growth in market share by creating a new Route-to-Market/Consumer and increasing the focus on Premiumisation and innovation. The marketing brand teams have been reorganised around four key moments of convivialité to increase consumer-centricity. By adjusting its resources in the field, the Group



hopes to accelerate decision-making and improve execution in the On-Trade and Off-Trade segments. Lastly, a dedicated "New Brand Ventures" incubator has just been created.



Pernod Ricard India

ADAPTING PRODUCTION LINES TO GROWING DEMAND

Five million: that's the number of cases of whisky produced by Pernod Ricard India in just the month of December 2015. It's an important threshold, one that reflects the affiliate's energetic approach to seizing opportunities for growth in its market. It was the affiliate's second record-breaking performance this year, after a production high of 4.2 million cases in October 2015. The affiliate adopted a five-point strategy to meet increased demand, including production plant automation, tighter quality controls,

higher stock volumes for raw materials, the development of new engineering technology and more responsive supply chains. These commitments were applied at 29 production sites across India, backed by dedicated training programmes, paving the way to achieve a target annual production capacity of 58 million cases in 2016-2017.





Pernod Ricard Nigeria

IMPROVED BACK OFFICE MOVES EFFICIENCY TO THE FRONT

A new back office system was launched last April for drinks producers and distributors, replacing the existing superannuated system. It allows for real-time monitoring adapted to both the affiliate's production, quality control, warehouse management,

sales, and distribution needs and its financial operations. A first for the sub-Saharan region, the system is the result of close cooperation between the Finance, IT, Supply Chain, Customer Service and Procurement teams.

Pernod Ricard USA



PRODUCT QUALITY: THE ULTIMATE GOAL OF OPERATIONAL EFFICIENCY

Pernod Ricard USA was named "importer of the year" at the prestigious San Francisco World Spirits Competition, honouring its commitment to producing spirits of outstanding quality that deliver exceptional experiences to customers and consumers. The competition's panellists also recognised the quality of the company's portfolio of Premium brands, which won seven double gold and twelve gold medals at an event that has become one of the most respected spirits competitions in the world since its introduction in 2000.

Pernod Ricard Headquarters

THE ALLEGRO PROJECT: WHERE DO WE STAND?

Launched in 2014, the Allegro project has two major objectives. The first is to strengthen the Group's operational excellence while maintaining its commitment to decentralisation, at a time of regulatory constraints and rising competition. The project is founded on three main principles: prioritisation, aimed at ensuring that each entity is focused on its objectives; simplification, for identifying key issues and accelerating the decision-making process; mutualisation, i.e., pooling resources and tools. The project aims to achieve €150 million in savings over a three-year period. Now finalised in all of the affiliates, the initiative has yielded a net reduction of 900 positions and slashed the Group's structural costs.

THE ALLEGRO CAMPAIGN IN FIGURES:

Overall objective: €150M in recurring cost reductions over a three-year period

- ◆ €30M in cost reductions during 2013/2014
- ◆ €80M in cost reductions during 2014/2015
- ◆ €25M in cost reductions during 2015/2016
- ◆ €15M in cost reductions forecast during 2016/2017
- ◆ 1/3 of the savings has been reinvested

BRAND HIGHLIGHTS

Operational Excellence news

A COLLABORATIVE APPROACH TO IMPROVE EFFICIENCY

Streamlined processes, reduced costs and increased quality and sustainability are just some of the advantages of the new "collaborative approach" to sourcing casks for wine-aged in oak barrels.

The procurement and viticulture teams from Pernod Ricard Argentina, Australia, China, New Zealand, Spain and the US pooled their ideas and best practices to map each stage of the cask-sourcing process. Grouped orders, cask reuse and stock optimisation significantly reduce costs and waste production, while maintaining the same level of quality.



Find out more at www.pernod-ricard.com

PERNOD RICARD WINEMAKERS

BRANCOTT ESTATE



CAMPO VIEJO



JACOB'S CREEK



KENWOOD



HIGHLIGHTS 2015/2016

New Brancott Estate logo is a key element of the new bottle's packaging and pays tribute to the Brancott vineyard.

Brancott Estate's Wine Explorer competition was won by Vinnovate for its screw cap closure that releases a wine's full aroma.

Designer Dror Benshetrit created an elegant limited-edition wine rack for the brand.



Global celebrations of Spanish culture, such as the "Live Uncorked" campaign and the "Streets of Colours" urban art project, have transformed Campo Viejo into the leading Rioja brand.⁽¹⁾



Campo Viejo invited artists from across the planet to create artistic posters inspired by the brand's philosophy and its La Rioja winegrowing estate. Ten artists were allocated \$3,000 and their designs were displayed in the Campo Viejo "Lake of Colour", a pop-up bar in London, from 9 to 12 June 2016.

By combining Premiumisation and Innovation, Campo Viejo is now one of England's top five wine brands.⁽¹⁾

(1) Source: The Pernod Ricard Market View, based on IWSR 2014 and 2015.

Celebrating the people, places and passions of the wine world, Jacob's Creek's "Made By" campaign has undoubtedly been one of the brand's biggest successes.

All profits from sales of the "organic Earth.Vine.Grape Shiraz Cabernet 2014" were donated to the International River Foundation (IRF) which promotes the sustainable preservation of the world's most beautiful rivers.

Jacob's Creek Expedition, a range of Premium red wines designed for Travel Retail, pays tribute to the boat that brought the brand's founder, Johann Gramp, to Australia. The range caused a spike in brand sales in Asia, particularly in Hong Kong, where sales increased by a factor of 30 in February and March 2016.



Kenwood's new logo features the brand's vineyards with a nod to the Jack London Premium range.



The new website, which went live in June 2016, invites consumers to discover the craft of winemaking.

Four videos made as part of the "Crafting the Elements" digital campaign explain how the various terroirs and climates of the Sonoma region influence Kenwood's grape varieties.

2.5M
NINE-LITRE CASES SOLD

2.5M
NINE-LITRE CASES SOLD

6.2M
NINE-LITRE CASES SOLD

0.5M
NINE-LITRE CASES SOLD



Talent Development

Showcasing our Talents



- BRUNO RAIN -

Managing Director, Human Resources & Corporate Social Responsibility, appointed Chairman and Chief Executive Officer of Pernod Ricard Winemakers on 1 July 2016



- CÉDRIC RAMAT -

Human Resources and Sustainability & Responsibility Director (appointed on 1 July 2016)

OVER THE LAST TEN YEARS, WHAT HAS BEEN THE HIGHLIGHT OF YOUR TIME AS DIRECTOR OF HUMAN RESOURCES?

I would say the challenges posed by talent development, without a shadow of a doubt. How can we help our employees grow? Promote mobility? Make our teams more diverse? And, ultimately, how can we develop, distil and share the Pernod Ricard Mindset? We have to be bold, collaborative and ambitious. It's all about confidence, commitment and team spirit. Our talent development policy is built around this Mindset.

It informs how we recruit, recognise and develop our talented employees, whom we need to help us seize growth opportunities. We're constantly distilling and expanding on that policy, as revealed by our recent in-house 'I Say' survey, conducted by the independent consultancy Towers Watson: 94% of our employees fully support the Group's values and 94% are proud to work for Pernod Ricard.⁽¹⁾ Our 18,500 employees are 18,500 "Créateurs de convivialité": that's our unique culture, a source of pride and belonging, and the cement that holds our decentralised organisation together.

(1) I Say survey conducted in June 2015.

"Our Mindset is about being bold, collaborative and ambitious. It informs how we recruit, recognise and develop our talented employees, whom we need."

YOU JUST HAVE BEEN APPOINTED DIRECTOR OF HUMAN RESOURCES. WHAT WILL BE THE FOCAL AREA OF YOUR EFFORTS?

I would like to congratulate Bruno and the workforce for their remarkable progress in human resource management over the last decade.

The policies and tools we've developed will become the basis of our efforts to identify and attract the leaders who will convert our ambition for leadership into reality. Our commitment to continuous improvement reflects a goal that hasn't changed: to develop a broad-based, varied and balanced pool of talent to best reflect the diversity of our consumers' profiles.

Although processes and tools are important, they don't have a decisive impact. It's by drawing on our Mindset, our values and capacity for teamwork that we'll truly make a difference. It's in that spirit that we conduct an annual session of the Executive Committee devoted exclusively to HR issues, to build a shared vision for talent development.

"We're simplifying procedures and breaking down silos in order to be more agile in our human resource management."



EXCEPTIONALLY COMMITTED EMPLOYEES

88%

OF EMPLOYEES ENDORSE THE COMPANY'S OBJECTIVES

94%

OF PERNOD RICARD EMPLOYEES ARE PROUD TO WORK AT THE COMPANY

94%

OF OUR EMPLOYEES WHOLEHEARTEDLY SUPPORT OUR VALUES

IN 2015, PERNOD RICARD INVITED ALL OF ITS 18,500 EMPLOYEES WORLDWIDE TO TAKE PART IN ITS THIRD COMPREHENSIVE SURVEY ON EMPLOYEE ENGAGEMENT. HERE ARE SOME OF THE FINDINGS FROM THE CAMPAIGN.⁽¹⁾

87%

OVERALL ENGAGEMENT RATE

84%

OVERALL PARTICIPATION RATE

90%

ARE WILLING TO ACT AS PERNOD RICARD AMBASSADORS

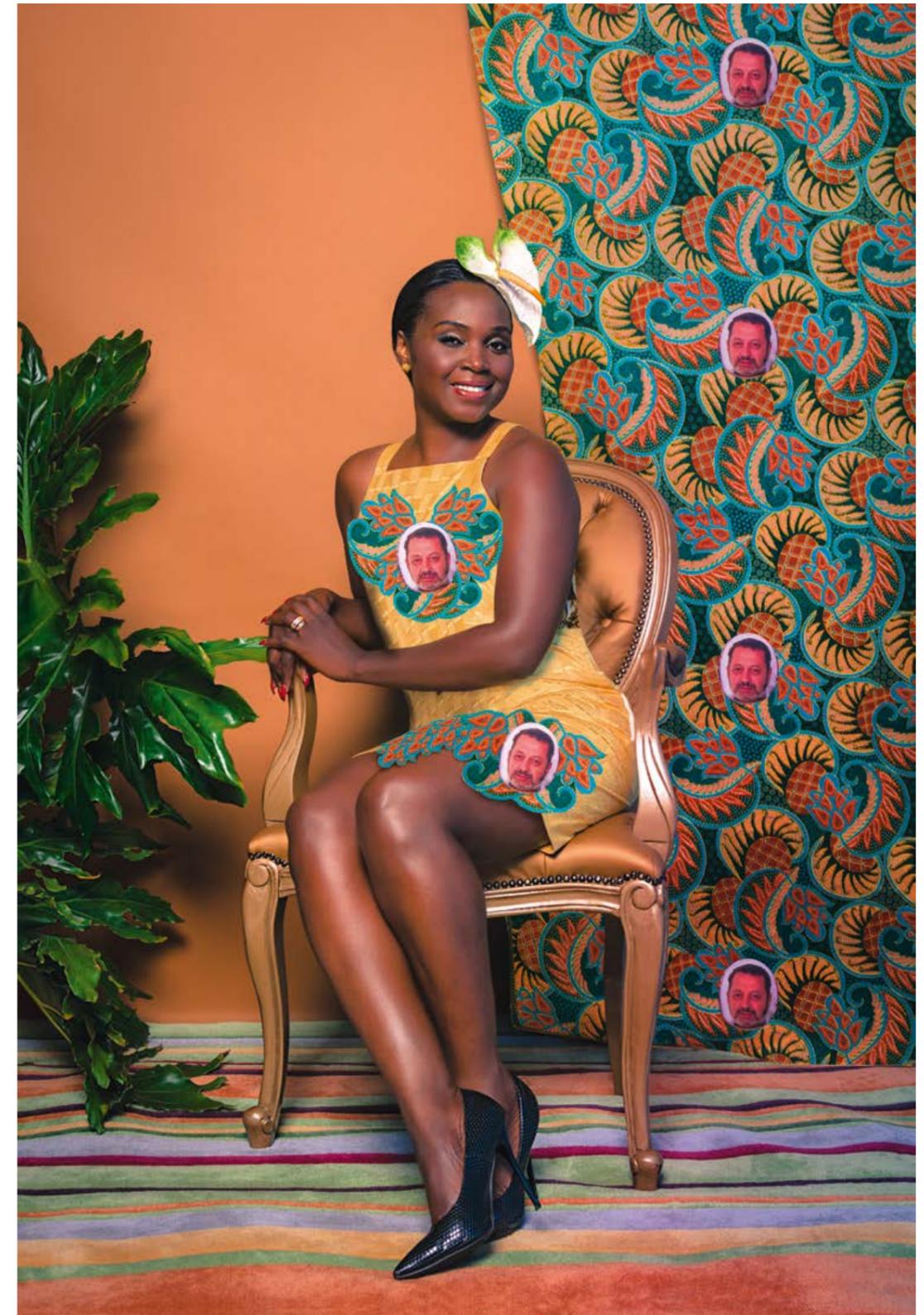
(1) I Say survey conducted in June 2015.



📍 **PERNOD RICARD
NIGERIA**

◆ **EMPLOYEE IN
THE PHOTOGRAPH**
EDI EMMANUEL BALA
COMMERCIAL DIRECTOR

◆ **EMPLOYEE ON
THE MEDALLION**
ALBENA TRIFONOVA
CEO PERNOD RICARD
ITALIA



📍 **PERNOD RICARD
ANGOLA**

◆ **EMPLOYEE IN
THE PHOTOGRAPH**
INES LOPES
SALES MANAGER
WHOLESALE

◆ **EMPLOYEE ON
THE MEDALLION**
RONI CASTRO
COMMERCIAL PERNOD RICARD
BRASIL



Talent Development

360° of Talent Development



Pernod Ricard Mexico

THE VENTURE TANK: AN "INTRAPRENEURIAL" LABORATORY

Spurring initiative and promoting entrepreneurialism within the company: that was the goal of seven talented young employees in creating The Venture Tank (TVT), a space for free expression where anyone can indulge his or her entrepreneurial drive and put together ambitious projects with co-workers. The TVT has already led to the creation of a "creativity workspace" designed to foster new work methods. The furniture in the space is made from 70% recycled material obtained from a former production site – just one example of the social and environmental impact of TVT projects.



Pernod Ricard Headquarters

A NEW CAMPUS IN LA VOISINE FOR PERNOD RICARD UNIVERSITY

It was 1954 when Ricard first acquired the chateau in La Voisine, in Clairefontaine-en-Yvelines, near Paris. Since that time, the site has been used to host workshops for nearly 900 managers from affiliates around the world each year. Now in 2016, it is entering a new phase in its history, with the construction of a high-tech campus to house Pernod Ricard University as well as facilities for corporate events. The new campus will also be leased to outside firms. Scheduled for completion in May 2017, this ambitious project will not only be used for managerial training but will showcase the Group's expertise, culture and products for a worldwide audience.

Pernod Ricard Headquarters

BEHIND THE SCENES WITH RECENT GRADUATES

What better than a Facebook page to promote the Group's various graduate programmes and give recent graduates around the world a way to share their experiences? With more than 2,000 fans as of July 2016, the page lets visitors browse among photographs, first-hand video reports, links to Instagram accounts and more.

Find out more at <https://www.facebook.com/pernodricardgraduates>

Irish Distillers Ltd

ACKNOWLEDGING AND REWARDING EMPLOYEES

The Barrelmen Rewards is an innovative new employee recognition programme devised by Irish Distillers. The idea is simple: every employee is given points that they can award to colleagues in recognition of the quality of their work. Points can then be saved or redeemed against a catalogue of rewards.



Pernod Ricard USA

WHAT BETTER AMBASSADORS THAN OUR COLLEAGUES?

When consumers want product recommendations, who do they turn to? In most cases, they ask a friend or family member. That observation prompted the launch of the *Insiders* programme, which seeks to turn Pernod Ricard USA employees into brand advocates among their family, friends and acquaintances. Initially asked to post, tweet and relay information about The Glenlivet, Kahlúa and Malibu via their social networks, the first 100 advocates have done a remarkable job. With over 2 million social media impressions across Facebook, Instagram, Twitter and LinkedIn, the programme has impressive potential to influence consumers. It's set to be expanded to all employees over the coming months.

Corby Spirit & Wine (Canada)

ACCOLADES FOR CORBY SPIRIT AND WINE

CORBY, A Great Place to Work®! For the fifth year running, the Canadian affiliate has been singled out for recognition in the 2016 challenge from the Great Place to Work Institute. The award is based on feedback from employees, who reported being pleased with the recognition they receive within the company, their work environment, the affiliate's skills management programme and the sense of team spirit in the workplace.

Chivas Brothers Ltd

A CHANCE TO LEARN SOMETHING NEW

Training and education doesn't stop at a company's doors. That's why Chivas Brothers has set up a bursary programme for its employees and their families. The grants can total as much as £5,000 per year for three years. The initiative is designed to help employees to reinforce their talents with the Scottish International Education Trust.

BRAND HIGHLIGHTS

JAMESON



HIGHLIGHTS 2015/2016

It's been 25 years since Jameson launched its Jameson Graduate programme. Since that time, more than 300 graduates have completed the programme, with 77% continuing their careers at Pernod Ricard.

Now in its fifth year, the Jameson First Shot Film Competition offers three young directors the chance to turn their scripts into short movies produced by Trigger Street Productions in association with Kevin Spacey and featuring Maggie Gyllenhaal.

Sine Metu (Without Fear), the Jameson brand's all-purpose rallying cry, is at the heart of a worldwide promotional campaign. The umbrella campaign ensures consistent communications and creates synergies within the portfolio.

Talent Development news

IMMERSION TRAINING FOR TALENTED YOUNG GRADUATES

Launched in 2012 as part of the Jameson Graduate programme, the Graduate Distiller gives engineering and science graduates the opportunity to learn the craft of distilling at Midleton Distillery, the home of Irish whiskey. The programme focuses on developing the next generation of Irish whiskey distillers, with participants gaining experience in all aspects of the whiskey production process, including hands-on practice at the Midleton microdistillery.



Dublin artist James Earley designed the Jameson St Patrick's Day special edition bottle.

Find out more at www.pernod-ricard.com

JAMESON KEY FIGURES 2015/2016

5.7M

NINE-LITRE CASES
SOLD

+16%

BY VALUE
WORLDWIDE

+12%

BY VOLUME

Diversity:
a major strategic
challenge
for the Group



- DELPHINE BEAUQUESNE -
Global Better Balance
Initiative Leader (HQ)

HOW DOES DIVERSITY YIELD VALUE?

The Group's strategic model is focused on consumers. We generate 92% of our turnover in more than a hundred different countries worldwide, and women represent a growing share of our consumer market. To generate value, the challenge now is to ensure that our diverse customer base is better reflected in our work-

force, including senior management. We need to continue building a global pool of talent that offers comprehensive expertise in our key markets, so we can build a closer relationship with our customers, understand and address their needs more effectively, and in the process seize new opportunities for growth. With that in mind, we've launched the "Better Balance" initiative, which



is designed first and foremost to encourage a more effective mix of backgrounds among our talents, with a focus on nationality and gender.

WHAT STEPS HAVE BEEN TAKEN TO IMPLEMENT THE INITIATIVE?

The Better Balance campaign is a strategic initiative that's being led by the Executive Committee, which

has pledged its commitment to raising awareness among our executive staff and adopting a global action plan. Two of the COMEX's members, Paul Duffy and Philippe Guettat, are serving as ambassadors for the project. In concrete terms, the campaign is being backed by an array of initiatives worldwide, such as mentoring programmes, leadership training, Development Centres and flexible

work options (see the *Smart Working Programme*, page 53). And of course, these international programmes are being relayed at the local level, within each affiliate.

See page 53 to learn about the initiatives introduced at The Absolut Company to promote diversity.



Pernod Ricard Headquarters

A NEW GENERATION COMING IN ACTION

An international short-term work exchange programme called Talent for Talent (T4T), an in-house shared housing platform, and a study on the "Circular Economy for Pernod Ricard" are just a few of the initiatives being led by the first Youth Action Council (YAC). This think tank for Group employees under age 30 is fulfilling its mission by communicating directly with top management and launching innovative projects throughout the Group.

Pernod Ricard Headquarters



A NETWORK FOR GENERATION Z

Another of the Youth Action Council's accomplishments is its creation of the #PernodRicardYouthNetwork, with 186 members all under age 30 and hailing from 55 affiliates. The network provides an excellent vantage point for learning more about the desires and aspirations of consumers and employees alike who make up the generation of Millennials.

Pernod Ricard Korea

IMPERIAL SCHOLARSHIPS

Pernod Ricard's South Korean affiliate awarded scholarships this year to 36 budding artists from Seoul's prestigious National Gukak Center, named after a traditional form of Korean music and dance. The company has been extending this financial support since 2002 as its way of contributing to the local community and preserving Korean culture, of which Imperial is an integral part.

BRAND HIGHLIGHTS

RICARD



Talent Development news

A NEW ORGANISATIONAL STRUCTURE

Internal mobility, personalised support for new hires and innovative digital tools to aid the new employee induction and training process. As Pernod and Ricard consolidate their back-office operations as part of the Allegro project in France, the new organisation is gradually taking permanent shape.

In just four months, the Marseilles staff has successfully welcomed and integrated 70 talented new employees thanks to an active recruitment campaign, including 27 staff members from Pernod, 17 from Ricard, 3 from affiliates and 23 external hires.

HIGHLIGHTS 2015/2016

For its limited summer edition, Ricard bottles were in blue and featured in comprehensive 360° promotional campaign.

Mission accomplished! The plant in Bessan, France, installed a unique production line for innovative custom shrink sleeve labels, with 1.7 million bottles sporting a blue sleeve for the summer run.

More suited to current digital uses, the brand's new website doubled its number of visitors in just the first month.

Ricard followed up its Facebook page with an Instagram account during the summer as a way to expand its digital communications.

Find out more at www.pernod-ricard.com



RICARD KEY FIGURES 2015/2016

4.7M

NINE-LITRE CASES SOLD⁽¹⁾

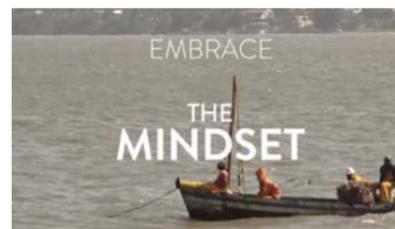
-2%

BY VALUE⁽¹⁾

-1%

BY VOLUME⁽¹⁾

(1) Restated for the French technical impact.



Pernod Ricard Headquarters

"THE MINDSET!": WEB SERIES: BEHIND THE SCENES AT PERNOD RICARD MOZAMBIQUE

Africa represents a new frontier for the Group and a vital growth driver for the future. As Chairman and Chief Executive Officer Alexandre Ricard has said, "In fifteen years, Africa will be where Asia is today". After opening an office in South Africa in 1993, Pernod Ricard began expanding its presence on the continent four years ago, establishing seven new affiliates in Angola, Nigeria, Kenya and elsewhere. In the summer of 2015, Mozambique became the latest to join the list with the aim of becoming the market leader. It's a sizable challenge in a market that's exceptionally dynamic (with 7% growth in GDP) but highly competitive as well. An in-house web series was created in conjunction with the launch, offering an opportunity to view the genesis of this impressive entrepreneurial adventure. With each new episode, Group employees watched as Pernod Ricard Mozambique and its "Créateurs de convivialité" made their first steps into the market. *Mindset!* describes how the Group and each of its functional areas combined their forces with one goal in mind: to capture new market share. From Paris to Maputo and Johannesburg to Dublin, employees could view their colleagues tackling day-to-day activities and finding success or encountering moments of doubt. Conquering, innovative, passionate, determined - the workforce at Pernod Ricard Mozambique perfectly illustrates our winning spirit. *Mindset!* captured third prize among corporate video series broadcast on the Internet at the second edition of "Films & Companies", the largest festival dedicated to corporate videos in France.

Pernod Ricard Headquarters

DEVELOPMENT CENTRES: LEADERSHIP ON THE MOVE

Established in 2015, the Development Centres provide a more effective means of spotting leadership potential within the workforce. Their aim is to devise targeted career development plans and improve career management within the Group. The Centres worked with fifty top managers over the past year, with the results being used to refine their future career track. The programme will be expanded over the coming year.



Pernod Ricard Headquarters

A PRIZE FROM THE CENTRE DE RECHERCHE PERNOD RICARD

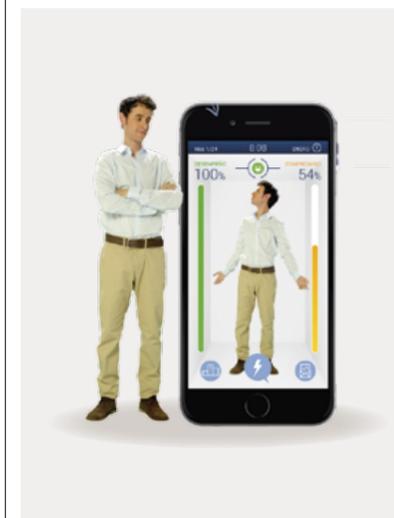
The *Centre de Recherche Pernod Ricard* (CRPR) has launched a €10,000 International Research Award to promote open innovation and foster path-breaking new research by providing support to talented young researchers. This year's winner, Aline Robert-Hazotte, was honoured for her work on "The influence of the metabolism of odorant compounds on human olfactory perception"⁽¹⁾. It's proof that successful innovation also draws on the expertise of outside talent!

(1) As part of PhD studies at the *Centre des Sciences du Goût et de l'Alimentation* (Centre for Taste and Feeding Behaviour) in partnership with the CNRS (French National Centre for Scientific Research), the INRA (French National Institute for Agricultural Research) and the University of Burgundy, Dijon, France.

Pernod Ricard España

A VIRTUAL EMPLOYEE AT RICARDO

Ricardo, Pernod Ricard's first virtual employee or - more accurately - its first entertaining mobile app, has been doubly honoured as the best corporate gamification product at the Gamification World Congress 2015 as well as the HR Innovation Awards 2015 (*Emprendedores & Empleo*). Modelled on a Japanese *tamagotchi*, Ricardo is an employee who needs development, training and support. Designed from real-life scenarios, Ricardo has become an invaluable educational and training tool for managers.



The Absolut Company

DIVERSITY AS A SOURCE OF VALUE

Our customers span the entire globe and their cultural differences need to be borne in mind at all times. To understand the finer details of this diversity, Pernod Ricard encourages the creation of mixed teams in all its affiliates through the *Balanced Teams Drive Successful Brands* programme. To go beyond barriers of gender, origin or nationality, The Absolut Company has implemented a range of new initiatives. Its workforce is now made up of 20 different nationalities, with five added in just one year. The percentage of female managers has grown from 36% to 41%; at the same time, 54% of the company's investment in training is now going to women, with men receiving 46% to reflect the make-up of the workforce.

Pernod Ricard Winemakers



#PRFUTUREVINTAGE

The talented young people in the Pernod Ricard Winemakers' Graduates programme share their day-to-day activities on the Instagram page #prfuturevintage. Some 13,000 wine enthusiasts are already following the account, to see its immersive photos on viticulture and the winemaking process.

Pernod Ricard UK & Pernod Ricard Travel Retail (London)

MOBILITY AND FLEXIBILITY FOR A BETTER WORK/LIFE BALANCE

Based on the finding that happy workers are not just more creative but 30% more productive as well⁽¹⁾, Pernod Ricard UK and Travel Retail have introduced several innovative workplace practices. In May 2016 they launched the *Smart Working* programme, to encourage mobility and empowerment for employees to manage their own work schedule for an improved work-life balance. Smart Working focuses on results and performance, not time and attendance.

(1) Source: Harvard Business Review, via BPI France.



Sustainability & Responsibility

Making a long-term commitment to corporate responsibility



- SANDRINE RICARD -
Deputy Director,
Sustainability & Responsibility



- MARIA CONSTANZA BERTORELLO -
Human Resources and Sustainability & Responsibility
Director, Pernod Ricard Argentina & Chile Cluster

HOW IS THE GROUP COMMITTED TO BEING A RESPONSIBLE ACTOR?

There's a close link between our commitments and the history of our founders, who set up the *Institut Océanographique Paul Ricard* in 1966, followed by the *Institut de Recherches Scientifiques sur les Boissons Alcoolisées*⁽¹⁾ in 1971. This legacy has a major influence on our sustainable development and corporate social responsibility policy and on our day-to-day actions. We're convinced that we can't be leaders in this area unless our efforts have a long-term, positive impact on all of our stakeholders: not just our employees, but our clients and consumers as well. CSR shouldn't be seen as an obligation or moral constraint imposed by the Group, but rather as an integral part of what we do every day. It is also a growth accelerator, because it's now something our stakeholders demand. It already makes sense with production and logistics. But it's not yet an obvious principle with regard to strategy. That's why we invited our brands to redefine their strategic platform by adding a sustainability component, not as a gadget, but as an essential part of their actions. We call it "the Brand Positive Impact". Currently being implemented across the Group, this initiative has already borne fruit, as reflected in Absolut ELYX's efforts to facilitate access to drinking water in deprived communities or Chivas' The Venture, which recognises social entrepreneurship projects (see pages 64-65).

(1) Renamed the *Fondation pour la Recherche en Alcoologie*.

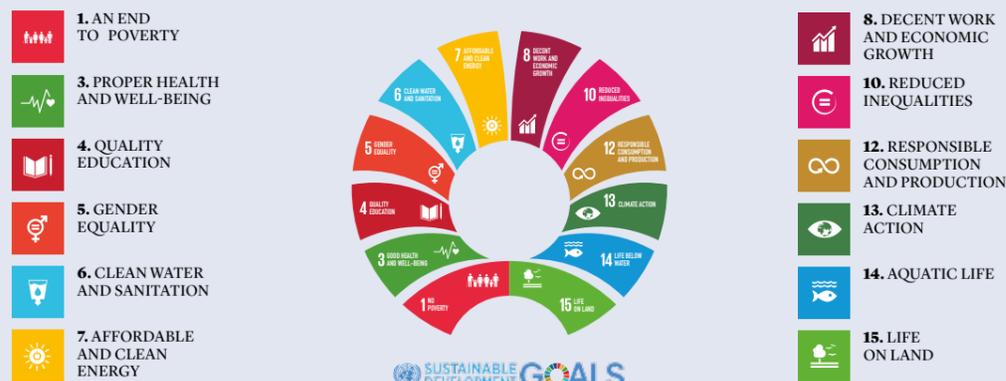
HOW IS PERNOD RICARD HELPING MEET THE 17 SUSTAINABLE DEVELOPMENT GOALS ADOPTED BY THE UNITED NATIONS IN 2015?

The Sustainable Development Goals (SDGs) are a great opportunity to build a better world. To achieve this, the UN relies on a coordinated effort by a complete range of stakeholders: governments, civil society, universities, scientists and the private sector. We really believe that these goals can only be achieved by 2030 if everyone gets involved.

Pernod Ricard supports all 17 SDGs through various initiatives and we've identified 12 of those goals to which we make a particularly significant contribution, or could do in the future (see diagram). We identified these goals using performance indicators developed by the UN Global Compact, the Global Reporting Initiative (GRI) and the World Business Council for Sustainable Development (WBCSD).

In Argentina, for example, we've established new standards designed to promote sustainable agriculture in our vineyards. Water management at those sites is especially critical. So this past March we introduced a drip irrigation system that's much more water-efficient. We've been helped by a team of agronomists along the way. And it's been a worthwhile effort: in addition to reducing our water consumption, we can now compare our footprint with that of other Group vineyards as part of an ongoing effort to find ways of reducing our impact.

THE 12 SUSTAINABLE DEVELOPMENT GOALS, ADOPTED BY PERNOD RICARD



KEY DATES



2016

The *Institut Océanographique Paul Ricard* celebrates its 50th anniversary.



2013

The Group launches an internal app, "Wise Drinking", to promote responsible drinking.



2012

Pernod Ricard announces the industry's formal adoption of five commitments to further reduce the harmful use of alcohol.



2004

The Group adopts a comprehensive Quality, Safety and Environmental policy.



2002

Pernod Ricard signs a Charter for the prevention of drink driving.



1997

The Group launches a cultural partnership with the *Centre Pompidou* in Paris.



1990

The Group joins the European Forum for Responsible Drinking and co-founds *Entreprise & Prévention*, an organization devoted to combatting excessive drinking.



1971

Pernod establishes the IREB (Institute for Scientific Research on Alcohol), now known as the *Fondation pour la Recherche en Alcoologie* (Foundation for Research on the Effects of Alcohol).



1966

The *Institut Océanographique Paul Ricard* is founded.



See an explanation of four areas of CSR commitment on page 19.



📍 PERNOD RICARD
ANGOLA

◆ EMPLOYEE IN
THE PHOTOGRAPH
LUCIANA LARCHER
JUNIOR BRAND MANAGER

◆ EMPLOYEE ON
THE MEDALLION
MATTHIEU WATTEL
MARKETING MANAGER
CHIVAS BROTHERS LTD



📍 PERNOD RICARD
MOZAMBIQUE

◆ EMPLOYEE IN
THE PHOTOGRAPH
SANCHO ZANGO
BRAND MANAGER

◆ EMPLOYEE ON
THE MEDALLION
SIDONIE LEFEBURE
LEGAL COUNSEL
PERNOD RICARD EMEA/LATAM



Sustainability & Responsibility

360° of Sustainability & Responsibility

In the news items below, learn how we're fulfilling each of our four areas of S&R commitment by following the insignias for each one (see page 19).



Ramazotti



"FAIR" PRODUCTION

To celebrate its 200th anniversary, Ramazzotti teamed up with both the NGO Positive Planet and the German Association for International Co-operation to promote responsible purchasing and an equitable production model. More than 2,000 local producers now help to supply spices essential to Amaro Ramazzotti's production.

Pernod Ricard China



SUCCESSFUL PREVENTION CAMPAIGN

Pernod Ricard China embarked on a prevention campaign to warn parents and children of the dangers of underage drinking. Launched in late 2015, the campaign featured TV advertisements, animated billboards and a website. More than 2.6 million web users visited the "No Underage Drinking" website, where content included fun and educational games.



Pernod & CRPR



SUZE: PROTECTING REGIONAL PRODUCTION

A pioneer of gentian cultivation, Pernod has joined an interprofessional organisation for gentian preservation to conserve and promote this resource vital to the production of Suze. With the support of an INRA⁽¹⁾ team in Dijon, the *Centre de Recherche Pernod Ricard* has conducted a ten-year research project to promote gentian cultivation on a larger scale. Pernod opted for a field replanting technique and seeds being sown directly in the field.

(1) French National Institute for Agronomic Research.



Ararat



FOSTERING SUSTAINABLE FARMING

In partnership with Positive Planet, Pernod Ricard has implemented a sustainable agriculture project in Armenia that helps local farmers keep their businesses going. Six cooperatives have been set up to organise the work of farmers in the Tavush region by providing them with technical support to manage their business and equipment.

Pernod Ricard Headquarters



PERNOD RICARD UNDER THE SPOTLIGHT AT PARIS PHOTO

Pernod Ricard made its debut as an exhibitor at this year's *Paris Photo* international photography exhibition, held from 12-15 November 2015. On display was the 2014-2015 creative campaign produced by Li Wei for the Group's annual report. In recognising the Group's work with some of the world's greatest photographers over the past decade, the event confers credibility on the Group's efforts. Pernod Ricard has decided to make *Paris Photo* the venue for the annual exhibition of its artistic campaign.



Li Wei and Omar Victor Diop meet at Paris Photo in 2015.

BRAND HIGHLIGHTS

ABSOLUT



S&R news

ABSOLUT ELYX MAKES A COMMITMENT TO WATER

Absolut Elyx has joined forces with the NGO Water For People. Beginning on 1st July, each bottle of Elyx sold in the United States will be matched by funds to provide one person with drinking water for a week (140 litres). Says Absolut Elyx CEO Jonas Tähhlin, "We have a responsibility when it comes to sustainable development, and we hope this need to solve the global water crisis, which is critical to both of our organisations".

HIGHLIGHTS 2015/2016

Now established as a star of the nightlife scene, Absolut continues with its integrated #Absolutnights campaign evolving it into a more authentic and relevant direction for consumers (see pages 73 and 88).

The Absolut Company underlined its long-standing support for the LGBT community by decorating its "Absolut Colors" bottle in the colours of the rainbow flag.

Hot on the heels of its success in achieving carbon-neutral production through the "Absolut One Source" programme, The Absolut Company has turned its attention to packaging. This year the company held a brainstorming workshop attended by current and potential suppliers.



No fewer than 13 countries in Asia, Europe, the Americas and Africa responded to an invitation from *Absolut Invite*, a team cocktail contest.

Find out more at www.pernod-ricard.com

ABSOLUT KEY FIGURES 2015/2016

10.9M
NINE-LITRE CASES SOLD

-4%
BY VALUE

-2%
BY VOLUME

Responsib'ALL Day 2016: a look at initiatives around the world



Our commitment on behalf of S&R is embodied in Responsib'ALL Day, held every year since 2011. During this global event, Pernod Ricard's 18,500 employees around the world spend one entire workday promoting the Group's CSR commitments. After five years dedicated to promoting responsible drinking, this year's event focused on the Group's third formal commitment: developing our local communities and enlisting the help of our partners. To that end, Pernod Ricard employees enthusiastically tackled some 200 projects to create or renovate gathering places for local communities. In the process, they embodied the Group's vision of "Créateurs de convivialité" through their collective endeavours.



NEW ZEALAND

HELPING THOSE WHO HELP OTHERS

Thanks to its time zone, New Zealand kicked off Responsib'ALL Day 2016 with the aim of helping communities that help others. In Auckland, 90 employees, assisted by professionals, helped renovate and clean the premises and garden of the

Auckland City Mission. This social service organisation, which aids older people and the homeless, enjoys a strong reputation in New Zealand. In other regions, our staff joined in efforts to preserve the country's natural assets, including the Montana Heritage Trail and vulnerable wetlands.



Pernod Ricard India

HEALTH AND SAFETY AT THE WHEEL

For nearly three years, 11,000 Indian truck drivers have received medical examinations provided at 14 health centres across the country. It's part of an initiative by Pernod Ricard India to improve road safety and promote better community health. The affiliate supplied the medical equipment and provided access to physicians.



Pernod Ricard Malaysia

ENERGY RAY

Pernod Ricard was honoured at the Deauville Green Awards for a corporate video entitled "Bottled Hope Sabah". The film profiles a programme launched by Pernod Ricard Malaysia to provide underprivileged communities with access to lighting. In this exceptionally innovative initiative, used bottles are recycled into rechargeable lamps that run on solar energy. Nearly 2,000 residents have benefited as a result.



Pernod Ricard Headquarters

NEW GUIDELINES

A new set of guidelines on sales promotions incorporates the latest Sustainability & Responsibility commitments as well as the Group's digital acceleration strategy.

BRAND HIGHLIGHTS

HAVANA CLUB



HIGHLIGHTS 2015/2016

A sensual silhouette, a subtly detailed label, and pride of place for the master rum maker: Havana Club 7 Years has adopted a new, more elegant and more Premium-oriented bottle.

Havana Club has launched an innovative and unique digital campaign - Havana3Style - to promote the home cocktail culture.

600,000 people attended the national tour of the Cuban reggaeton group Gente de Zona; Havana Club was partner for the tour.

Find out more at www.pernod-ricard.com

HAVANA CLUB KEY FIGURES 2015/2016

4.0M
NINE-LITRE CASES SOLD

+3%
BY VALUE

+1%
BY VOLUME

S&R news

CUBA STRIKES A POSE

Every year, a foundation known as the Elliott Erwitte Havana Club 7 Fellowship invites a photographer to capture the spirit of Cuba today and enrich the island's photographic heritage. Seven images are put up for sale to help finance the next photo report, and so on each year.

The grant was kicked off by Elliott Erwitte in person: the Magnum photographer led the way by producing an initial report, from which seven photos were offered for sale. Established in September 2015, the project has had a significant impact on the amateur photography community.

Havana Club 3 Years rum, the leading rum in the Havana Club range, has redefined its brand territory with the help of three Cuban artists.

BRAND HIGHLIGHTS

HAVANA CLUB: TRADEMARK REGISTRATION RENEWED IN THE UNITED STATES



On 11 March 2016, the Group was informed that an amended complaint had been filed by Bacardi & Company Ltd against Cubaexport - Pernod Ricard's long-time partner - in United States District Court.

In 2004, the Trademark Trial and Appeal Board (TTAB) ruled in favour of Cubaexport and declared the Cuban company owner of the Havana Club trademark registration. Bacardi appealed the decision to the courts. The case was stayed pending the renewal of the trademark registration. In February 2016, Cubaexport renewed its registration of the Havana Club trademark with the US Patent and Trademark Office (USPTO) through 2026. This means that the American courts will now decide the dispute over US ownership of the Havana Club trademark on the merits. Havana Club is the benchmark for Cuban rum worldwide. It is Cuba's leading export rum, and benefits from Cuba's warm weather and quality sugar cane, the know-how of the Maestros del Ron Cubano, and Cuban culture.

Jérôme Cottin-Bizonne, CEO of Havana Club International, has no doubts: "Havana Club is the true rum of Cuba and we hope to share it with the American people if the US embargo is lifted."



- IAN FITZSIMONS -
General Counsel for Pernod Ricard

"We are confident that Cubaexport will prevail in defending its registration in the pending litigation. Cubaexport has been the registered owner of the Havana Club trademark in the US since 1976."

Pernod Ricard Mexico

CHILDREN WITHOUT ALCOHOL

The Pernod Ricard Mexico Foundation has joined forces with the Department of Psychology at the Universidad Anáhuac México Sur (UAMS) to publish *Children Without Alcohol*, a handbook distributed in schools to raise youth awareness of the possible risks of alcohol consumption. The booklet is the result of an extensive research effort that involved 2,500 young people.



Pernod Ricard Vietnam

IN VIETNAM, "SAFE ROADS 4 YOUTH" IS SAVING LIVES

Reducing drink-driving among young people: that's the goal of this innovative prevention programme, forged in partnership with NGOs and university researchers. The "Safe Roads 4 Youth" project is underway in three emerging countries - South Africa, Argentina and Vietnam - where drink-driving is a particular menace. The number of traffic-related deaths has fallen by 28% and 32% in two pilot regions in Vietnam over the past three years thanks to a sustained long-term community awareness campaign carried out with local leaders that reached nearly 350,000 people.



PERNOD RICARD HQ/ EMEA/LATAM

BRIGHTENING UP COMMUNITY SPACES

Four hundred head office employees took part in a wide range of activities designed to transform Paris's inner suburbs. Several employees helped out at the "Danse sur les Rails" festival in Clignancourt, while others rolled up their sleeves

in Ruisseau's community gardens, and still others joined in the Hasard Ludique project to transform the former Saint-Ouen train station into a multidisciplinary cultural space. Activities included making terrace furniture, greenhouses and plant troughs, setting up arbours, and even creating a dance floor. It was a fun way of getting to know people from the local community!

RUSSIA

A CULTURE OF SHARING

Pernod Ricard staff helped brighten up one of the oldest theatres in Russia. Located in the Istra region near Moscow, the theatre forms part of the local community's heritage. After tidying up the garden of plants and trees, the teams set up a stage and open-air terrace to create a friendly, festive gathering place.

TAIWAN

PRESERVING ABORIGINAL TRADITIONS

About 130 employees devoted Responsibility ALL Day to the aboriginal Ataya hunter-gatherer tribe in the village of Gaoyi, several hours from the office in Taipei. Activities included gardening, path clearing and the renovation of a community room, part of a traditional structure that Pernod Ricard Taiwan began restoring last May.

DOMINICAN REPUBLIC

THREE HOUSES FOR THREE FAMILIES!

"Pintaton" is a local tradition that consists in repainting and renovating three houses for three families. The Dominican affiliate's 24 employees pitched in on a project of just this kind. The three families, chosen by a local organisation, live in La Burna, an underprivileged rural

area near Santo Domingo. The project was completed in just a few days with the help of the families.



The Institut Océanographique Paul Ricard

50 YEARS OF COMMITMENT TO THE FUTURE OF OCEAN

Fifty years ago, Paul Ricard founded the *Institut Océanographique Paul Ricard* (IOPR) to know the sea to protect it. Since then, the IOPR has continued to conquer new fields of research, from studying the quality of inshore waters and swimming water to developing a natural process for breaking down oil spills using marine bacteria, along with experimental nurseries and

biomimetics. In 2016, the Institute stepped up its efforts to meet global challenges facing the sea: it recently launched Take O.F.F. (Take Ocean For Future), a scientific residency for young researchers on the *Île des Embiez* in the South of France. The first student – from South Korea – will arrive in the first half of 2017.

Pernod Ricard South Africa

PERNOD RICARD CARES PROGRAMME: A TOTAL COMMITMENT TO THE COMMUNITY

The Amadea Safe House, the Look Forward Creativity Centre, and the Cornal Hendricks Foundation are three NGOs that are deeply involved in youth education and integration into the community – an issue that's become a national priority in South Africa. The three organisations are winners of the Pernod Ricard Cares Programme, and will share the prize of 450,000 rand (about €28,000) to help them continue their work. The programme, established in November 2015, lets Pernod Ricard South Africa issue calls for projects to lend financial support to organisations that launch

initiatives on behalf of the most disadvantaged communities. The greatest strength of Pernod Ricard Cares is the way it brings employees directly into the process. The employees choose the initiatives and NGOs to support, based on compliance with specific criteria. This creates a sustainable, long-term relationship with organisations where real value is added from a personal, as well as a financial point of view. As a result, this employee-driven programme, consistent with the Group's sustainability and responsibility commitment, is seen as a long-term investment in local communities.

market gardening plots in Sainte-Marthe, Ricard's long-time terroir and the place where its famous pastis was created. After learning of its efforts to improve life for Marseilles residents, some 200 Ricard employees came to lend the Collective a hand, taking part in practical workshops on planting, pruning, gathering and cooking; they also learned how to build a greenhouse and a stone wall.



Martell Mumm Perrier-Jouët

CERTIFICATION THAT'S A MARK OF QUALITY

In 2015 the Brand Company won renewal of its four-part certification (quality, safety, environment and food safety) for all of its Martell, Mumm and Perrier-Jouët sites. It also obtained triple QSE certification for *Domaines Jean Martell* and its Champagne vineyards. They're the region's first producer to capture this recognition, which will enable the Houses and their partner winemakers and winegrowers to enhance their practices.

Corby Spirit & Wine (Canada)

"CORBY SAFE RIDES" GENERATES BUZZ!

The "Corby Safe Rides" campaign, which offers free transport in Toronto on New Year's Eve, has expanded even further thanks to social media. This year, Torontonians who pledged on Twitter or Instagram that they wouldn't drink and drive on New Year's Eve became eligible for a year of free public transport. Thanks to partnerships with the Visual Shazam app and local influencers, nearly 7,000 people made their pledge at #CorbySafeRides.

Pernod Ricard USA

JAMESON BLACK BARREL RAISES MONEY FOR CHARITY

\$700,000: that's how much Jameson Black Barrel has raised in two years for the "Movember" Foundation, a charity dedicated to changing the face of men's health. Building on its track record as one of the Foundation's top US fundraisers, the brand continues to support a cause that resonates with local communities. By doing so, Jameson Black Barrel deepens advocacy with those at the heart of these communities, the bartenders, while driving consumer awareness of the brand with Movember's official cocktail, the Jameson Black Barrel Old Fashioned. The bottle also leverages the excitement caused by its packaging re-stage to bring renewed vigor to the partnership.

PERNOD

ROOF GARDEN

Pernod employees helped maintain a community garden run by an organisation that provides support to people in need and promotes their inclusion in society. This project also provided an opportunity to discuss ways of preserving the quality of the urban environment.

REGION HIGHLIGHTS



Pernod Ricard EMEA/LATAM⁽¹⁾ 2015/2016

(1) Europe, Middle East, Africa & Latin America.

+10%

INCREASE IN SALES FOR POLAND

+19%

GROWTH FOR CHIVAS AND JAMESON IN AFRICA

+8%

INCREASE IN SALES IN SPAIN

+5%

INCREASE IN SALES IN BRAZIL

When "convivialité" goes hand in hand with responsibility

The aim of the Responsible Party programme is to persuade students that it's possible to have fun and drink responsibly. Since 2010, it has helped student organisations like the Erasmus Student Network (ESN) organise parties and



distribute breath tests, educational flyers and Responsible Party goodies. Pernod Ricard EMEA expanded the programme in Europe, creating a community of young responsible-drinking advocates on

social media. In total, more than 273,000 students have taken part in a Responsible Party event in 32 European countries.

Pernod Ricard Portugal

PROMOTING ROAD SAFETY

The latest "Don't Drink and Drive" campaign from Pernod Ricard Portugal, developed in partnership with Europcar, targets

rental-car customers, encouraging them not to drive after drinking. Responsible drinking leaflets were placed in all vehicles.

Pernod Ricard Brazil

RESIN BOTTLE CAPS

Pernod Ricard Brazil has developed a plastic resin material for its bottle caps. Composed of 70% sugar cane instead of petroleum, this new process, the first of its kind, has reduced CO₂ emissions by 600 tonnes in just one year.

→ RICARD

CHAMPIONING AND PROMOTING LOCAL FARMING FROM MARSEILLES

Established in 2014, Terre de Mars, a collective of young farmers, promotes responsible and local Marseilles agriculture. The Collective works five hectares of

SOUTH AFRICA

ACTING ALONGSIDE LOCAL ORGANISATIONS

The South African affiliate's ambitious "Pernod Ricard Cares" CSR programme has provided support to several local organisations. Building on this commitment, Responsib'ALL Day enabled 347 employees to visit local communities. They were accompanied by members



of the Cornal Hendricks Foundation, named after the former Springboks player, and Safe Hands Soccer, an organisation founded by former footballer André Arendse.

IRELAND

DUBLIN-PARIS CHARITY CYCLE RACE

Twenty-two employees cycled from Dublin to Paris, joined by eight head office employees in Rambouillet, to raise money for a good cause: autism. The participants covered 750 km in five days; all of the proceeds were donated to the Cork Association for Autism and the Pieta House.

UNITED KINGDOM

ACCESS TO REMARKABLE SITES

Employees at Chivas Brothers Limited opted to work in a wonderful landscaped park in the Clyde Valley. They helped repair a bridge and cleared access paths. A truly valuable project for the local community!

A closer look: major trends

Greater responsibility, for a better world



VALUES, COMMITMENTS, SOLIDARITY AND RESPONSIBILITY: TODAY'S CONSUMERS EVALUATE BUSINESSES BASED ON MORE THAN JUST THEIR PRODUCT OR SERVICE QUALITY. THE ISSUE OF CONSUMPTION HAS TAKEN ON NEW MEANING.

Modern-day consumers, and especially younger consumers, are more attuned, better informed and concerned about the conditions in which their consumer goods were produced, and they expect transparency from their favourite brands. Embodying the values in which they believe – respect, solidarity, fairness and social justice – these activist consumers are demanding a greater say in how products are designed and produced.

This growing interest in compliance with environmental standards, working conditions, prudent use of resources and animal well-being has prompted new awareness. Consuming better – or indeed, consuming less – is



becoming a priority. And some organisations, extolling the sustainable nature of their products, are offering exactly that. One example is BuyMeOnce.com, which sells brands of responsibly made products designed to last a lifetime, so as to reduce our use of resources that are no longer unlimited.

New concerns usher in a new paradigm. Once they have absorbed the principles of Sustainability and Responsibility (S&R), businesses act with greater transparency, and the commitments they make are firm and lasting. This strategy yields dividends: the companies that have devoted the greatest attention to sustainability are posting a higher increase in turnover (4%) than those that have made a smaller investment (1%).⁽¹⁾

Consumers, and especially younger consumers, expect transparency from their favourite brands.

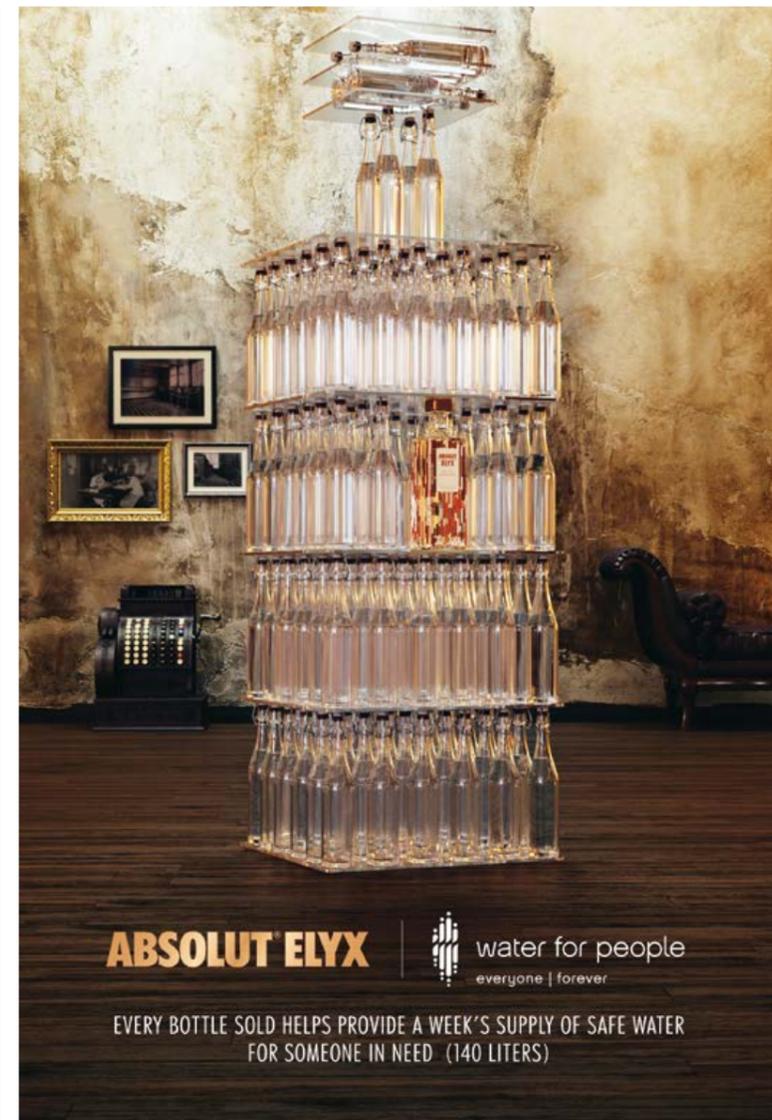
66%
OF CONSUMERS WORLDWIDE REPORTED A WILLINGNESS TO PAY MORE FOR PRODUCTS MANUFACTURED BY COMPANIES THAT ARE COMMITTED TO SUSTAINABLE DEVELOPMENT IN 2015⁽¹⁾

MILITATING FOR ACTION

For consumers, shared values with the company they buy from is also a form of commitment, one that serves as a strong social marker. The act of consumption becomes a responsible, conscientious act. Even if it comes at a price: in 2015, 66% of consumers worldwide (and 72% of those under age 20) reported a willingness to pay more for products manufactured by companies that are committed to sustainable development. That figure was “only” 50% in 2013⁽¹⁾. The fair trade movement is undoubtedly the most iconic example of this phenomenon, since it has highlighted the potential for more ethical forms of production and consumption.

The fair trade movement is undoubtedly the most iconic example of this phenomenon, since it has highlighted the potential for more ethical forms of production and consumption.

The Wine & Spirits industry is not immune to this wave of responsible consumerism. As part of its Brand Positive Impact (BPI) campaign, Pernod Ricard helps its brands conduct a stringent self-assessment of where they stand with regard to each CSR (S&R) criterion. Its goal is to compile inspiring stories from around the Group so that their success can be more readily duplicated. How can the commitment by Absolut Elyx to promote wider access to drinking water raise consumer awareness regarding water shortages? How has Havana Cultura, a Havana Club initiative that offers a unique promotional platform for Cuban artists, successfully constructed a cultural heritage over the years? How has Chivas drawn participants from multiple countries for its The Venture programme, designed to encourage entrepreneurialism in support of social change?



Beyond compliance with CSR standards, consumers now expect their preferred brands to be more “humane” and to play an active role at home in expanding their local economy – in short, to work proactively towards a better world. The Wine & Spirits industry, and Pernod Ricard in particular, has been strongly committed to promoting responsible consumption, a policy that clearly forges closer ties with all consumers who share or approve of those values.

72%
OF CONSUMERS UNDER THE AGE OF 20 SAY THEY ARE WILLING TO PAY MORE FOR PRODUCTS MANUFACTURED BY COMPANIES THAT ARE COMMITTED TO SUSTAINABLE DEVELOPMENT⁽¹⁾

(1) 2015 Nielsen Global Corporate Sustainability Report (a survey of 30,000 Web users in 60 countries).



Route-to-market/Consumer

E-commerce to deliver top-line growth



- JULIE LAURENS -
Global E-Commerce Leader (HQ)

HOW ARE WE IMPROVING OUR E-COMMERCE OPERATIONS?

We maintain a constant focus on Route-to-market/Consumer, so as to find the best possible way to bring our products where our customers want them most.

In terms of e-commerce, we're partnering with major players in the industry, which account for 97% of online sales in the area of Wines and Spirits. Those large retailers are looking for partners who can help them expand this segment. We're there to address their needs, because we know how to create strong buying experiences for our brands, starting with the right content to place online. That's a major lever for reaching our goal of becoming an e-commerce leader.

Another key growth driver is direct sales to consumers. We have built a new global brand⁽¹⁾ for just that purpose, with a modular platform that goes beyond products to include exclusive offers and services. We tailor it to each region with local teams, determining how and when to introduce our offerings in a given market.

An active global e-commerce community holds meetings every two months throughout our regions and markets to trade lessons we've learned and best practices that can accelerate our growth in the e-commerce segment.

(1) This brand will be launched in the near future.



- GRACE BEIWEN GU -
E-Commerce Manager (Pernod Ricard China)

TO WHAT EXTENT CAN E-COMMERCE DRIVE OUR GROWTH IN CHINA?

E-commerce in China is currently growing at a fast pace. The younger generation, born after 1990, is leading the charge: they make 39%⁽¹⁾ of all their purchases online, mostly via mobile platforms. It's a huge growth opportunity for us! To capture it, we are taking three major strategic steps: we're expanding our commercial presence on those sites, coordinating our action plans more effectively with our marketing teams, and consolidating our resources to create a greater market punch.

First, we strengthened our presence on Tmall – a B2C online retail website – as well as our partnerships with both established and emerging e-commerce platforms (VIP.com, JingDong and WeChat). Second, we created new stock-keeping units (SKUs)⁽²⁾ exclusive to our e-commerce operations, to curb grey market sales. We also timed our marketing campaigns to coincide more closely with our e-commerce offerings – during musical events, for example, such as the Ballantine's Strawberry Music Festival. Finally, we built a new dedicated e-commerce team to cover sales, operations, marketing and data analytics more efficiently.

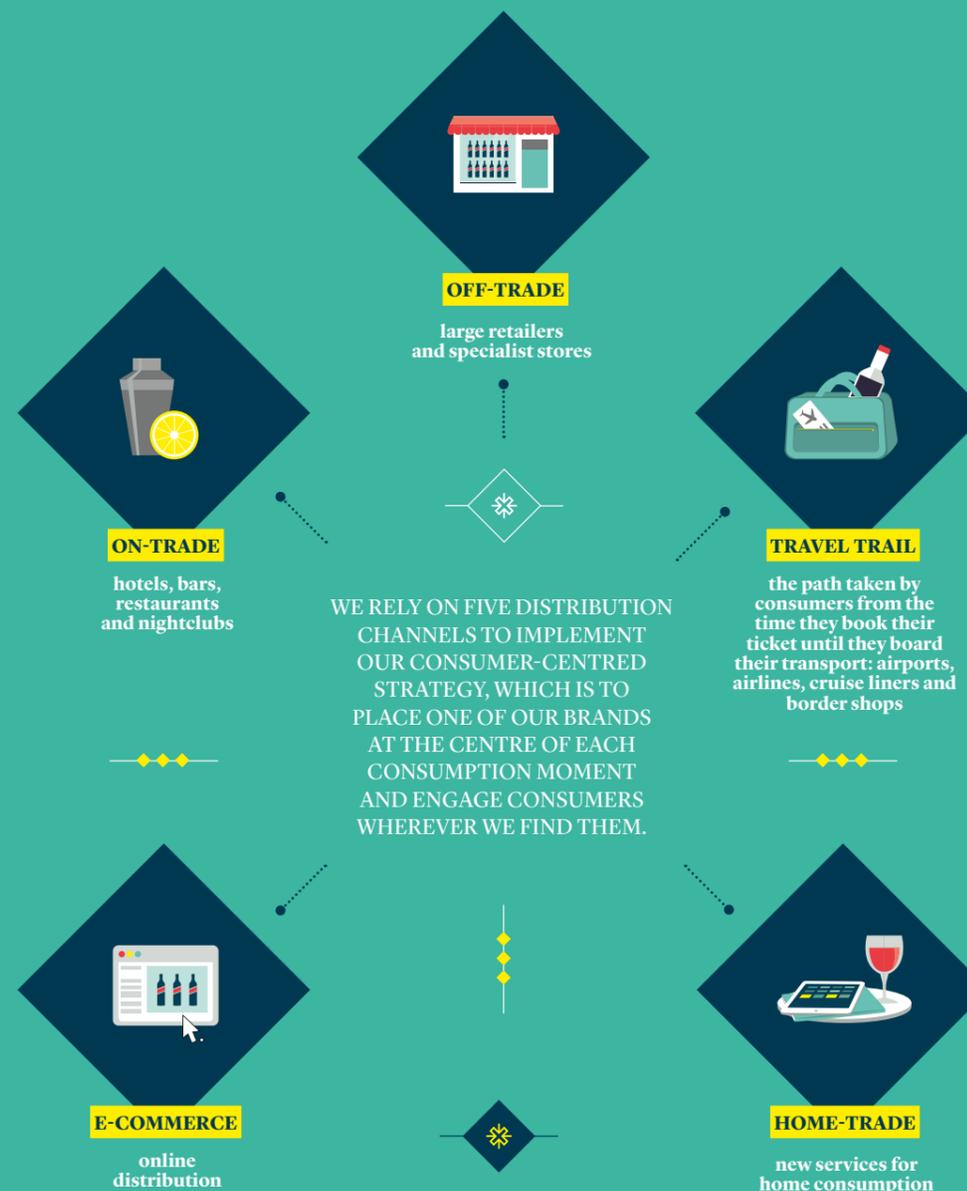
(1) Source: Carat.
(2) A stock-keeping unit (SKU) is the product or service identification code used by a store or catalogue, often in the form of a barcode that can be used to track inventory status (source: Investopedia).

"We know how to create strong buying experiences for our brands, starting with the right content to place online."

"The younger generation, born after 1990, make 39% of all their purchases online, mostly via mobile platforms. It's a huge growth opportunity for us!"



5 DISTRIBUTION CHANNELS FOR PLACING THE RIGHT PRODUCT AT THE RIGHT PLACE



LEARN MORE ABOUT DISTRIBUTION CHANNELS IN 30 SECONDS

- 1** The presence, visibility and activation of the Group's complete portfolio management is based on five distribution channels.
- 2** RTM/C is constantly evolving, requiring regular changes of the organisation and deployment of country sales forces.
- 3** Each country presents specific distribution challenges: there are no global one-size-fits-all solutions.



📍 PERNOD RICARD
SOUTH AFRICA

◆ EMPLOYEE IN
THE PHOTOGRAPH
NICOLE ADRIAANS
BUSINESS SOLUTIONS
MANAGER IT

◆ EMPLOYEE ON
THE MEDALLION
PIYUSH SINGHAL
IT PROJECT MANAGER
SALES & MARKETING
PERNOD RICARD USA



📍 PERNOD RICARD
GHANA

◆ EMPLOYEE IN
THE PHOTOGRAPH
SEDEM AKPEBU
LOGISTICS MANAGER

◆ EMPLOYEE ON
THE MEDALLION
SABRINA MATHIEU
SALES ADMINISTRATOR/
SUPPLY CHAIN RICARD



RTM/C

360° of Route-to-market/ Consumer

On the following pages, learn how we're activating each of our five distribution channels by following the insignias for each one (see page 67).



Olmeca & Altos



OLMECA BRINGS IT HOME

With 90% of alcohol enthusiasts consuming twice as often at home as they do in on-trade establishments⁽¹⁾, Olmeca and Altos have launched a hometainment toolkit designed to help consumers make iconic cocktails at home in an easy and

enjoyable way. Supported by a digital activation, including how-to videos on social networks, as well as off-trade promotions, the initiative highlights the wide range of tequila-based cocktails.

(1) Source: Trend Report 2014.



Pernod Ricard USA



AN ATTENTION-GETTING BOTTLE

A 360° campaign highlighting the Absolut Spark and Absolut Elektrik limited-edition bottles certainly resonated with U.S. consumers. Absolut Spark's light-reflecting



bottle was promoted through a summer national media campaign. On 13 July the bottle was on display in the bar that serves as the set for *Watch What Happens: Live*, a talk show. The panellists even unveiled a cocktail inspired by the characters on the hit series *The Real Housewives of Orange County!* Activated through print and digital media and on digital signage during the end-of-year holiday period, the Absolut Elektrik campaign generated more than 542,000 media impressions and led to sales of 480,000 bottles.

Pernod Ricard Travel Retail Americas



DRIVING CUSTOMERS TO DUTY-FREE SHOPS VIA THEIR PHONES

More than 70% of travellers⁽¹⁾ awaiting a flight make no effort to visit duty-free shops. By contrast, 81% look at their smartphone or tablet while they wait. That exceptional level of connectivity offers a golden opportunity for increasing airport sales. Pernod Ricard Travel Retail Americas took up the challenge by developing a media programme in four US airports (New York, Miami, San Francisco, Los Angeles) and in the Dominican Republic. The idea: send travellers a banner ad that can be viewed on mobile or tablet, in their language and targeted to their location in the airport. They can then learn more about exclusive offerings and limited editions (Absolut, Chivas Regal, The Glenlivet, Ballantine's) and be directed to the nearest point of sale. The strategy has worked: sales have risen 174%.⁽²⁾

(1) Source: SITA. (2) DFS customer data CCB.



REGION HIGHLIGHTS

Pernod Ricard Asia/Rest of the world 2015/2016

+8%
INCREASE IN SALES
IN AUSTRALIA



+12%
INCREASE IN SALES
IN INDIA



+18%
GROWTH FOR PERRIER-JOUËT
IN JAPAN

From travel retail to travel trail

Travel retail is one of Pernod Ricard's most strategic channels. Spending is set to double within 15 years, thanks to an increase in passenger numbers from 4 to 7 billion.

Pernod Ricard Asia Travel Retail has seized this opportunity by identifying the "travel trail": an initiative that targets travellers from ticket reservation to their journey through the airport. After researching consumer product preferences, broken down by country and travel routine, the affiliate refined its brand communications in each airport to reflect its findings. It also increased touch points with



travellers as they move through the airport, resulting in higher footfall in stores. Tasting sessions and product launches are among the events being targeted to consumers. The project is

currently being deployed and promises to be of crucial importance to the affiliate: a 1% increase in the conversion rate in Travel Retail stores would have a significant impact on sales.



Corby Spirit & Wine (Canada)



A PERSONALISED CUSTOMER CAMPAIGN FOR THE GLENLIVET

As part of their efforts to develop the brand in Canada, the teams at Corby have been strengthening ties with the worldwide community of The Glenlivet enthusiasts, known as the "Guardians". These whisky fans were given a special opportunity to purchase an all-new limited edition dubbed "Squadron 70", a single-cask whisky aged for eight years, of which a mere 300 bottles were produced. Canadian "Guardians" alone were able to reserve their bottle via a special mini-website. Thanks to a digital campaign that included customised e-mails

and targeted banners, all of the bottles were pre-reserved in just three weeks. Buyers were subsequently invited to an in-shop tasting led by brand ambassador Ian Logan. Each participant was presented with his or her bottle as well as a tasting glass sporting the brand colours and a personalised video showing how to organise a whisky tasting at home. In just six weeks, the brand boosted membership of the Guardians by 10%, while the promotional campaign and tastings garnered more than 8.1 million media impressions in 2015.





Pernod Ricard Australia

**ROUTE-TO-EMPLOYEES:
WHEN WORKERS BECOME
BRAND ADVOCATES**

A new extranet site in Australia, Henry & Paul, lets the affiliate communicate directly with employees and their families and friends to help them serve as ambassadors for the Group's brands. With regular updates, the site and emails provide brand news and new marketing offers, and is also being used to test new products, innovations and promotions. The extranet has already generated more than \$1.2 million in sales during the 2016 financial year.

Pernod Ricard Argentina



**PAINTING BUENOS AIRES
GREEN!**

For the third straight year, Jameson helped bring the spirit of Dublin to life at the Saint Patrick's Day Parade in the Palermo neighbourhood of Buenos Aires. Live bands and DJ sets, food trucks and drink trucks from the city's top Jameson bars, street art, celebrities, guest bartenders and fashion shows helped create an intense experience for those on hand. It was all backed by a multimedia campaign that helped drive contacts over the seven million mark with special amplification on social media (including a #beoriginal contest) and press coverage.



Havana Club International

**WINNING OVER BARTENDERS,
THE GATEKEEPERS OF ON-TRADE DISTRIBUTION**

Cuban bartender Amaury Cepeda has picked up the coveted champion's trophy at the 11th Havana Club Cocktail Grand Prix, one of the most established cocktail challenges in the world. Held every two years for more than two decades, this popular event is an exceptional tribute to the Cuban cocktail tradition and to Havana Club. Amaury won out over bartenders

from more than 40 countries in a two-day finale in Havana. He enters as one of the top rum mixologists in the world with his "Cunyaya" cocktail, inspired by the traditions of the slaves brought to Cuba from Africa and featuring sour orange, honey, Havana Club 7 Year Old, cane sugar juice and Essence of Cuba Island fruit, served in a traditional clay cup.

Pernod Ricard EMEA/LATAM

**HILTON PARTNERSHIP BOOSTS
EMEA ACTIVITY**

A major spirits partnership with Hilton Hotels in Europe and the Middle East was renewed for three years. With 330 hotels in 37 markets serving 27 million visitors annually across the two regions, the agreement provides major sales and visibility for more than a dozen Pernod Ricard pouring and Premium brands.



Pernod Ricard USA

**AN INGENUOUS E-COMMERCE
PROGRAMME**

The affiliate partnered with Drizly, an online shop that specialises in home delivery of spirits in North America, upon making a simple observation: consumers tend to shop online in bad weather. To capitalise on that tendency, Pernod Ricard USA developed a smart media platform that can be used to generate shopping suggestions on a variety of search engines and social media when inclement weather is predicted. Web shoppers are offered three cocktails made from Absolut, Jameson or Kahlúa, the three top-selling Pernod Ricard brands at the site. During a trial run in several major US cities, including New York and Chicago, the campaign logged some promising results: sales increased by 60% being on days when the campaign was activated.



Pernod Ricard Deutschland

**ABSOLUT NIGHTS AT HOME
IN GERMANY**

Aimed squarely at the international hometainment megatrend, Pernod Ricard teams in Germany have created a new moment of convivialité focused on shared flat parties. With help from creative tools and freshly made cocktails, the Absolut Nights campaign has put the brand at the heart of evening events for flatmates, thanks to events designed to solidify brand loyalty among the consumers involved. The 150 shared flat parties held to date in 14 urban hubs represent just the first round of the campaign.

Pernod Ricard Headquarters



**BOOSTING GROWTH THROUGH
E-COMMERCE**

Pernod Ricard's new e-commerce portal, WECOMMERCE, responds to burgeoning consumer interest in purchasing online across all markets. The trend is being driven by multiple factors, including better prices, a more convenient shopping experience and the ability to get exclusive products. Thanks to a database that includes more than 1,000 pages of product descriptions in eight languages, visitors to WECOMMERCE can also purchase products not available in their local region. It's a unique offering within the industry.

BRAND HIGHLIGHTS

CHIVAS



RTM/C news

**A LIMITED-EDITION
CHIVAS 18 FOR
TRAVEL RETAIL**

Responding to increasing demand from travellers looking for unique products that can be offered as a luxury gift or shared on special occasions, Chivas Regal has launched the Chivas 18 Ultimate Cask Collection.

This limited-edition series reinterprets the brand's celebrated 18 Year Old blend, now aged in casks of American oak. The packaging has been revised as well, with the Chivas house logo embellished with a gold ribbon.

Available exclusively in airports around the world, the Scotch whisky provides a truly balanced taste and is accompanied by a set of tasting tips.

HIGHLIGHTS 2015/2016

The brand has introduced a new bottle for its legendary flagship product, Chivas Regal 12 Year Old. The updated look adds a contemporary note to timeless values of generosity and craftsmanship.

Bartender Alejandro Millán Ponce de León won the Chivas Masters competition with a classic Mexican cocktail, *El Jornalero*, made from Chivas 12 Year Old, Amaro Averna, red peppers, cocoa butter and mezcal infused with orange and coffee.

This year saw the launch of Chivas Regal Extra, a whisky aged in Spanish sherry casks – a first for the Chivas house.

Chivas has partnered with the Mexican rock band Maná to support the environment by planting trees.

See page 65 to learn about *The Venture*, a competition for social and environmental entrepreneurs.

Find out more at www.pernod-ricard.com



CHIVAS KEY FIGURES 2015/2016

4.3M

NINE-LITRE CASES SOLD

-4%

BY VALUE

-5%

BY VOLUME



Pernod Ricard España



LONDON IN MY CASA

In Spain, Beefeater has launched Beefeater Home Parties, a homertainment platform offering consumers three levels of services. Homeowners seeking to entertain guests with great drinks made by a professional bartender can choose the Beefeater Home Aperitif. Additional options include the Beefeater Home Live for hosting a concert in your living room and Beefeater Home Sessions for combining home-clubbing with gin and tonics.



Pernod Ricard Rouss



EXTENDING THE CONSUMER EXPERIENCE BY SWITCHING FROM OFF-TRADE TO ON-TRADE

To build consumer loyalty to Group brands (Olmecca, Absolut, Ballantine's, Havana Club and Becherovka), Pernod Ricard ROUSS organised a campaign combining on-trade establishments such as hotels, bars, restaurants and nightclubs, and off-trade establishments: large retailers and specialist stores. The aim was to place promotional labels on the brand's bottles in more than 1,110 sales outlets, enabling customers to enjoy a consumption experience in one of 365 partner bars. The campaign, the first of its kind in the Russian market, increased sales of the brands in question by more than 30%.

BRAND HIGHLIGHTS

RTM/C news

DEMANDING BARTENDERS

Beefeater Crown Jewel was relaunched in 2015, an event celebrated by bartenders worldwide who had lobbied for the return of the iconic Premium gin.

Produced in small batches, the refined gin incorporates Beefeater's nine classic botanicals with the addition of grapefruit, which imparts crisp notes of citrus.

Its eye-catching bottle is imprinted with the names of the Tower of London's eight ravens that legend holds must remain in the Tower to prevent the monarchy from falling.

BEEFEATER



HIGHLIGHTS 2015/2016

Beefeater's restaged London Dry Gin bottle features a bird's-eye view of London drawn by hand.

To accompany the launch of Beefeater Burrough's Reserve Edition 2, the brand called on artisan cheesemaker Alex James, former bassist for the group Blur, who put together an assortment of ultra-premium cheeses to pair with the product.

Canadian bartender Evelyn Chick won the 2015 edition of the Beefeater MIXLDN (Mix London) Global Bartender Competition in London.

Master distiller Desmond Payne has been honoured with a Lifetime Achievement Award from "The Gin Guild", an association of distillers, and "The International Spirits Challenge".

Find out more at www.pernod-ricard.com

BEEFEATER KEY FIGURES 2015/2016

2.7M

NINE-LITRE CASES SOLD

+4%

BY VALUE

+3%

BY VOLUME



Pernod Ricard Headquarters



BOTTLES THAT HOLD A WEALTH OF INFORMATION

In response to growing customer interest in learning more about the products they consume, Pernod Ricard will soon be providing nutritional data for its products via each brand's website. The label on every bottle will include a link to the brand's home

page as an easy and visible way to access the product's nutritional information. The campaign is designed as a transparent way to enlist consumer support for the Group's brands and activities and highlight Pernod Ricard's commitment to acting responsibly.

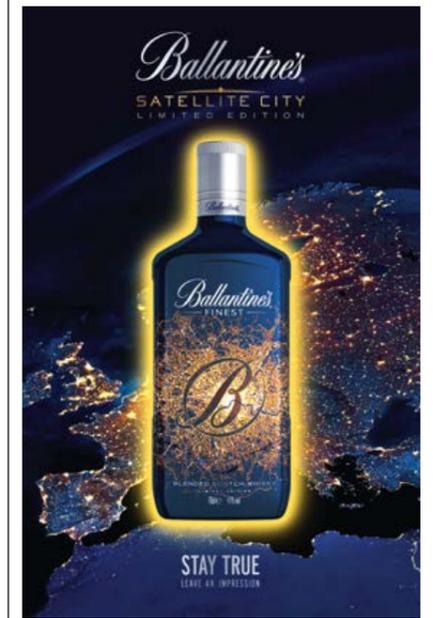
Pernod Ricard Sub Saharan Africa



TRAINING TAILORED TO AFRICAN NEEDS

Bar Stars Academy is a sales programme for the on-trade market (hotels, bars, restaurants and nightclubs) that is designed to address the Group's four key objectives on the African continent: expand the distribution network for Pernod Ricard's brands, raise brand awareness, boost sales, and forge strong ties with key on-trade consumers. Initially developed in Kinshasa, Democratic Republic of Congo, and now extended to all of Africa, the

campaign is helping draw attention to brands in the Pernod Ricard portfolio. It's also being used to provide training and support to Africa's bartenders of the future. In Kenya, for example, bartenders who attended three two-day training sessions acquired a host of new skills. Pernod Ricard Kenya worked closely with more than 200 potential future bartenders and signed contracts with bars that partnered with the campaign.



Chivas Brothers Ltd



BALLANTINE'S: REDEFINING URBAN SPACE

Ballantine's offered no fewer than 12 limited editions as part of its Ballantine's Satellite City campaign, all designed to position the brand ever more firmly in both the on-trade and off-trade sectors. With a highly visual design inspired by photographs taken from satellites circling high above the earth's surface, the bottles sport a unique appearance that ensures exceptional visibility in bars and at points of sale. An Istanbul limited edition has also been unveiled for the Travel Retail segment.

Pernod Ricard Asia



MARRIOTT AND HILTON SHOWCASE LECERCLE BRANDS

Pernod Ricard's Asia region contracted two of the largest hotel deals to date with Marriott International and Hilton Worldwide, including 264 properties across 20 markets and numerous Premium hotel brands (Ritz-Carlton, JW Marriott, Waldorf Astoria, Conrad Hotels). Both agreements are for two years and include Premium and LeCercle range spirits. Thanks to the dedicated team based in Hong Kong, complex multi-country deals have now been made easier for customers seeking regional contracts.

3

Our strategy: THE FOUR ACCELERATORS

Critical for seizing growth opportunities and becoming the market leader, these four accelerators embody the spirit of conquest, entrepreneurialism and boldness at Pernod Ricard. A conquering Mindset.



- CONOR McQUAID -
GLOBAL BUSINESS DEVELOPMENT
DIRECTOR

PORTFOLIO MANAGEMENT

“We have the most comprehensive portfolio in the industry, so management and resource allocation continue to be a critical challenge. Our goal is to allocate properly the resources within our portfolio, based on our priorities and the opportunities that arise in each market. The investments by the Brand Companies have been more clearly prioritised, allowing us to focus on making our brands truly iconic.”



- THIBAUT DE POUTIER DE SONE -
EXECUTIVE VP ON-TRADE & LUXURY,
GLOBAL BUSINESS DEVELOPMENT

PREMIUMISATION & LUXURY

“To conquer the luxury segment, our strategy relies on a systematic approach of brand upscaling that we call “Premiumisation”. We create value by offering to affluent individuals around the world exceptional products and services, in addition to exclusive and customised brand experiences.”



- YVES SCHLADENHAUFEN -
INNOVATION AND PORTFOLIO
STRATEGY DIRECTOR,
GLOBAL BUSINESS DEVELOPMENT

INNOVATION

“The pace of innovation is accelerating in our markets, so we need to be more proactive and disruptive in our approach. We have mobilised our teams to develop and launch innovative projects, and we’re managing our portfolio to ensure that innovations offering the greatest potential for growth receive top priority. That strategy is starting to bear fruit: innovation accounts for a full percentage point of organic growth within the Group.”



- ANTONIA McCAHON -
DIGITAL ACCELERATION DIRECTOR,
GLOBAL BUSINESS
DEVELOPMENT

DIGITAL ACCELERATION

“People are massively connected now, and that will continue to be game-changing for our business. This connectivity allows us a direct connection with our customers for the first time. By capturing and analysing customer data we can target them directly with offerings that are more attuned to each market segment: people who like to go out, get together with friends or enjoy moments of convivialité at home. Making our company both consumer-centric and digitally smart is key to evolving our business in the digital era.”



Portfolio Management

Active Portfolio Management



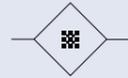
- MAURICIO SOL FARRAR -
Group Strategy and M&A⁽ⁱ⁾ Manager (HQ)

HOW DOES THE ACQUISITION OF MONKEY 47 ILLUSTRATE PERNOD RICARD'S PORTFOLIO MANAGEMENT STRATEGY?

Active portfolio management is rooted in an ongoing process of divestments and acquisitions to respond to consumer demand as it evolves. Monkey 47 is part of the Ultra-Premium gin category, a buoyant niche segment with the strongest performance since 2004, posting average annual growth of 40%. By adding this "new style" gin to our portfolio, we're gaining a new, high-end spirits offering that addresses established consumer trends, such as the demand for authentic, artisan products. It complements our classic "London dry" gins portfolio, which includes brands such as Beefeater and Plymouth. Monkey 47 is distilled using handpicked botanicals and spring water drawn from Germany's Black Forest region of Baden-Württemberg. It's a word-of-mouth brand whose success has been built entirely through a highly targeted RTM focused on mixology, with minimal advertising and promotional investments. This new partnership is a perfect example of our active portfolio management strategy.

(i) Mergers & Acquisitions.

"By adding this 'new style' gin to our portfolio, we're gaining a new, high-end spirits offering that addresses established consumer trends, such as the demand for artisan products."



- ALEXANDER STEIN -
Co-founder of Monkey 47

WHAT CONVINCED MONKEY 47 TO JOIN PERNOD RICARD?

When we created Monkey 47 in 2008, our intention was not to create a brand but rather simply to make a really good gin with incomparable aromatic qualities. We wanted to create a product that has a soul!
Produced using a 47-ingredient recipe, Monkey 47 is a craft gin with strong local roots that responds to growing consumer attentiveness to authentic, quality products. When we met with Pernod Ricard, preserving that character was very important to us. In the end, we were won over for a very personal reason: the direct involvement of Alexandre Ricard and the Pernod Ricard employees we encountered, who were amazing!
Pernod Ricard's decentralised model also helped convince me. I view our alliance as a true partnership that allows me to continue spending my time on the things I'm good at.

"Produced using a 47-ingredient recipe, Monkey 47 is a craft gin with strong local roots that responds to growing consumer attentiveness to authentic, quality products."



AN EVOLVING PORTFOLIO OF BRANDS

+50

MARKETS COMPANIES HAVE ADOPTED LOCAL PORTFOLIO MANAGEMENT

95%

OF SALES WERE MADE BY MARKET COMPANIES THAT HAVE IMPLEMENTED PORTFOLIO MANAGEMENT



ACTIVE, DYNAMIC PORTFOLIO MANAGEMENT DEMANDS THAT WE LEARN MORE ABOUT CONSUMERS, THEIR NEEDS AND THE OCCASIONS WHEN THEY ENJOY OUR PRODUCTS. AS A RESULT, WE HAVE RESTRUCTURED OUR PORTFOLIO MANAGEMENT AROUND MOMENTS OF CONVIVIALITÉ RATHER THAN BRAND CATEGORIES, AND WE HAVE DEVELOPED A NEW TOOL FOR RANKING OUR BRAND INVESTMENTS BY PRIORITY.

1

NEW HOUSE OF BRANDS (see page 20)

1/1

NEW ACQUISITION: MONKEY 47 / NEW DIVESTMENT: PADDY



DID YOU KNOW?

Our portfolio management has been reorganised this year. Turn to page 20 to learn more.



📍 PERNOD RICARD
ANGOLA

◆ EMPLOYEE IN
THE PHOTOGRAPH
BRUNO SILVA
TRADE MARKETING
SUPERVISOR

◆ EMPLOYEE ON
THE MEDALLION
CONSTANCE LOUIS,
BRAND MANAGER
CHIVAS BROTHERS LTD



📍 PERNOD RICARD
NAMIBIA

◆ EMPLOYEE IN
THE PHOTOGRAPH
CELESTE CARSTENS
COUNTRY MANAGER

◆ EMPLOYEE ON
THE MEDALLION
ERIC WANG
SALES MANAGER
PERNOD RICARD CHINA



Portfolio Management

360° Portfolio Management



Pernod Ricard Deutschland

LILLET: THE "CHAMPAGNE OF APERITIFS"

Marking a record one million litres sold in May 2016, Lillet's biggest global market is Germany, where the brand has been distributed since 2010. Building on this momentum, Pernod Ricard Germany's strategy is to focus on its market positioning as the

"champagne of aperitifs". The 144-year-old brand has several key assets: its French heritage and its positive image among women and bartenders, some trained on the "Académie Lillet" education programme to boost on-trade sales.



Pernod Ricard Mexico

AN ADDITION TO THE ALTOS FAMILY



As the market for tequila continues to grow steadily in the U.S., Olmeqa Altos Tequila has launched Añejo, a new member of the Altos family. Enhancing the brand's flavour range with an original and complex taste, Añejo is crafted with the same traditional techniques revered by Altos drinkers. Aged 18 months in oak barrels, the new expression is created using blue agave cooked at low temperatures and then crushed using a traditional Tahona wheel.

Avión, Altos & Olmeqa

HOUSE OF TEQUILA: PERNOD RICARD'S TEQUILA PORTFOLIO

Less than two years after taking a majority share in the capital of Avión Spirits, Pernod Ricard's House of Tequila Brand Company marked continued success with dynamic growth across the portfolio's Ultra-Premium and Premium brands. Distribution of the Ultra-Premium tequila Avión expanded to 11 new international markets while volumes for the Altos brand grew more than 40% and Olmeqa showed outstanding strength in several markets. Driven by a strong performance in the U.S., overall portfolio tequila volumes increased by 7% in fiscal 2016 while net sales grew by 9%.

Ballantine's

A PROMISING BRAND EXTENSION

Ballantine's Brasil increased its volumes by 9% between 2015 and 2016. The brand's results reflect the high-performance Portfolio Management strategy.



Pernod Ricard España

BEEFEATER SHOWS ITS SUPPORT FOR WOMEN

Pernod Ricard España organised a cocktail competition, the "Batallas de las Chicas", between two prominent women bartenders: Rocio Sanchez Luque (from Gijón's Varsovia bar) and Ines Martinez (from The Passenger bar in Madrid). Its goal: to promote bartending as a career for women; give greater visibility to Beefeater, the brand partner for the event; and provide a unique moment of convivialité for consumers who came to watch.

Pernod Ricard India



A PREMIUM BOUTIQUE TO SHOWCASE PERNOD RICARD BRANDS

What do Royal Salute 62 Gun Salute, Chivas Regal 25 Year Old, Ballantine's 30 Year Old, The Glenlivet 25 Year Old, Ballantine's 17 Year Old, Royal Salute 38 Year Old, Absolut Elyx, Mumm champagne and Brancott Estate wine have in common? They're all available in the first display developed by Pernod Ricard India at the duty-free shop of Mumbai's Chhatrapati Shivaji International Airport. The boutique, which opened last March, offers an outstanding setting for Pernod Ricard's portfolio of Premium brands. Designed around a teardrop-shaped centerpiece, the site also features an interactive digital space where customers can find out more about their favorite single malt or Scotch simply by holding the bottle up to a screen, which displays to display information on the product they've chosen.

BRAND HIGHLIGHTS

Portfolio Management
news

MUMM GRAND CORDON, FOR CELEBRATING EXCEPTIONAL MOMENTS

Mumm, a pioneer of innovation, has introduced Mumm Grand Cordon, a bottle with a revolutionary design that pays tribute to the red sash of the Légion d'Honneur, currently celebrating its 140th anniversary. Created in collaboration with designer

Ross Lovegrove and introduced in April 2016, the bottle features a remarkable silhouette that includes a long, slender neck. A red sash – the classic mark of the Légion d'Honneur – has been laser-cut directly into the glass bottle, while the front label has disappeared: only the name of the House and its emblematic eagle remain. It's a first for champagne!

MUMM



HIGHLIGHTS 2015/2016

In Australia, Mumm's partnership with the *Melbourne Cup Carnival* provided an opportunity to spotlight the brand's motto, "Dare, Win, Celebrate" in a bold 360° campaign.

Mumm unveiled its second video clip with David Guetta at his concert in Melbourne during the *Melbourne Cup*.

The new Mumm Grand Cordon bottle was present on the podium during the first motorsport championship featuring single-seater electric cars: Formula E.

For the second year in a row, Mumm partnered with the Kentucky Derby, the celebrated horse race in the United States.

Find out more at
www.pernod-ricard.com

MUMM KEY FIGURES 2015/2016

0.7M

NINE-LITRE CASES
SOLD⁽¹⁾

+3%

BY VALUE⁽¹⁾

+5%

BY VOLUME⁽¹⁾

(1) Restated for the French technical impact.



Pernod

MUMM AND LA FOLIE DOUCE: A PARTNERSHIP THAT IS SCALING NEW HEIGHTS

La Folie Douce is a Group of iconic establishments that blend quality dining with a club-like atmosphere at five Alpine ski resorts. This unique positioning gives rise to genuine moments of convivialité among friends and led Pernod to propose a partnership between La Folie Douce and Mumm – one that’s since proved rewarding for everyone involved. For the second year in a row, the two partners have even taken up residence

at the seaside together during the summer months. Following last year’s soirée at the Majestic in Cannes, Mumm and La Folie Douce marked the summer of 2016 with a gala launch for the new Grand Cordon bottle, held at the just-opened “La Folie Douce by Barrière Deauville”. Draped in the colours of the “Dare Win Celebrate” campaign, the site gave guests an opportunity to enjoy a celebration, fine food and a memorable experience.

 Pernod Ricard USA



AN EXPANDED ARRAY OF IRISH WHISKEYS

Pernod Ricard USA’s launch of two limited-availability Irish whiskeys, Midleton Dair Ghaelach and Green Spot Château Léoville Barton, highlights its winning strategy in the American whiskey market. Designed for connoisseurs who enjoy sophisticated, stylish evenings, both of these new whiskeys are reinterpretations of the Single Pot Still Irish Whiskey, distilled three times in a pot still with final maturation in native oak and Bordeaux wine casks respectively.

 Pernod Ricard Cambodia

CELEBRATING MARRIAGE WITH CHIVAS REGAL 12 YEAR OLD

In Cambodia, the rainy season gives way to the wedding season, with ceremonial traditions that families mark over the course of many months. Pernod Ricard has introduced a special-edition Chivas Regal 12 Year Old for celebrating this memorable time. To mark its launch, the affiliate invited 100 guests, including key partners, celebrities and some of the world’s wealthiest consumers to a dinner where the bottle’s highly original design was unveiled. It’s yet another example of how the Brands Companies collaborate closely with Market Companies to respond to local demand.



Pernod Ricard Northern Europe & Pernod Ricard Winemakers

JACOB'S CREEK UNVINED: A NON-ALCOHOLIC WINE TO MEET LOCAL DEMAND

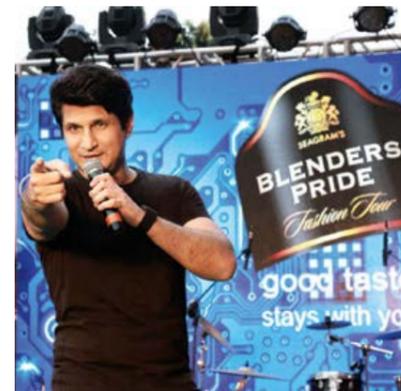
To respond to the growing consumer trend of “responsible hedonism” (see page 99), Jacob’s Creek has launched a Premium non-alcoholic wine for the Swedish market. Targeted at young consumers who enjoy sharing good times with friends, Jacob’s Creek unVINED was introduced with the support of a network of Company Ambassadors. On Responsib’ALL Day, they engaged consumers through samplings at on- and off-trade establishments, talking directly with consumers and sharing responsible drinking messages. The launch was also an opportunity to organise external communications campaigns and to open sales channels like supermarkets that were previously inaccessible, because Sweden allows off-trade sale of alcohol only in the government-run “Systembolaget” stores.

Irish Distillers Ltd



JAMESON EXPANDS ITS RANGE OF SUPER-PREMIUM IRISH WHISKEYS

Jameson has restructured its family of Irish Whiskeys as part of a unique re-interpretation of the Super-Premium whiskey category. The new portfolio is based on four pillars: The Whiskey Makers Series, the range of Heritage whiskeys and The Deconstructed Series, plus the original Jameson Irish Whiskey at the core. The new portfolio showcases the brand’s rich heritage, underpinned by its new *Sine Metu* communications platform.



 Pernod Ricard India

MOMENTS OF CONNECTED CONVIVIALITÉ

Launched in 2004 by Pernod Ricard India to highlight Blenders Pride, the Indian whisky brand, the Blenders Pride Fashion Tour (BPFT) has become a major cultural event for local arts communities, bringing runway shows and concerts to customers in India’s largest cities. This year, Pernod Ricard India opted for tech-oriented events to show that convivialité and digital technology can make a winning combo. The schedule included talks, interactive quizzes and musical entertainment as well as evening events at futuristic bars and restaurants, complete with photo booths used by event-goers to post images of the event on social media. In addition, shop-in-shops have been installed at 81 airport boutiques, featuring smart watches, e-readers, Bluetooth speakers and more. Nearly 20,000 passengers have stopped by to take a look at the latest trends. Blenders Pride has offered its customers a new brand experience, positioning itself to focus on various moments of convivialité, including gatherings of friends or colleagues and evening parties.

 Pernod Ricard Headquarters

SALE OF PADDY

The divestment of Paddy Irish Whiskey is in line with the Pernod Ricard strategy to simplify its portfolio, and will facilitate, among other things, targeted investment on other key Irish whiskey brands including Jameson and Powers. Under the terms of the transaction, Pernod Ricard continues to produce Paddy Irish Whiskey at its Midleton Distillery and all employees remain in place under the same terms and conditions. This transaction with Sazerac will also allow Paddy reputation and influence to grow further internationally.

BRAND HIGHLIGHTS

THE GLENLIVET



Portfolio Management news

THE CASE OF THE MYSTERY SINGLE MALT

Food and drink connoisseurs around the world were challenged by The Glenlivet to embark on a flavour journey to decode the secrets of The Glenlivet Cipher. This mystery product is distributed in an opaque black bottle with no tasting notes, cask information or age statement. The limited-edition Glenlivet Cipher was aged in casks never before used at the distillery. By inviting whiskey lovers to push the boundaries of flavour exploration, the brand reinforced its image, raised its profile and attracted new consumers.



HIGHLIGHTS 2015/2016

Contemporary furniture designer Sebastian Cox created the Glenlivet Nàdurra Drinks Trolley, tailor-made for tasting.

The “Guardians of The Glenlivet” CRM programme was consolidated with a content-rich online platform.

The Glenlivet Kinrossie Single Cask Edition celebrated the brand’s rich history and heritage.

“The Glenlivet Sensology” mentoring programme provided a multi-sensory brand and product education experience.



Find out more at www.pernod-ricard.com

THE GLENLIVET KEY FIGURES 2015/2016

1.0M

NINE-LITRE CASES SOLD

+3%

BY VALUE

-2%

BY VOLUME

A portfolio based on four moments of “convivialité”

Last year we adopted a new Portfolio Management strategy: all of our brands are now centred on four moments of “convivialité”. The goal: to offer “the right drink at the right time to the right person”. Consumers are no longer faithful to a specific brand; instead, they select from among a repertoire of brands to match the occasion they are celebrating.

- Aperitif and meals -

This moment is all about coming together, toasting the meal and savouring wine or spirits with food. Whether it's indoors or outdoors, enjoying an aperitif and a drink with a meal is a special moment anywhere in the world.



- Get-togethers with friends -

This is a moment spent with friends, in a relaxed atmosphere, in the early evening. It usually doesn't happen late at night. Friends share their thoughts as well as their drinks: it's a moment to connect and share in a spirit of honesty, truth and genuine interest.



“Now that we’ve restructured our portfolio management around moments of convivialité, we can rank our investment by priority and manage our portfolio dynamically, constantly adapting to local circumstances.”

- YVES SCHLADENHAUFEN -
Innovation and Portfolio Strategy Director,
Global Business Development

- Soirées chic -

Consumers meet up with friends or colleagues for a social gathering in a sophisticated venue, to savour superb drinks. Top quality, sophistication and excellent service are essential for this kind of events.



- Nights out -

Consumers go out at night with friends, looking for fun. They're lively and full of energy. Music is important for having a good time, as are the people they'll see or meet.



A closer look: major trends

Offering unique brand experiences

❖ **WHAT IF CONSUMPTION WAS NO LONGER AN END IN ITSELF? BEYOND THE ENJOYMENT THEY GET FROM MAKING A PURCHASE, CONSUMERS ARE BEING DRAWN TO A NEW FORM OF SATISFACTION. THEY'RE LOOKING FOR A DIFFERENT WAY TO ENJOY THEMSELVES, THEY'RE SEEKING OUT NEW EXPERIENCES AND MORE MEANINGFUL CONNECTIONS AS PART OF THE CONSUMPTION ACT. AND BRANDS ARE READY TO GIVE THEIR CUSTOMERS THAT ADDED EXCITEMENT.**



Exploring, sharing, experimenting... These days, we no longer consume just a product, but everything that the product's world can offer. Consumers are on the hunt for new emotions, seeking out festive events and authentic experiences; they love celebratory.

By melding art, athletic performance and entertainment with their own brand universe, more and more brands are devising true consumer experiences. The event, designed to capture consumer attention or generate emotion, is becoming an end in itself. In its commitment to conveying the spirit of convivialité, the Group is no stranger to this development.



Following in the path of the *Blending Experience* pop-up installed in various airports in 2015, and later the *Ephemera* art installation in Miami from Vienna-based studio Misher' Traxler, Midsummer events⁽¹⁾ and multiple Art Bars, *Absolut Nights* continues to light up the world of nightlife. With the launch of *Absolut Elektrik* in Los Angeles. The *Elektrik House* experiments with the night-time experience of the future, thanks to technology and virtual reality: guests can, for example, have their cocktail made by drones.

(1) The festivities held in the countries of Northern Europe to celebrate the Summer Solstice.

Consumers are on the hunt for thrills, seeking out intense and authentic experiences; they love celebratory or spectacular events.



❖ **5,000**
FANS ATTENDED THE BOB MOSES GIG LIVE IN BROOKLYN DURING AN ABSOLUT ELEKTRIK EVENT

❖ **14**
GERMAN CITIES PARTICIPATED IN ABSOLUT NIGHTS

SENSORY EXPLORATION

The product itself, when specifically designed to generate an emotion or a sensation, can offer a means of sensory exploration as well. Numerous industries are responding to these new trends. Latest example, the smartshoe from Japan has 100 LEDs fitted into its sole, giving its owner the ability to create extraordinary movements of light. Other products play on the senses, such as the fork that releases subtle scents (vanilla, wasabi, coffee, smoked food) with each mouthful, or the drinkable aromas available from the Swedish line Kille Enna, which you spray directly into your glass, like a perfume.

By combining products with an experience, by infusing them with drama, brands hope to surprise consumers and appeal to their emotions. That quest for a closer bond with customers is already widespread in the Wines and Spirits market, with its focus on sharing, conviviality and enjoyment. In Berlin, the "Fragrances Bar" at the Ritz Carlton takes its inspiration from the perfume industry, highlighting the role of the senses in savouring spirits.

All of these initiatives ultimately have just one objective: to offer consumers new forms of adventure and entertainment in order to enhance their moments of convivialité.

❖ **100**
LEDS ARE FITTED INTO THE NEW SMARTSHOE SOLE

❖ **150**
NIGHT-TIME EVENTS WERE HELD IN GERMANY AS PART OF ABSOLUT NIGHTS

The product itself, when specifically designed to generate an emotion or a sensation, can offer a means of sensory exploration as well.



Premiumisation & Luxury

Capturing the luxury market step by step



- TAREEF SHAWA -
Luxury and CRM Director,
Global Business Development (HQ)

WHAT IS THE GROUP'S STRATEGY FOR BECOMING A MAJOR FORCE IN THE LUXURY MARKET?

We have adopted three strategies: we premiumising our portfolio through new products and line extensions, we're identifying new moments of convivialité within the luxury world and we're optimising our pricing. Our international pricing team has given us invaluable information about industry practices in our various markets. We are now seeking ways to improve our margins while continuing to respond to consumer expectations.

We also continue to focus on our LeCercle portfolio of Prestige champagnes and spirits. Our objective is to develop our market shares on luxury segment, composed for 6.1% of wine and spirit.⁽¹⁾ Our commercial outreach and portfolio management strategies are already bearing fruit, since we're the Prestige market leader by value.⁽²⁾

To maintain our momentum, it's essential that we provide continued training to our commercial and marketing teams who are building and managing our luxury brands. By March 2016, 250 employees had already attended our training focused exclusively on the LeCercle portfolio.

(1) Source: 2015 Luxury Goods Worldwide Market Study, conducted by Bain & Company.
(2) Source: Altgamma 2015 Worldwide Markets Monitor, study conducted by Bain & Company.

"We also continue to focus on our LeCercle portfolio of Prestige champagnes and spirits."

"That means enhanced visibility for our brands, new relationships with major retail clients, and higher sales in the Prestige segment."



A CONTINUED CAMPAIGN TO CAPTURE THE LUXURY MARKET

7

The number of luxury brands in the LeCercle portfolio management



1st

Travel Retail is the biggest retail market for brands positioned in the Prestige segment



TO CONQUER THE LUXURY MARKET, PERNOD RICARD DRAWS ON ITS LECERCLE PORTFOLIO OF PRESTIGE SPIRITS AND CHAMPAGNES TO WIN OVER CONSUMERS THROUGH EVOCATIVE BRAND STORYTELLING AT SOME OF THE WORLD'S MOST FAMOUS INSTITUTIONS.

6.1%

The share of the luxury market held by Wines and Spirits⁽¹⁾



250

employees have taken part in the LeCercle training programme



(1) Source: 2015 Luxury goods Worldwide, study conducted by Bain & Company.



📍 PERNOD RICARD
SOUTH AFRICA

◆ EMPLOYEE IN
THE PHOTOGRAPH
NAIDU KRESAN
BRAND AMBASSADOR

◆ EMPLOYEE ON
THE MEDALLION
CHARLES SALVAS
SENIOR BRAND AMBASSADOR
CORBY



📍 PERNOD RICARD
SUB-SAHARAN AFRICA

◆ EMPLOYEE IN
THE PHOTOGRAPH
BONGANI TSABALALA
RECRUITMENT OFFICER

◆ EMPLOYEE ON
THE MEDALLION
MAGANA MUNGAI
HR MANAGER EAST AFRICA,
PERNOD RICARD KENYA



Premiumisation & Luxury

360° of Premiumisation & Luxury



Plymouth Gin

A SHIPMATE TO PRINCESSYACHTS

Plymouth Gin's ties to the sea date back centuries. As early as 1620, when the Pilgrims were preparing to set sail for the New World aboard the legendary Mayflower, their first port of call was the distillery in Plymouth, where they loaded their vessel with cases of gin. The distillery subsequently served as supplier to the British naval fleet for more than 200 years, so the partnership

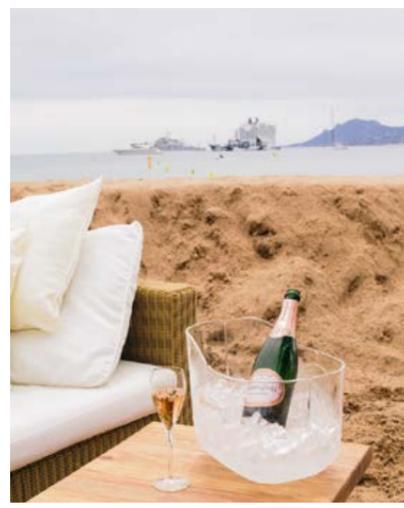
with the celebrated Plymouth-based luxury yacht maker Princess Yachts comes as no surprise. At the London and Dusseldorf Boat Shows, Plymouth Gin was on deck alongside Princess Yachts offering an exclusive cocktail – "Project 31" – created by International Brand Ambassador Sebastian Hamilton to celebrate the launch of the Princess 75 yacht.

Pernod Ricard Asia

COCKTAILS AND GOURMET FOOD

Pernod Ricard has partnered with the InterContinental Hotels Group (IHG) luxury chain to launch the BAR150 programme, celebrating 150 years of mixology. The programme includes an exciting new menu of innovative cocktails for IHG hotels, including the Mai Tai, using Havana Club rum, and the Negroni, featuring

Beefeater gin. The BAR150 programme was selected by IHG to accompany dishes crafted by seven major chefs from Italy, Japan, China, Australia and India during the autumn of 2015. The culinary professionals were each invited to present sophisticated meals featured in the Group's hotels in Asia, the Middle East and Africa.



LeCercle

YES WE CANNES!

The photo of American model Kendall Jenner raising a toast with a flute of Perrier-Jouët at the Cannes International Film Festival quickly travelled the globe (her Instagram account has 57.1 million followers). It's a perfect example of how Pernod Ricard aims to make its luxury brands the preferred partners to the most fashionable Premium locations and events. Cannes 2016 also provided an opportunity for Pernod Ricard to sponsor three of the biggest pop-up clubs along the Promenade de La Croisette. All in all, a star performance!



BRAND HIGHLIGHTS

PERRIER-JOUËT



HIGHLIGHTS 2015/2016

In Miami, Japanese artist Ritsue Mashima designed a unique, 60 m² work for Perrier-Jouët entitled *Alla'Ombra Della Luce*, consisting of 1,400 Murano glass discs.

Hervé Deschamps, Cellar Master for the house of Perrier-Jouët has been named a *Chevalier de l'Ordre des Arts et des Lettres* in France – a rare distinction.

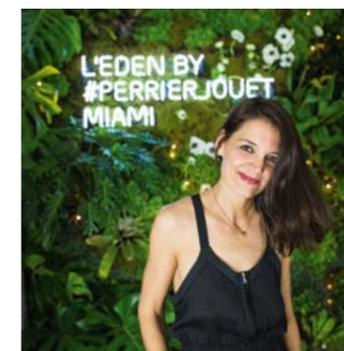
L'Eden by Perrier-Jouët conquers Tokyo by storm, with a pop-up bar set up in the heart of the Japanese capital, as well as artistic creations and meetings with cellar masters. The event consolidated the brand's reputation in Japan, generating 58.3 million views in the press and on social media.

During the DesignMiami/design fair, Perrier-Jouët designed a 360° campaign for the city's airport: a garden that was both enchanted and enchanting, scented with champagne.

Premiumisation & Luxury news

THE BIRTH OF L'EDEN BY PERRIER-JOUËT

Launched in December 2015 during the "DesignMiami/" international design fair. *L'Eden by Perrier-Jouët* offers an immersive experience for consumers. How? By creating a charming setting, where they can discover an artistic reinterpretation of nature while sipping a glass of Belle Epoque. Referring to Eden, where the most precious vintages are kept in Epernay, this experience immersed them in lush garden. An essential value for Belle Epoque, which finds its inspiration in nature. After the success of Miami, *L'Eden by Perrier-Jouët* flew to Tokyo in April 2016. Next destinations: London, then back to Miami before Los Angeles.



Find out more at www.pernod-ricard.com

PERRIER-JOUËT KEY FIGURES 2015/2016

0.3M
NINE-LITRE CASES SOLD

+9%
BY VALUE

+7%
BY VOLUME



Havana Club

A PREMIUM EDITION WITH A DISTINCTIVE IDENTITY

The latest addition to the Iónica Collection from Havana Club is Tributo, a limited edition of just 2,500 bottles. Each year, the rum masters at Havana Club now will pay tribute to the work of their peers and predecessors with a new rum. Tributo 2016 is the first in this series of rums aged in exceptionally old oak casks, notable for its pronounced notes of dried tropical fruit. To supplement these exclusive launches, Havana Club is developing a range of events and activities for cigar aficionados, including during the most recognised cigar festival: Habanos Festival.

Martell



A COGNAC OF CHARACTER FOR AN EXCEPTIONAL LANDSCAPE

Martell has chosen the best of its *terroir* to create the Single Estate collection: cognacs produced in limited quantities, all from just one estate. The collection offers an irresistible invitation to explore the region of Cognac, and celebrates the brand's expertise, garnered by cultivating its wine estates and by forging ties with local residents.



 Pernod Ricard Italia

**THE VENICE CARNIVAL:
AN EXCLUSIVE EVENT**

The high point of each year's Venice Carnival is the Doge's Ball, one of the most exclusive parties in the world, attended by celebrities, royalty, business tycoons and more. This gathering of the international jet set did not escape the attention of Pernod Ricard Italia's new luxury commercial team. Thanks to their efforts, Absolut Elyx and Mumm champagne enjoyed pride of place at this year's event, and three stars of the Venice mixology scene created Elyx cocktails especially for the occasion. And the Luxury team is already working on additional partnerships that we're likely to hear about soon.

 Pernod Ricard USA



**CAPTURING THE WORLD'S
BIGGEST LUXURY MARKET**

With some 150 events and activations, 2.1 billion media mentions and nearly 76 million shares on social media, the USA Prestige team continues to raise the profile of our brands and enhance the presence of the LeCercle portfolio at iconic establishments, with the aim of making Pernod Ricard the country's top source of Premium champagnes and spirits. The strategy involves finely targeted distribution that emphasizes customised investment to reflect each venue's specific identity, as well as organising events designed to attract high-net-worth individuals – during the DesignMiami/ international design fair, for example (see page 95).

BRAND HIGHLIGHTS

ROYAL SALUTE



HIGHLIGHTS 2015/2016

For the sixth consecutive year, Royal Salute supported Prince Harry's charity during the Sentebale Royal Salute Polo Cup tournament which raised a £1 million to combat HIV in Lesotho.

To celebrate the Chinese New Year and the launch of The Eternal Reserve, Hong Kong International Airport hosted a pop-up experience featuring calligraphy lessons that has charmed travellers.

Royal Salute decided to celebrate its history by developing a tailor-made event: the "Porcelain Dinner Experience". For its first edition last March, in Hong Kong, the brand hosted a prestigious dinner on an exclusive porcelain service, for guests who included journalists, employees and LeCercle members. The event is set to travel to the United Kingdom, Russia and the United States.

Find out more at www.pernod-ricard.com

Premiumisation & Luxury news

THE AGE COLLECTION

Royal Salute celebrates the timelessness of its whisky with a collection of ten subtle blends, conceived from whiskies aged to varying degrees.

The Age Collection is presented on an exclusive handcrafted plinth designed by Sally Mackereth and created by artisan Jack Badger using exceptionally rare wood dating from the Neolithic Age. This unique service ritual celebrates the beauty of passing time.



The *Bohemian Aristocracy* campaign launched in February 2016 embodies the new vision at Royal Salute, poised between English classicism and modernity. Art and fashion photographer Michelangelo Di Battista designed a series of portraits to mark the occasion.

ROYAL SALUTE KEY FIGURES 2015/2016



 Pernod Ricard Headquarters

LECERCLE

Pernod Ricard's LeCercle portfolio of brands includes:

-  Perrier-Jouët champagne (notably Perrier-Jouët Belle Epoque)
-  Royal Salute blended Scotch whisky
-  The Glenlivet 18 Years Old and older quantities
-  Chivas Regal 25 Years Old, Chivas Regal ULTIS and Chivas Regal The Icon
-  Absolut Elyx vodka
-  Martell Cordon Bleu and qualities above
-  Plymouth Gin

To learn more about the LeCercle Prestige portfolio, see page 21.

 Pernod Ricard Headquarters

LUXURY: TRADE SECRETS

How should we think about the world of luxury? How do the most affluent consumers choose what to buy? What are their expectations? To assist the luxury commercial teams and brand ambassadors worldwide, LeCercle and Pernod Ricard University have developed a customised training programme in partnership with the Lausanne Hotel School of Hospitality. The seven training sessions held in Paris, Miami and Hong Kong in 2015-2016 attracted more than 80 participants.



Absolut Elyx



AN ELYX BAR IN ISTANBUL

Elyx enthusiasts can look forward to a new drinking experience. Known for carrying the banner of creative, iconoclastic luxury, Elyx opened a permanent bar in Istanbul on the third floor of the Alexandra, one of the city's most prominent cocktail bars. The venue marks yet another phase of the influencing strategy for the brand, which previously opened an Elyx House in Los Angeles as well as pop-up bars in Amsterdam, London, Singapore and Dubai. The New York Elyx House has since closed.

A closer look: major trends

Hedonism: a sensible luxury?

WE ALL SEEK OUT NEW WAYS TO ENJOY OURSELVES IN A WAY THAT BALANCES PLEASURE WITH WISDOM. WE WANT TO HAVE PLEASURE IN LIFE, BUT NOT TO EXCESS; TO CARE FOR OUR BODIES AND OUR MINDS, WITHOUT FALLING INTO AN OVERLY SENSIBLE AND BLAND DAILY ROUTINE. IN SHORT, WE WANT GOOD HEALTH WITHOUT GIVING UP EVERY INDULGENCE.



The brand strategy at Perrier-Jouët is focused on hedonism, as with the Eden Party concept.

Whether they seek perfection or mere personal satisfaction, people are exploring new pathways in an attempt at self-improvement or to discover what's best about themselves. And to achieve this new equilibrium, they are focusing on a hedonistic lifestyle. In the consumer market, and specifically the food and beverage industry, this trend goes by a name: "healthy hedonism". In other words, it's a way of combining what's useful with what's enjoyable. Taking advantage of life while staying in good health is the ultimate luxury! But it also raises a paradox, we need to consume but we want to consume more effectively, with a certain moderation in deference to health. In the UK market, it's even described as a bipolar attitude.



10%
THE SHARE OF INCOME DEDICATED TO LEISURE IN SWEDEN, NORWAY, FINLAND, THE UK AND GERMANY

100,000
APPS WERE AVAILABLE IN THE E-HEALTH MARKET IN 2015

Cocktails, too, are joining the wellness bandwagon, capitalising on the reputation of plants better known for their health benefits than their alcohol content.

Science and technology are helping to drive this new trend, which calls for a better knowledge not only of yourself but of what you consume. And the market shows considerable promise. The e-health industry is booming: there were 100,000 apps on the market in 2015, available on a host of smart devices; meanwhile, the share of income going to leisure pursuits continues to rise, consuming 8.1% of the average French budget (compared to 6.5% in 1959) and 10% in Sweden, Norway, Finland, the UK and Germany. Moreover, the younger generation is willing to spend more for natural or sustainable products. The wellness industry is currently estimated to total \$3.5 billion.

So it's no surprise that brands are developing products and services that combine health and enjoyment. North America has seen the rise of summer camps for adults, where traditional outdoor activities are closely connected with the pleasures of a night-time festival; and then there are those retreats that combine yoga practice with craft beer tastings or festive evening events.

At Pernod Ricard, *Fine Cocktails* pre-mixed cocktails arose from a shared desire to capture in a bottle the taste sensations you would actually get at a cocktail bar. Some passionate amateurs joined forces with a mixologist to create unique recipes that display the authentic flavour of a true cocktail – all produced in France. Developed by the Kangaroo Fund – Pernod Ricard's in-house innovation fund that gives employees the chance to propose and develop innovative ideas within the Group – the concept is the first of its kind in the world, and has proved a success. The 2016 launch of *Jacob's Creek UnVINED*, a premium alcohol-free wine that helps to promote responsible consumption, is another example of the Group responding to consumer expectations (see page 84). In the Wine & Spirits market, bartenders and scientists are poised to lend support for this new trend – so long as alcohol consumption remains one of life's pleasures to share... in moderation, of course!



8.1%
THE SHARE OF AVERAGE FRENCH HOUSEHOLD INCOME THAT WENT TO LEISURE PURSUITS IN 2012

Science and technology are helping to drive this new trend, which calls for a better knowledge not only of yourself but of what you consume.



Fine Cocktails: a path-breaking concept in genuine alcoholic cocktails, made in France.



Innovation

Providing real added value to customers



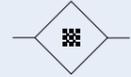
- **ASTRID FROMENT** -
Global Innovation Leader

HOW DOES INNOVATION GENERATE VALUE FOR THE GROUP?

As something that accelerates not only growth but Premiumisation as well, innovation is vital to Pernod Ricard – in fact innovation alone currently adds 1% to the Group's organic growth, and it's essential for maintaining leadership. Innovation means introducing new products but also developing new services. In short, innovation makes it possible to expand each brand universe and provide true added value to consumers.

There's no question that consumers are becoming more and more intentional about what they buy. So we need to tackle the day-to-day challenge of offering what consumers are looking for, and at the same time position each of our brands for each moment of convivialité (see pages 86-87).

It's with that in mind that we've revamped the "House of Brands", a resource that makes it easier for our brands to prioritise their marketing investments within their market. It's a dynamic tool that lets us highlight the innovative products on which we're betting for the future: Chivas 12, Absolut Elyx, Jameson Caskmates, Martell Noblige, Jacob's Creek, the Avion and Altos tequilas, Lillet and Aberlour (see below). The House of Brands offers a smart way to adapt to local consumer expectations and create value!



- **BRENDAN BUCKLEY** -
Global Innovation & Whiskey Portfolio Director – Irish Distillers

CAN YOU TELL US MORE ABOUT JAMESON CASKMATES?

The idea for it originally came out of a conversation between our Master Distiller and the Master Brewer at Franciscan Well Brewery about making a Jameson-seasoned Irish stout. Once they had finished production and distribution for the stout, the oak barrels were used to age our Irish whiskey. The end result was a product that retains all the triple-distilled smoothness of Jameson Original, but has delicious new notes of coffee and cocoa plus a mild hint of hops.

Following a successful test launch in Ireland in 2014, the Jameson Caskmates world tour kicked off in July 2015, making its way to 25 markets globally, including the US, Australia, France, South Africa and Canada.

The new product quickly sparked curiosity among whisky and beer enthusiasts alike by offering a whole new way to enjoy Jameson whiskey. The success of that innovation has generated hugely positive momentum worldwide. The industry reaction has also been quite positive – Jameson Caskmates has already won a number of international awards in its first year. We're going to continue developing this new product in order to enhance its added value for the Group in the years to come.

A CLOSER LOOK AT BIG-BETS INNOVATIONS



See page 21 to learn more about our newly resegmented portfolio management.

AN INTERCONNECTED ECOSYSTEM OF INNOVATION

WHILE INNOVATIVE PRODUCTS ARE ESSENTIAL, PERNOD RICARD ALSO DEVOTES ITS ATTENTION TO DEVELOPING INNOVATIVE SERVICES AND EXPERIENCES. TO FURTHER THIS AMBITION, THE GROUP HAS ESTABLISHED A NUMBER OF IN-HOUSE RESOURCES THAT ARE THOROUGHLY INTERCONNECTED.



The Research Centre lends its scientific and technological expertise to the various hubs within the innovation ecosystem.



📍 PERNOD RICARD
KENYA

◆ EMPLOYEE IN
THE PHOTOGRAPH
PETER NJUGUNA
TRADE MARKETING
EXECUTIVE

◆ EMPLOYEE ON
THE MEDALLION
STÉPHANE DE BURE
SENIOR MARKETING MANAGER
IRISH DISTILLERS LTD



📍 PERNOD RICARD
SOUTH AFRICA

◆ EMPLOYEE IN
THE PHOTOGRAPH
VINCENT VILA
HEAD OF BUSINESS ANALYSIS
AND TREASURY

◆ EMPLOYEE ON
THE MEDALLION
GUILLAUME DE VERNEJOL
SENIOR FINANCE CONTROLLER,
PERNOD RICARD EMEA/LATAM



Innovation

360° of Innovation



Chivas Brothers Ltd

EXCLUSIVE RECORDING

Very few people are familiar with the voice-o-graph. Designed in the 1940s with a production run of only a few thousand, the device can be used to record a song, a poem or even just a few words on vinyl. Only two of these now legendary voice-o-graphs remain in existence, and Aberlour put one of them on public display in New York, London, and Paris in 2015. Fans were able to enjoy an unforgettable music experience while savouring a pure single malt.

Jameson

BITTERS IN THE SPOTLIGHT

Jameson Bitters were created using a sloe berry distillate that was matured with Jameson Irish Whiskey and added to a bitters mix of wormwood, gentian and ginseng. The fruit of extensive work by the Innovation teams in Midleton, Jameson Bitters are available in small formats (100 ml) and are being promoted to bartenders as an ideal way to provide innovative cocktails to their customers.



Irish Distillers Limited

SMALL BATCHES FOR A MICRODISTILLERY

The new Micro Distillery at Midleton is a space dedicated to innovation and experimentation, trying out old and new recipes. Opened in September 2015, the small-scale facility will eventually produce 400 casks of small-batch Irish whiskey per annum. It's something like

a distillers' playground where ideas and experimentations can be brought to life! Karen Cotter, an alumna of the Graduate Distiller Programme, has been named distiller for the facility and will be working with master distiller Brian Nation to develop new projects.

Chivas Regal

THE ULTIMATE EXPERIENCE FOR WHISKY CONNOISSEURS

Capitalising on consumer interest in more exclusive offerings, Chivas Regal Extra continues to showcase its excellence in product quality. Chivas Extra, now available in more than half of all Pernod Ricard markets, nearly doubled its sales during 2016, to more than 100,000 cases. A blend of Chivas malt whiskies aged in Oloroso sherry casks, Chivas Extra owes the richness of its aroma to its notes of pear, melon, vanilla, caramel, toffee, cinnamon and almond, heightened by a hint of



ginger. Its character is displayed to maximum effect when served in a "Fortified Classics" cocktail, to reveal the expansive flavours of other liqueur wines such as Lillet, Sherry and Porto.

BRAND HIGHLIGHTS

BALLANTINE'S



HIGHLIGHTS 2015/2016

The "Stay True Stories" campaign, which can be seen on the brand's YouTube channel, offers a unique look at the world through the eyes of innovative artists.

"True Taste Lasts Longer", an emotionally charged video from Ballantine's backed by an extensive media campaign, celebrates the authenticity of the brand's Scotch whisky.

Ballantine's defies the laws of gravity with its newly designed Space Glass, a glass that lets you sip whisky in space.

Ballantine's is offering a whole new experience for lovers of artisanal Scotch whisky with Ballantine's Hard Fired. It's made using a bespoke cask charring process to produce a unique taste rooted in the transformation wrought by fire.

Find out more at www.pernod-ricard.com

Innovation news

BALLANTINE'S DIGITAL LAB: BOUNDLESS INNOVATION

Acting and thinking more nimbly, harnessing group energy... that's the idea behind Ballantine's Lab, which brings together the full range of new ideas from Ballantine's staff around the world on a single, online platform.

Following on its first big innovation, the Space Glass, the Digital Lab plans to design customised projects for local markets as part of a shared commitment by all its members. It offers a valuable way to devise projects as a group and fuel team creativity.



BALLANTINE'S KEY FIGURES 2015/2016

6.5M	+3%	+5%
NINE-LITRE CASES SOLD	BY VALUE	BY VOLUME



Pernod Ricard España

RON RITUAL: A RUM BRAND FOR MILLENNIALS

Eighty-four percent of 18-25 year-olds want to change the world and 48% of them think brands have a role to play in this transformation⁽¹⁾. These figures reveal the extent to which Generation Y wants to bring about change and is committed to action. So Pernod Ricard España has launched a new rum brand called Ritual. Consumers who buy a bottle of Ritual can share the value generated by their purchase by reinvesting it in a cause of their choice. To do this, they are invited to log on to a crowdfunding website (ronfunding.com) or a site that supports socially responsible entrepreneurial projects developed by Millennials (laderestilariastartups.com). This strategy gives consumers control over their impact and promotes the fair distribution of generated value. The brand reached a milestone this year with sales of 337,000 litres and raised €150,000 in funds for social causes.

(1) Source: 2012 Telefónica Global Millennial Survey.





Pernod Ricard Winemakers

AN AMBITIOUS CAMPAIGN FOR AN EXCEPTIONAL PRODUCT

Culminating a lengthy process of wine-making experimentation, Jacob's Creek Double Barrel, which is finished in whisky barrels, has made a splashy market debut, putting up some impressive assets against its competitors. Designed to provide the experience of a wine with

a richer, deeper, smoother finish, the product logged an exceptional first year, with a successful international launch in markets including Canada and New Zealand and sales in Australia that were twice as high as projected.

Pernod Ricard Nederland



MALIBU BEER: A TASTE OF THINGS TO COME?

The launch of summer 2015 was neither a cocktail nor a new malt-based beverage. It was a beer! The summer brew capitalised on the strong appeal of Malibu and the buoyancy of the beer market in general, with a small production run (10,000 litres) tested exclusively in about 40 supermarkets throughout the Netherlands. Malibu Beer is also the first beer allied with an established brand of spirits.

Wyborowa

A PURELY TRADITIONAL POLISH VODKA

Founded in 1927, Wyborowa is one of the most famous names in Polish vodka. Its vodka holds Poland's IG label (protected designation of origin) and has posted a healthy increase in sales. While traditional Wyborowa is made exclusively from rye grain, two variants, "100% wheat" and "100% potato", were introduced on the market in September 2015.



Pernod Ricard Japan

KAHLÚA MATCHA: KAHLÚA WITH A HINT OF GREEN TEA

The Kahlúa family has expanded with the addition of a unique taste from Japan: matcha is a green tea ground into a fine powder and used in the tea ceremony. Introduced in Japan in March 2016, this unusual combination of green tea and coffee will be available in the rest of the world beginning this autumn.

Absolut



BOB MOSES ELECTRIFIES BROOKLYN ROOFTOPS FOR ABSOLUT ELEKTRIK

Absolut Labs, the think tank devoted to nightlife, is an experimental laboratory unlike any other. Standing at the crossroads of art, technology and design, it reinvents the night-time experience with innovative creations, like this first virtual reality concert. Featuring the group Bob Moses, the event was held on a Brooklyn rooftop and drew 5,000 fans, all equipped with Google headsets. The concert was rebroadcast worldwide via social media. Average viewing time: 17 minutes – an exceptionally good result for streamed content!

Havana Club International

AN EXCITING LOOK AT AUGMENTED REALITY

Introduced in France and the United Kingdom in early 2016, "Craft of the Cantinero" is an innovative training programme for bar staff. Inspired by the tradition of the greatest Cuban *cantineros* (bartenders), the programme immerses participants completely in the Havana Club brand universe, including tours of Havana by car, visits to bars and warehouses and product tastings – all with the help of augmented reality glasses, designed to give the user an archetypal Cuban experience. And bartenders aren't the only ones: consumers also had the opportunity to try out this digital experience at international festivals and trade shows. The brand ambassadors are currently helping to roll out the campaign in 22 markets.



Pernod Ricard Singapore

AN OPEN-AIR ART GALLERY

You can now use your smartphone to discover contemporary works of art, thanks to Martell AiR Gallery (MAG), a mobile app available at the App Store and on Google Play. The app gives those on foot a new perspective on Singapore's historical city centre. To mark 300 years of Martell and commemorate the city-state's independence, fifteen local artists have created outdoor works that play off the local

architecture. The completely immersive app guides explorers through Singapore's streets to help them (re)discover its rich traditions. It's a unique and colourful experience tailored to consumers, who are invited to share their findings on social media. The app has proven a success for Pernod Ricard Singapore: in addition to the increased visibility for Martell, sales have jumped 5% in 2016 over the previous year.

SIX DISRUPTIVE INNOVATIONS CURRENTLY IN DEVELOPMENT



The BIG team

Created in 2012, the Breakthrough Innovation Group (BIG) is a start-up within Pernod Ricard that's dedicated to finding disruptive innovations. BIG's primary aim is to explore new market opportunities for the Group by reinventing the future of convivialité. From the outset, BIG has focused on breakthrough projects that involve complex iterative processes deployed over a long period of time. The unit is currently incubating six projects with the potential to be new growth drivers, including four in the final stages of development that are set for pilot launches (or market experimentation) last quarter 2016.



A closer look: major trends

True innovation always comes from a return to the source

PERHAPS WE SHOULD JUST ACKNOWLEDGE THAT, MOST OF ALL, WE JUST WANT TO GO BACK TO BASICS? AT A TIME OF RAMPANT ECONOMIC AND ENVIRONMENTAL CRISIS, WHEN CHANGE IS ACCELERATING AND THROWING US OFF BALANCE, THE 21ST CENTURY IS DRIVING US TOWARDS A NEW QUEST FOR AUTHENTICITY. SO WE TAKE REFUGE IN TIME-HONOURED VALUES, RETURN TO OUR ROOTS, AND RENEW OUR TIES WITH TRADITION.



In emerging countries and developed nations, hyperlocalism is proving a big success. The boom in vintage markets, small-scale local factories, craft breweries and organic food cooperatives is the perfect expression of this search for what is real and authentic. Even as we consume, we find new meaning.

And what better way to find meaning than to go back to our roots? The swift rise of brands that showcase our heritage can be found in every market. In Brazil, Knorr is offering to transform its customers' handwritten family recipes into a beautiful poster, while the renowned Marks & Spencer is celebrating dishes that have disappeared from London tables. In Mexico, Pernod Ricard is leading an ambitious social and environmental initiative among craft producers of Mezcal. And the Group's "Absolut One Source" programme provides a guarantee of provenance and ingredient quality: every Absolut product is made from the same raw materials (winter wheat cultivated on Swedish land) using the same production process in the brand's historic distillery, in accordance with the same strict standards. Moreover, thanks to Absolut One Source, the brand has reduced its CO₂ emissions to such an extent that it's now carbon-neutral, and the Absolut Company distillery is among the most environmentally efficient facilities of its kind in the world! Next on the agenda after

Whether they're loyal to their heritage or adding a touch of modernity, today's brands revere the past and praise the value, artisanship and nobility of true know-how.

this impressive accomplishment: reducing the impact of its packaging (see page 59).

Some of these brands are absolutely faithful to their tradition, while others add a touch of modernity, but they all rely on the same strategy of honouring the past and praising quality, artisanship and the nobility of expertise. In contrast to a mad race against time, they reclaim the values of maturity and a long-term approach. Brand storytelling can then work its magic.

BETWEEN MODERNITY AND TRADITION

As the French sociologist and philosopher Edgar Morin has said, "true innovation always comes from a return to the source". And indeed, we see new brands that draw their value or legitimacy from age-old or proven production techniques. When products are portrayed as a skilful blend of modernity and tradition, success is assured.

This back-to-basics trend is also reflected in consumer choices that show a preference for artisan and/or local production. Over the past few years, the "Made in USA/France/Germany/etc." movement has taken off. Brands such as Lush, the British chain that specialises in cosmetics made from natural ingredients, and Bleu de Chauffe, the French manufacturer of premium leather bags, even create a relationship between consumer, and maker by including the artisan's name on the brand's label.



Our/Vodka responds to growing demand for local, artisanal production that benefits communities.

character, is partly distilled, produced and bottled by hand in micro-distilleries in Berlin, Seattle, Detroit, Amsterdam, London... This concept is simple: partner up with local entrepreneur and purpose-build micro-distilleries in Berlin, Detroit, Amsterdam and London. The concept is simple: partner up with a local entrepreneur and build customised micro-distilleries to deliver vodka outside traditional distribution channels. While the recipe may not differ, the ingredients are locally produced whenever possible.

Any brand whose products are produced and consumed in the same place is welcomed by the community and builds a reserve of local support and sympathy – so long as its dealings are honest and genuine!



The artisanal producers in the Mezcal programme.

For brands in the Wine & Spirits industry, where artisan production is a common theme, local or regional roots are a real asset. Pernod Ricard continues to capitalise on this demand for distinctive brands that draw on a strong historical and cultural tradition. In particular, its strategy includes the acquisition of craft brands, often centuries-old, that preferably have wide appeal and come from a renowned region or reflect acknowledged expertise. One recent example in Monkey 47, the German gin that joined our portfolio in January 2016 and has all the attributes of a craft spirit: the story goes that a Royal Air Force officer posted to Germany in 1945 adopted a monkey and later opened an inn in the Black Forest, where he created a recipe for gin made from 47 spices (see page 78). Our/Vodka, another Group brand with a unique

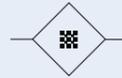


Digital acceleration

Gaining agility and efficiency through digital media



- THIBAUT PORTAL -
Global Media Hub
Leader (HQ)



- EDUARDO GÓMEZ -
Former Online Experience Manager, Pernod Ricard Colombia,
appointed Digital Strategy Manager for the House of Tequila
at Pernod Ricard Mexico as of 4 July 2016

HOW ARE WE ACCELERATING THE USE OF DIGITAL TECHNOLOGY IN OUR OPERATIONS?

At every level of the company, we are intensifying the use of digital tools. That includes areas such as CRM and digital advertising but also social media and smart devices. Our goal is to activate the right consumer at the right time with the proper brand, message and content.

We're also using digital technology to increase our agility and efficiency in media advertising. We changed our approach to advertising in 2015, establishing an internal media hub to directly plan and execute key campaigns. Our open service platforms enable us to collect key information and leverage our own database to connect customers and consumers to our products more effectively.

To enhance our targeting, we increased the digital portion of our global media buy by 10 percent this year. Our pilots to date show an enormous improvement in our media effectiveness. Our focus now is on scaling up those campaigns to create more meaningful and lasting relationships between consumers and our brands.

❖
"At every level of the company, we are intensifying the use of digital tools. That includes areas such as CRM and digital advertising but also social media and smart devices."
❖

WHY DID YOU BRING DIGITAL OPERATIONS AND TEAMS IN-HOUSE IN COLOMBIA?

Acceleration of our digital activities has significantly increased our need to produce and adapt our digital marketing assets. At the same time, the cost of contracting that work to an outside agency has been increasing and the traditional agency model could no longer keep pace with our need to respond effectively in real time.

So we decided to create an in-house digital team with creative, social, design and CRM capabilities. The in-house team is fully integrated and able to communicate with all company areas in real time. As a result, we can respond quickly to consumer needs and to the latest trends. We also have more flexibility through our ability to produce diverse types and formats of content, customized to each audience and media.

From a financial standpoint, we generated substantial savings compared to the cost of an outside agency. Best of all, our direct e-commerce sales have jumped 700% month-on-month – a testament to how effective this strategy has been with consumers.

❖
"We decided to create an in-house digital team with creative, social, design and CRM capabilities. As a result, we generated substantial savings."
❖



OUR DIGITAL PRIORITIES

34 million

FOLLOWERS FOR OUR BRANDS WORLDWIDE, ALL SOCIAL MEDIA COMBINED

4.9 billion

NUMBER OF TIMES OUR FACEBOOK CONTENT WAS VIEWED

1
Develop connected content,
so as to be as visible as possible whenever Internet users conduct searches and make purchases

2
Make smart use of data,
to gain real-time insight into consumer behaviour



DIGITAL CHANNELS ARE A KEY STRATEGIC PRIORITY AT PERNOD RICARD. THE GOAL? TO LEARN MORE ABOUT CONSUMERS AND INTERACT WITH THEM, SO AS TO SHOWCASE PERNOD RICARD'S PRODUCTS AND TAILOR ITS SERVICES TO THEIR NEEDS.

3
Capitalise on everywhere commerce

4
Promote a connected organisation

48.5 million

INTERACTIONS (LIKES, SHARES, COMMENTS) REGISTERED ON SOCIAL MEDIA FOR OUR BRANDS WORLDWIDE

93%

COMPLETION RATE AMONG OUR CORE TARGET FOR OUR MOOC, DIGIFIT





📍 PERNOD RICARD
SOUTH AFRICA

◆ EMPLOYEE IN
THE PHOTOGRAPH
CLAIRE VAN DER MESCHT
COMMUNICATIONS
MANAGER

◆ EMPLOYEE ON
THE MEDALLION
NELLIE CHAN
COMMUNICATIONS
MANAGER
PERNOD RICARD ASIA



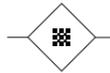
📍 PERNOD RICARD
KENYA

◆ EMPLOYEE IN
THE PHOTOGRAPH
LILLIAN MUTUA
ASSISTANT ANALYST FINANCE

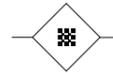
◆ EMPLOYEE ON
THE MEDALLION
KARTIK MOHINDRA
AVP INTERNATIONAL BRANDS
PERNOD RICARD INDIA



Digital Acceleration



360° of Digital Acceleration



Pernod Sub-Saharan Africa

A NEW TEAM IN THE STARTING BLOCKS

With the aim of managing its presence on African social media more effectively, Pernod Ricard has recruited and trained local Community Managers across several markets in Africa and integrated them

with local brand teams. With 328 million Internet users and 20% annual growth, the region offers an excellent opportunity for expansion.



Pernod Ricard USA & Kenwood

A VIRTUAL LOOK AT THE HEART OF THE SONOMA VALLEY

A virtual reality video has given Kenwood consumers and wine retailers a unique way to learn more about each stage in the brand's production process for its Sonoma Valley wines. The project was designed to complement Kenwood's inspiring new packaging, a testament to its quest to become the leading Premium Sonoma wine brand.



 Pernod Ricard España

DIGITAL TOOLS FOR A MORE EFFECTIVE BRAND EXPERIENCE

In Spain, 29.1% of all sales at e-commerce websites are made from mobile phones.⁽¹⁾ That just goes to show how data collection and analysis have become critically important, giving brands a better understanding of consumers so they can offer unique experiences. Pernod Ricard España has leveraged this promising trend to become the leader in its market. The affiliate has launched a variety of initiatives to promote the priority brands in its portfolio, including Seagram's Gin, Ballantine's, Beefeater and Absolut. In November 2015, for example, the Spanish teams introduced the Absolut Elektrik Factory, a temporary concert and club venue in the heart of Madrid. Participants were each given an NFC wristband with wireless communication technology, generating data that the brand could use to track their behaviour in real time and manage each event (performances, inventory on hand, etc.). Nearly 7,000 people attended the opening event; 92% reported that the wristbands had improved their experience, while 91% said the event enhanced Absolut's brand image.⁽²⁾

(1) Source: "LE-Commerce en Europe en 2016", a study by Twenga Solutions. (2) Internal source.

BRAND HIGHLIGHTS



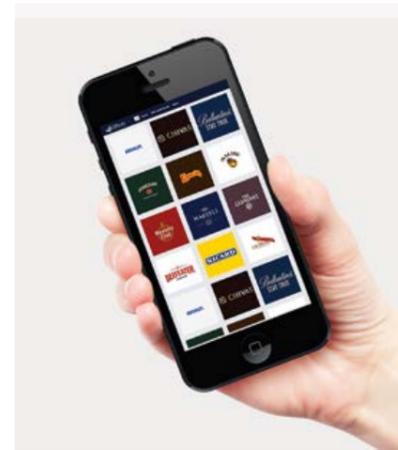
Pernod Ricard Asia

BARSTARS.COM, A LOYALTY PROGRAMME FOR BARTENDERS

Building on the success of the BarStars.com launch in Hong Kong, Pernod Ricard has launched a "Bar Stars Loyalty Programme", creating a bartenders' community to drive brand advocacy. More than 75 bartenders have joined up, using their influence to promote the brand online and taking part in competitions and other events with a chance to win points and qualify for prizes.



Pernod Ricard Headquarters



A BRAND CHECKLIST IN APP FORM

A new digital tool is making it easier for Pernod Ricard's 18,500 employees to shine in their role as ambassadors for the brands in the company's extensive portfolio. Whether they're talking to a client, making a new friend in a bar or chatting about company products at home, the Saleswise app provides basic facts at a glance about each major brand, such as key dates in its history, brand characteristics, and short anecdotes.

MALIBU



Digital Acceleration news

SUMMER BUZZ

An active digital campaign has helped to make Malibu the number-one most talked-about liquor brand. By mobilising influencers to voice their opinion via social media, Malibu generated sizable buzz during the year.

The digital activity also helped to reinforce Malibu's image as a summertime brand and boost its performance in major markets such as the Netherlands, the UK, the US and Spain.

HIGHLIGHTS 2015/2016

Malibu cans get a new look! The updated design is more colourful to ensure greater visibility at points of sale, and will help to raise the brand's profile.

Building on the success of Malibu's Because Summer campaign, the brand has posted new clips on social media that play on traditional gender stereotypes and are designed to rally support for the brand among male drinkers.

Malibu is engaging consumers on digital and social platforms using Snapchat's animation and geofilter options.

Redfoo's "Where the Sun Goes" music video continued to expand Malibu's reach and visibility throughout the summer.



Find out more at www.pernod-ricard.com

MALIBU KEY FIGURES 2015/2016

3.4M

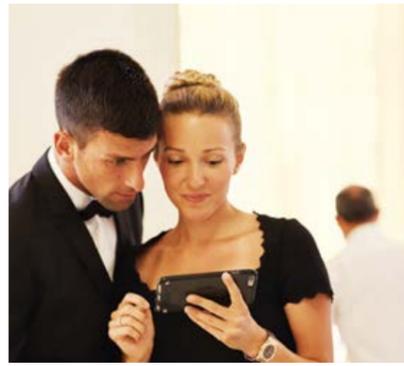
NINE-LITRE CASES
SOLD

+1%

BY VALUE

+1%

BY VOLUME



Jacob's Creek

AN INTERACTIVE DIGITAL TOOL: "DISCOVER WHAT YOU'RE MADE BY"

A year-long campaign based on a partnership with tennis great Novak Djokovic enabled Jacob's Creek to successfully connect with consumers and deliver its brand message of authenticity. The secret: a series of "Made By" videos deployed across an array of media, including a strong digital component. A "Discover What You're Made By" digital engagement tool encouraged consumers to interact with the campaign and drove message sharing, while the videos were highlighted throughout the year on social media channels. Combined with other elements of the global 360° campaign, the actions far surpassed targets, generating more than 800 media clips and reaching an audience of 190 million people.



Pernod Ricard Headquarters



GET INTO THE WORLD'S BEST BARS!

With tens of thousands of fans and followers on Facebook and Instagram, World's Best Bars is continuing to engage consumers throughout the world. The digital channel includes postings, articles, weekly newsletters and reports on activations and other brand events. A significant amount of the content is unbranded, including information on events and bookings. Want to know the best bars for going out in Bangkok? How to drink like James Bond? The world's best hotel bars? Visit the website to find out.

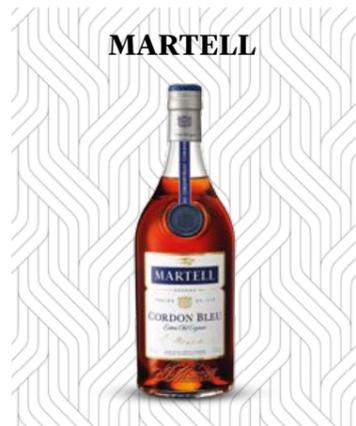
<http://www.worldsbestbars.com/>

BRAND HIGHLIGHTS

Digital Acceleration news

A BIRD'S-EYE VIEW OF SHANGHAI WITH MARTELL

Martell is connecting with consumers through its fully immersive "La French Touch" 3D experience. The brand created product packaging that converts into a Google Cardboard VR headset to support a 360° mobile experience. After assembling the headset from the packaging, players visit the webpage using their mobile phone and are transported into a stereoscopic 3D environment. There, they are given control of the Martell Swift, the House symbol, to fly from Cognac to China, crossing Paris at night, over rivers, mountains and an ocean, before arriving at a bar in Shanghai. Along the way, they collect items to win points and can share scores across social media.



HIGHLIGHTS 2015/2016

Boasting a High Environmental Quality label, Martell's new spirits warehouses have reduced their environmental impact to a minimum.

The Martell Academy interactive digital platform introduces users to history and expertise behind the brand's cognacs.

The brand offered a travel retail exclusive for international travellers, the Martell Collection Millésime 1972, aged 43 years in Martell's oldest cellars.

The oldest of France's cognac Houses captured a Double Gold Medal for Martell Cordon Bleu at the San Francisco World Spirits Competition.

Find out more at www.pernod-ricard.com

MARTELL KEY FIGURES 2015/2016



Pernod

A DIGITAL MOJITO

Mojitos, music, food, street art... Pernod staff managed to create a Little Havana district in the heart of Paris. The six-week campaign had two aims: provide lessons in making a true Cuban mojito and at the same time bring the Havana Club brand experience to life. A digital platform was used to collect CRM data from participants, who enjoyed specially priced mojitos, while 16 guest bloggers and journalists helped drive an online and offline campaign during the event. The programme succeeded in its mojito top-of-mind and consumer education goals, attracting more than 40,000 participants; 35,000 mojitos were prepared during the campaign, which received more than 100 mentions in the press. It is set to be repeated this year.



Pernod Ricard Mexico

ABSOLUT'S "E-STAMPEDE"

An exclusive online sale of Absolut Mix in Mexico proved a resounding success. The stock practically sold out in three days and the website of Absolut's retail partner, @Well'Com, crashed repeatedly as a result of overwhelming demand. The event was one of a series of e-commerce initiatives underway in Mexico.



Pernod Ricard Asia

PROGRAMMATIC MEDIA BUYING ACCELERATES IN ASIA

Programmatic media buying offers a precise way to target consumers who potentially have a strong interest in our brands, in real time and at the lowest cost. The trend towards programmatic buying is helping to make advertising campaigns more efficient and cost-effective. At Pernod Ricard Asia, programmatic media buying is now being used for all campaigns conducted in China and Taiwan, while pilot campaigns are underway in India, Japan, Singapore and Travel Retail Asia. The effectiveness of programmatic buying has been borne out by research: in Taiwan, for example, the effectiveness of digital media purchases was found to have increased substantially. The first-party data generated through programmatic buys is also contributing to a better understanding of audience segments and improved consumer profiles.

Ballantine's



THE WORLD GETS A WHISKY EMOJI!

An imaginative social media campaign from Ballantine's to create an emoji for whisky prompted a spontaneous conversation within the global whisky community and generated significant buzz. Pointing out that the hundreds of existing emojis include 38 facial expressions, three cable cars and a fax machine, the brand's call to arms succeeded in rallying whisky lovers throughout the world... and ultimately, gained approval for an icon to convey what whisky lovers are really drinking.



Pernod Ricard Korea

APP-SOLUT ME!

Consumers in South Korea can earn points for their interactions with Absolut through the ABSOLUT ME app. It awards "blue points" that are stamped on the phone; these generate a signal that adds up points online. By sharing cocktails, signing up for a cocktail class or attending a party, customers earn blue points that accumulate in their virtual bottle, entitling them to special benefits such as free drinks, invitations to exclusive parties and Absolut birthday gifts.



Pernod Ricard Headquarters

YOU SAY YOU WANT A REVOLUTION?

The seismic shift in the dining and entertainment industries, new types of interactions and experiences being created through social networks, the transformation of convivialité and our social interactions... these are just a few of the digital revolution's world-changing effects explored in the most recent issue of *Entrepreneur*. The biannual online publication for Pernod Ricard stakeholders also looks at the merging of our online and offline lives, how digital technology is changing our dating practices, and a delightful side-effect of the digital era: digital convivialité.

<http://entrepreneur.pernod-ricard.com/en>





📍 PERNOD RICARD
SUB-SAHARAN AFRICA

◆ EMPLOYEE IN
THE PHOTOGRAPH
EUNICE OSEI TUTU
JUNIOR CORPORATE
RELATIONS MANAGER

◆ EMPLOYEE ON
THE MEDALLION
JAMES LAKE
SUSTAINABILITY &
RESPONSIBILITY COORDINATOR
PERNOD RICARD WINEMAKERS



Our financial performance RESULTS 2015/2016

We can count on our employees' energy and commitment to seek out growth wherever it can be found. Our goal: to achieve medium-term organic growth in sales of 4% to 5% and an improvement in the operating margin ratio.



A solid, encouraging performance

IN A CONTRASTED ENVIRONMENT, PERNOD RICARD HAS TURNED IN A SOLID PERFORMANCE.



- GILLES BOGAERT -
Managing Director,
Finance & Operations

PERFORMANCE

HOW WOULD YOU ASSESS THE GROUP'S PERFORMANCE DURING THE 2015-2016 FINANCIAL YEAR?

— **G.B.:** We've had a solid, encouraging performance. In terms of the numbers, our results were positive: we've seen continued improvement in sales⁽¹⁾, with 2% organic growth in Profit from Recurring Operations, in line with our guidance; net Profit from Recurring Operations is up 4% and our free cash flow has improved significantly, up 31%, so we've been able to accelerate our debt reduction.

In addition, we've carried out several initiatives for improving our efficiency and medium-term performance, including restructuring some organisations, implementing a plan for operational efficiency, prioritising innovation, actively managing our portfolio (with the sale of Paddy and the acquisition of a majority stake in Monkey 47), and proactively addressing our refinancing.

VISION FOR 2020

YOU'VE DEVELOPED A ROADMAP FOR OPERATIONAL EXCELLENCE LEADING UP TO 2020. WHERE DOES THAT STAND?

— **G.B.:** We have been working on that roadmap for operational efficiency for more than a year; it's one of our business essentials. Our goal is to improve our internal cross-functional processes with regard to purchasing (including direct, indirect and advertising/promotional purchasing), our logistics and our production. We are aiming for €200 million in gross savings (primarily from our gross margin and advertising/promotional investments) for the period 2016-2020, with half reinvested in our brands. Moreover, by improving our logistical processes, we should be able to improve our working capital requirement and thus improve our cash flow by about €200 million over the same period by, among other things, reducing our inventory of finished goods.

(1) Restated for the French technical impact.

Key figures 2015/2016

FY16 Net Sales

€8,682M

FY16 Free cash flow

+31%

COMPARED TO FY 2014/2015

FY16 Group net Profit from Recurring Operations

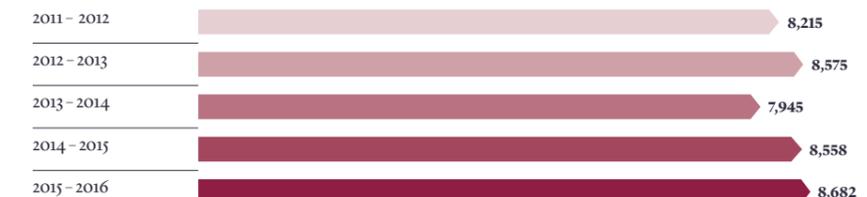
+4%

FY16 Profit from Recurring Operations

€2,277M

Net sales from FY12 to FY16

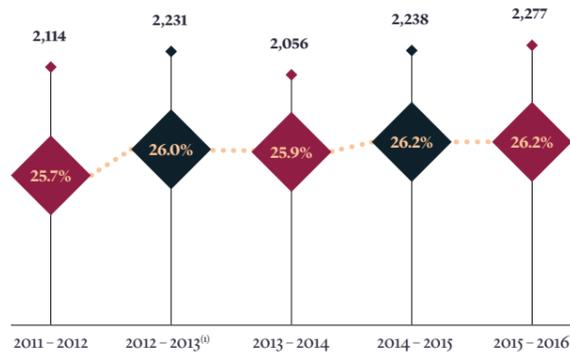
(in euro millions)



“We are aiming for €200 million in gross savings (primarily from our gross margin and advertising/promotional investments) for the period 2016-2020. Half will be reinvested in our brands.”

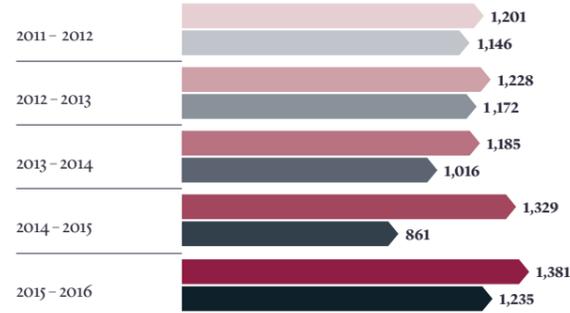
**Profit from recurring operations/
operating margin**

In euro millions and as % of net sales



**◆ Group net profit from recurring operations
◆ Group net profit**

In euro millions



**Contribution after advertising
and promotion investments**

In euro millions



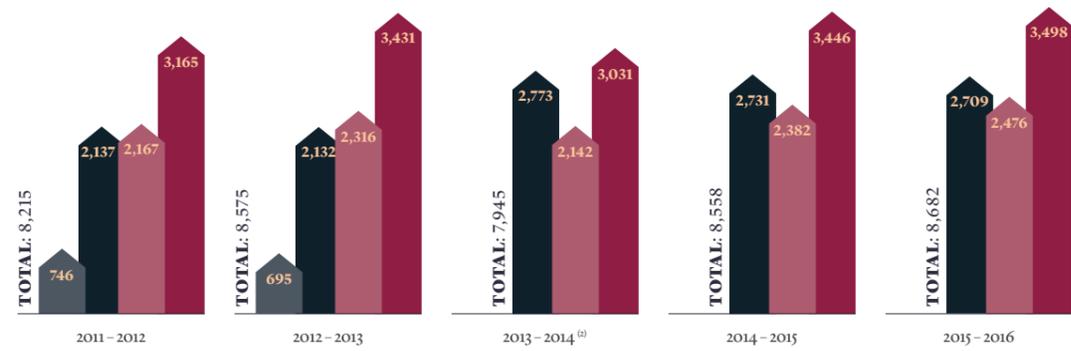
Net debt

In euro millions



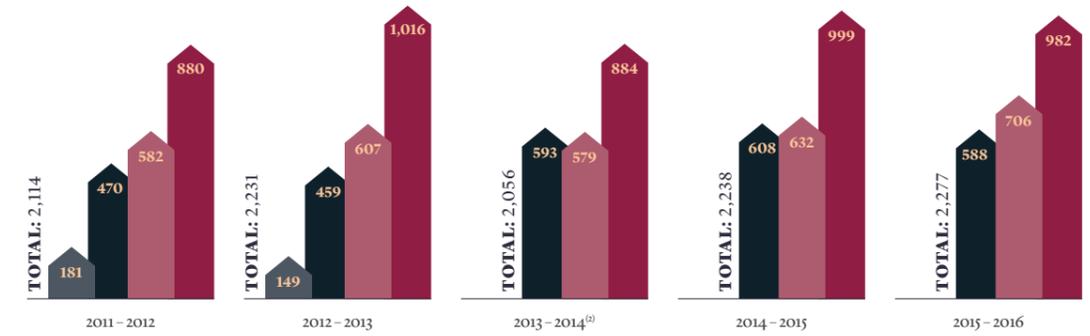
Sales by region

◆ France ◆ Europe ◆ Americas ◆ Asia/Rest of the World



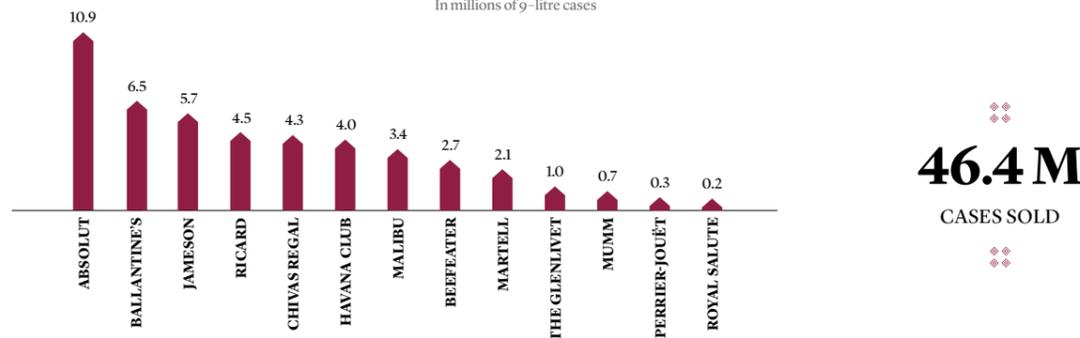
Operating profit by region

◆ France ◆ Europe ◆ Americas ◆ Asia/Rest of the World



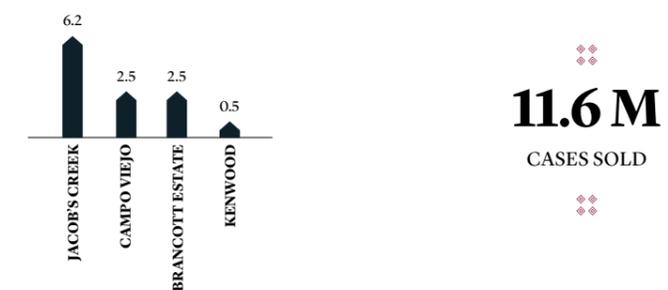
Strategic international brands

In millions of 9-litre cases



**Priority
Premium wine brands**

In millions of nine-litre cases sold



(1) As from 1 July 2013, with retroactive effect from 1 July 2012, Pernod Ricard has applied the amendments to IAS 19 (Employee Benefits) as adopted by the European Union and mandatory for the Group since that date. As a result, the financial statements for financial year 2012/2013 have been restated.
(2) France is now included in the Europe operating segment.

Annual consolidated balance sheet (in euro millions)

ASSETS	30.06.2015	30.06.2016
NET AMOUNTS		
NON-CURRENT ASSETS		
Intangible assets	12,212	12,085
Goodwill	5,494	5,486
Property, plant and equipment	2,200	2,214
Biological assets	153	172
Non-current financial assets	512	721
Investments in associates	16	17
Non-current derivative instruments	52	109
Deferred tax assets	2,339	2,505
NON-CURRENT ASSETS	22,978	23,310
CURRENT ASSETS		
Inventories and work in progress	5,351	5,294
Trade receivables	1,152	1,068
Income taxes receivable	61	92
Other current assets	260	251
Current derivative instruments	50	8
Cash and cash equivalents	545	569
CURRENT ASSETS	7,419	7,282
Assets held for sale	1	6
TOTAL ASSETS	30,398	30,598

LIABILITIES AND SHAREHOLDERS' EQUITY	30.06.2015	30.06.2016
SHAREHOLDERS' EQUITY		
Share capital	411	411
Share premium	3,052	3,052
Retained earnings and currency translation adjustments	8,796	8,639
Group net profit	861	1,235
Group shareholders' equity	13,121	13,337
Non-controlling interests	167	169
TOTAL SHAREHOLDERS' EQUITY	13,288	13,506
NON-CURRENT LIABILITIES		
Non-current provisions	400	422
Provisions for pensions and other long-term employee benefits	654	739
Deferred tax liabilities	3,373	3,556
Bonds – non-current	6,958	7,078
Non-current derivative instruments	500	257
Other non-current financial liabilities	87	84
TOTAL NON-CURRENT LIABILITIES	11,972	12,137
CURRENT LIABILITIES		
Current provisions	173	167
Trade payables	1,696	1,688
Income tax payable	116	101
Other current liabilities	920	909
Other current financial liabilities	1,514	1,884
Bonds – current	538	143
Current derivative instruments	181	64
TOTAL CURRENT LIABILITIES	5,138	4,955
Liabilities related to assets held for sale	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	30,398	30,598

Annual consolidated income statement (in euro millions)

	30.06.2015	30.06.2016
Net sales	8,558	8,682
Cost of sales	(3,262)	(3,311)
Gross margin after logistics expenses	5,296	5,371
Advertising and promotion investments	(1,625)	(1,646)
Contribution after advertising & promotion investments	3,671	3,725
Structure costs	(1,433)	(1,448)
Profit from recurring operations	2,238	2,277
Other operating income	147	124
Other operating expenses	(796)	(306)
Operating profit	1,590	2,095
Financial expenses	(554)	(495)
Financial income	65	63
Interest (expense) income	(489)	(432)
Corporate income tax	(221)	(408)
Share of net profit/(loss) of associates	0	0
Net profit	880	1,255
Including:		
· attributable to non-controlling interests	19	20
· attributable to equity holders of the parent	861	1,235
Earnings per share – basic (in euros)	3.26	4.68
Earnings per share – diluted (in euros)	3.24	4.65
GROUP SHARE OF NET PROFIT FROM RECURRING OPERATIONS	1,329	1,381
GROUP SHARE OF NET PROFIT	861	1,235

Analysis of business activity by geographic area (in euro millions)

	30.06.2015	30.06.2016	ORGANIC GROWTH ⁽¹⁾	
AMERICAS				
Net sales	2,382	2,476	96	4%
Gross margin after logistics costs	1,519	1,639	61	4%
Advertising and promotion	(478)	(509)	(26)	6%
Contribution after advertising and promotional investments	1,041	1,130	35	3%
PROFIT FROM RECURRING OPERATIONS	632	706	28	4%
ASIA AND REST OF THE WORLD				
Net sales	3,446	3,498	27	1%
Gross margin after logistics costs	2,073	2,071	(14)	-1%
Advertising and promotion	(627)	(621)	13	-2%
Contribution after advertising and promotional investments	1,446	1,450	(1)	0%
PROFIT FROM RECURRING OPERATIONS	999	982	(24)	-2%
EUROPE				
Net sales	2,731	2,709	29	1%
Gross margin after logistics costs	1,704	1,662	36	2%
Advertising and promotion	(521)	(516)	(1)	0%
Contribution after advertising and promotional investments	1,183	1,145	34	3%
PROFIT FROM RECURRING OPERATIONS	608	588	42	7%
TOTAL	30.06.2015	30.06.2016	ORGANIC GROWTH⁽¹⁾	
Net sales	8,558	8,682	152	2%
Gross margin after logistics costs	5,296	5,371	83	2%
Advertising and promotion	(1,625)	(1,646)	(14)	1%
Contribution after advertising and promotional investments	3,671	3,725	68	2%
PROFIT FROM RECURRING OPERATIONS	2,238	2,277	46	2%

(1) Organic growth is at constant FX and Group structure.

In the financial markets 2015/2016

Pernod Ricard shares lost ground during the 2015/2016 financial year, after a substantial gain in 2014/2015. At the close of the 2015/2016 financial year, the share price was down 3.4% while the CAC40 index fell 11.5% over the same period.



PERNOD RICARD IN THE FINANCIAL MARKETS, 2015/2016: STRONG FUNDAMENTALS BUT A DIFFICULT ENVIRONMENT

Shares in Pernod Ricard declined by 3.4% during the 2015/2016 financial year. The stock underperformed the STOXX Europe 600 Food & Beverages index (up 6.3% over the period) but performed significantly better than the CAC40 (down 11.5%), which was impacted by the sell-off of bank and insurance stocks.

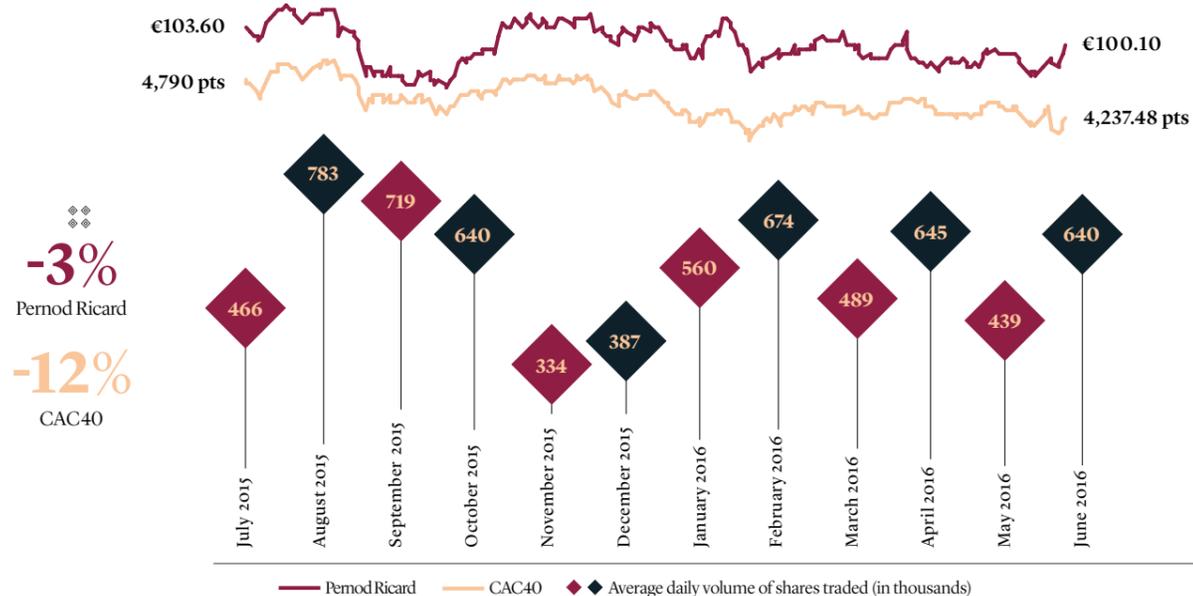
While the weakening euro led shares in Pernod Ricard to outpace competitors during the 2014/2015 financial year (+18.1% vs +14.2% for the STOXX Europe 600 Food & Beverages index), fears surrounding

growth prospects in China hindered the stock's performance during the 2015/2016 financial year.

Pernod Ricard has outperformed the CAC40 by just over 40% over a five-year period (+47.3% vs +6.4%). Investors have hailed the Group's ability to adapt to challenges in its markets, not to mention the strength of its portfolio management and the global reach of its distribution network, which will enable it to deliver its medium-term strategic objectives.

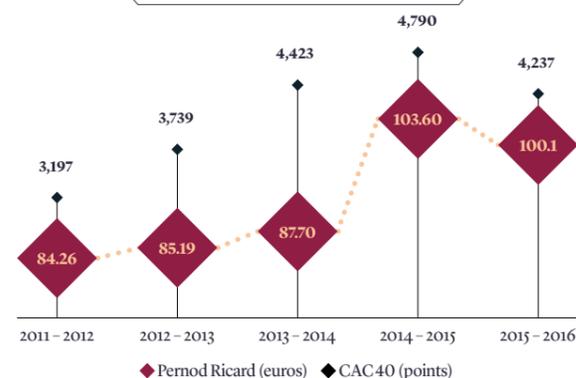


Change in the share price over one year in comparison with the CAC 40 index; average daily trading volumes



Source: Euronext.

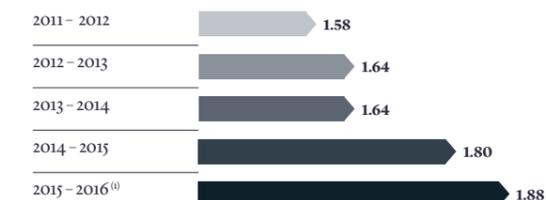
Share price of Pernod Ricard and CAC 40 over five years (at end of June)



Source: Euronext.

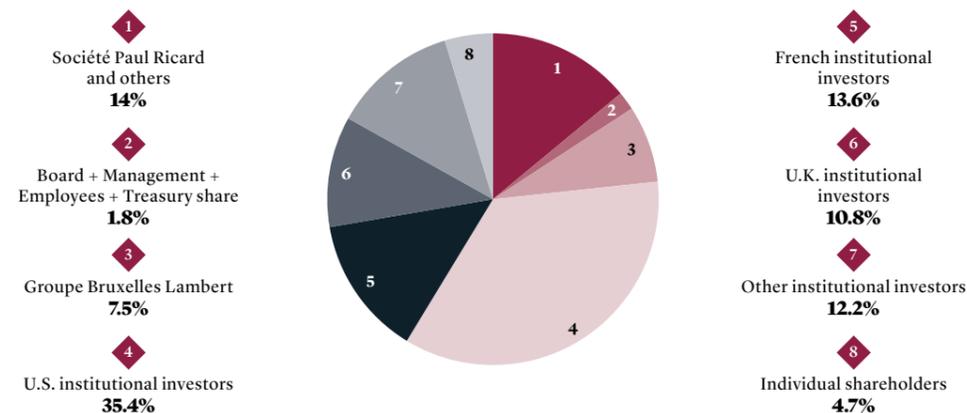
Pernod Ricard is traded on the Paris stock exchange on NYSE Euronext SA Paris Eurolist (compartment A) SRD (deferred settlement service). The Pernod Ricard share is eligible for inclusion in the French share savings plan (*plan d'épargne en actions, PEA*) and for the SRD (deferred settlement service).

Pernod Ricard dividend (in euro)



A dividend of €1.88 (+4%) per share for the 2015/2016 financial year will be submitted for the approval of the Shareholders' Meeting of 17 November 2016. This dividend is in line with the Group's customary policy of distributing approximately one third of the net profit from recurring operations in cash. Taking into account the interim dividend of €0.90 per share paid on 8 July 2016, the final dividend payable stands at €0.98 per share.

Breakdown of share capital at 30 June 2016



Summary of Pernod Ricard stock market data

	13/14	14/15	15/16
Number of listed shares at 30 June	265,421,592	265,421,592	265,421,592
Average number shares (except treasury shares) - diluted	265,816,388	266,230,412	265,632,528
Stock market capitalisation at 30 June (€M)	23,277	27,498	26,569
Net earnings per share from recurring operations - diluted	4.46	4.99	5.20
Dividend per share	1.64	1.80	1.88 ⁽¹⁾
Average monthly volume of trades	11,654	11,420	12,125
Highest share price	94.28	117.25	111.30
Lowest share price	79.36	83.19	88.29
Average share price	86.47	97.87	100.14
Share price at 30 June	87.70	103.60	100.10

Source: Euronext.

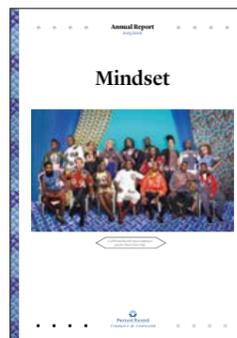
(1) Subject to the Shareholders' approval at 17 November 2016.

Discover the world of Pernod Ricard

Explore the wealth of information resources available from Pernod Ricard.

OUR COMMITMENT TO THE ARTS

Take a look behind the scenes of Pernod Ricard's photo campaigns alongside talented photographers including Denis Rouvre, Eugenio Recuenco, Olaf Breuning, Vee Speers, Li Wei and Omar Victor Diop.



See five years of videos and read annual reports from past years by scanning this QR code.
<http://pernod-ricard.com/670/investors/publications/annual-reports>

OUR DIGITAL ANNUAL REPORT

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OUR OTHER PUBLICATIONS

◆ FINANCIAL ◆

An in-depth analysis of legal, economic, financial, and accounting information for the 2015/2016 financial year.



◆ SHAREHOLDERS ◆

The Premium newsletter, formerly sent three times a year to individual shareholders who are members of Club Premium, has gone digital!

The new version is currently in preparation. Stay tuned!

OUR DIGITAL PRESENCE

◆ THE PERNOD RICARD WEBSITE ◆

Visit Pernod Ricard's new corporate website starting on 17 November 2016 to learn about the Group's news and its brands. Scan this QR code to visit the site.



<http://pernod-ricard.com/21/home>

◆ LINKEDIN & TWITTER ◆

Follow Pernod Ricard on social media for all the latest news.



◆ ENTREPRENDRE MAGAZINE ◆

Entreprendre, the Group's long-time magazine, went fully digital in 2014 and continues to explore new forms of convivialité and emerging areas of business.



To view the latest issue, on convivialité in the digital era, scan this QR code.



<http://entreprendre.pernod-ricard.com/en>

THANK YOU to all our contributors

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Pernod Ricard
Créateurs de convivialité

