

ANNUAL REPORT

2011/2012



CONNECTED



Pernod Ricard
Créateurs de convivialité

AT A GLANCE



Pernod Ricard

THE 5 PILLARS OF PERNOD RICARD

Created by the link-up of the Ricard and Pernod companies in 1975, Pernod Ricard is today the world co-leader of Wines & Spirits. Organic growth and acquisitions have driven the international development of a Group that reaffirms its ambition: to become the undisputed number 1 of the industry. Already the leader of the Premium segment—the most dynamic in the industry—Pernod Ricard has opted for a model of sustainable growth. This is based on both a systematic strategy of brand upscaling, called ‘Premiumisation’, and Innovation, regarded as being an accelerator of value creation. The Group’s growth model is based on five pillars:

1

A COMPREHENSIVE PORTFOLIO OF PREMIUM INTERNATIONAL BRANDS

Since its beginning, and particularly over the last ten years of rapid acquisitions, Pernod Ricard has built a unique portfolio of Premium brands on an international scale. This portfolio covers all Wine & Spirits categories and is now illustrated by the ‘House of Brands’ concept. The ‘House’ classifies the Group’s priority brands into three segments: the ‘Top 14’, which consists of 14 strategic spirits and champagne brands; the wine segment, with its four Premium wine brands; and the 18 key local brands segment.

The Top 14 includes:

- ◆ two ‘global icons’—ABSOLUT vodka and Chivas Regal Scotch whisky;
- ◆ seven Premium spirits brands—Ricard pastis, Ballantine’s Scotch whisky, Jameson Irish whiskey, Havana Club rum, Beefeater gin, and Malibu and Kahlúa liqueurs;
- ◆ five Prestige spirits and champagne brands—Martell cognac, The Glenlivet and Royal Salute Scotch whiskies, and G.H.MUMM and Perrier-Jouët champagnes.

2

PREMIUMISATION AND INNOVATION: TWO KEY STRATEGIC FOCUSES FOR CREATING VALUE

Pernod Ricard’s strategy is built on creating value through a systematic policy of brand upscaling, or ‘Premiumisation’. This ‘value strategy’ is part of a long-term vision based on strong and continuous investment in the Group’s brands. Pernod Ricard has one of the industry’s biggest marketing expenses, which represent 19% of its net sales. The Group invests heavily and continuously to bring about innovation, seen as a growth accelerator. Innovation is a priority in supporting the brands, but it also concerns every other area of the business: Sales, Human Resources, Production, Legal, Finance and Communications. By creating the conditions for profitable and sustainable growth, the Group intends to consolidate its position as leader of the Premium segment.

3

A DECENTRALISED ORGANISATION AND A WHOLLY-OWNED DISTRIBUTION NETWORK

Pernod Ricard's organisation is unique in its industry. The Group has opted for decentralisation: the 75 Market Companies are all wholly-owned and managed as profit centres. This global network ensures decision-making that is closer to the markets, which enables the Group to respond more swiftly to the needs of customers and consumers in any country.

This flexible and responsive structure has consistently shown its ability to boost individual motivation and team performance. Pernod Ricard, the leader in many Asian markets such as China and India, is best positioned to take full advantage of the growth of these markets—the most dynamic in the sector.

4

EMPLOYEES UNITED BY A STRONG CORPORATE CULTURE

In a decentralised organisation, it is the corporate culture that binds everyone together. At Pernod Ricard, this culture is grounded in three values: entrepreneurial spirit, mutual trust and a strong sense of ethics. These are continually encouraged by a policy of Human Resources management that promotes leadership skills, mobility and diversity.

This corporate culture is seen as a real competitive asset, expressed in a convivial, straightforward and direct attitude. Almost 19,000 employees share it every day—in their relationships with one another, and in their relations with consumers and stakeholders of the company. This Pernod Ricard spirit is conveyed by the tagline '*Créateurs de Convivialité*'.

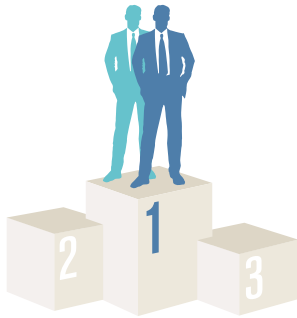
5

AN HISTORICAL COMMITMENT TO ETHICS, PEOPLE AND THE ENVIRONMENT

There is no leadership without a deep sense of responsibility. Since it was founded, the Group has been strongly committed to Corporate Social Responsibility. It created the Paul Ricard Oceanographic Institute in 1966, and the Ireb (Institute for Scientific Research on Alcoholic Beverages) in 1971.

The Group has defined four priorities in its CSR platform:

1. Promote responsible drinking of alcoholic beverages: this is the Group's number 1 priority.
2. Respect the environment and commit to sustainable development, in line with the Group's desire to protect the unique lands that gave birth to its brands.
3. Foster cultural sharing.
4. Encourage the entrepreneurial spirit.



CO-LEADER

IN WINES & SPIRITS WORLDWIDE,
LEADER IN THE ASIAN MARKETS,
THE MOST DYNAMIC OF THE SECTOR⁽¹⁾



IN PREMIUM AND
PRESTIGE SPIRITS
WORLDWIDE

8,215
EURO MILLIONS

NET SALES,
+8%
(ORGANIC GROWTH)



18,777

EMPLOYEES IN
75 COUNTRIES

2,114
EURO MILLIONS

PROFIT FROM RECURRING OPERATIONS,
+9%
(ORGANIC GROWTH)

19 BRANDS AMONGST THE WORLD'S TOP 100⁽²⁾



14 STRATEGIC PREMIUM AND PRESTIGE
SPIRITS & CHAMPAGNE BRANDS



4 PRIORITY
PREMIUM WINE BRANDS

(1) Among international spirits groups. (2) Source: Impact published in February 2012.

2010

Asia & Rest of the World becomes the Group's top region.
Creation of Premium Wine Brands, a Brand Company grouping together the Group's priority wine brands.

2011

The Group signs a joint-venture agreement with **Tequila Avión™** for the development and marketing of the ultra-Premium tequila brand, Avión.

2008

Acquisition of **Vin&Sprit**, owner of ABSOLUT, making Pernod Ricard the world co-leader in the industry.

Purchase of 39.1% of **Seagram's** Wine & Spirits businesses: integration of Chivas Regal Scotch whisky and Martell cognac.

2005

Acquisition of **Allied Domecq**, in partnership with Fortune Brands. The Group doubles in size and becomes the world number 2 in Wines and Spirits.

2001

Pernod Ricard and the Cuban company Cuba Ron create **Havana Club International**, a 50/50 joint venture for the marketing and distribution of Havana Club rum.

1993

1989

Acquisition of the **Orlando Wyndham Group**, an Australian producer of wines, including the Jacob's Creek brand.

1988

Acquisition of **Irish Distillers**, the leading producer of Irish whiskey and owner of Jameson.

1975

Pernod Ricard is created by the link-up of two French anise-based spirits companies: Pernod, which was founded in 1805, and Ricard, founded by Paul Ricard in 1932.



18 KEY LOCAL BRANDS

PERNOD RICARD LOCATIONS



(1) Asia and Rest of the World, Americas, Europe (excluding France), and France.

● HEAD OFFICES – BRAND COMPANIES

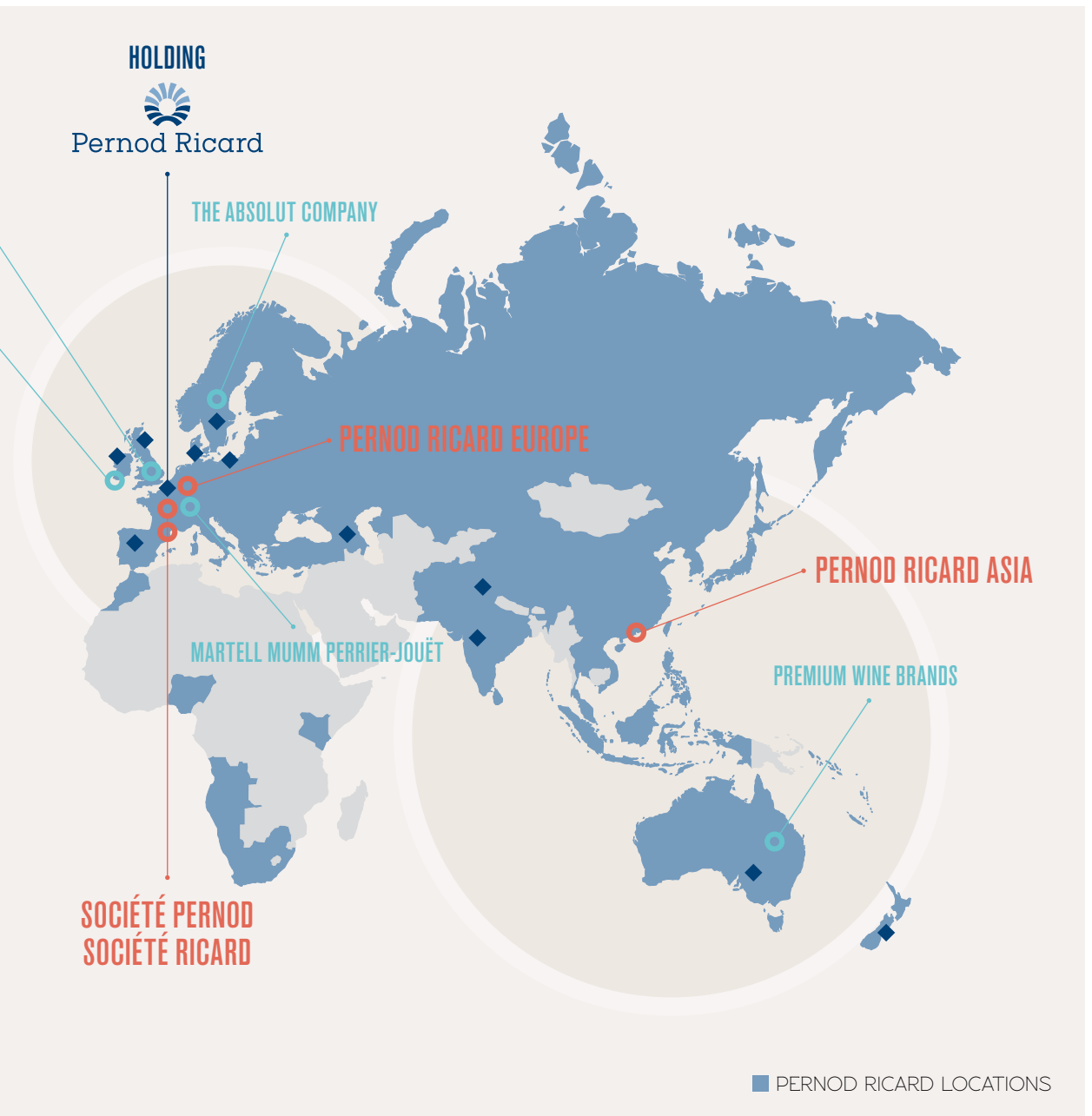
Havana, **Cuba** • Paris, **France** • Dublin, **Ireland** • London, **United Kingdom** • Stockholm, **Sweden** • Sydney, **Australia**

● HEAD OFFICES – PERNOD RICARD REGIONS

New York, **United States** • Paris, Marseille, Créteil, **France** • Hong Kong, **China**

◆ 28 MAIN PRODUCTION SITES

Walkerville, **Canada** • Fort Smith, **United States** • Los Reyes, **Mexico** • San Jose, **Cuba** • Suape, Resende, **Brazil** • Bella Vista, **Argentina** • Fox & Geese, Midleton, **Ireland** • Paisley, Strathclyde, Kilmalid, The Glenlivet, **Scotland** • Åhus, Nöbbelöv, **Sweden** • Aalborg, **Denmark** • Poznan, **Poland** • Manzanares, Age, **Spain** • Yerevan, **Armenia** • Lormont, Marseille, Reims, Rouillac, **France** • Behror, Nasik, **India** • Rowland Flat, **Australia** • Tamaki, **New Zealand**



BOARD OF DIRECTORS

Pernod Ricard's Board of Directors oversees the Group's governance, respecting ethics and transparency rules. Combining personalities with complementary experience and skills, it ensures the respect of the long-term vision and strategy. It also guarantees that the Group's management is carried out in the interest of the business and its shareholders.

ORGANISATION AND METHOD OF OPERATION

The Board of Directors is composed of 14 members, including 7 independent Directors. Pernod Ricard applies the independence criteria provided for in the AFEP-MEDEF corporate governance code for listed companies.

THE ROLE DIVISION OF THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

In order to adapt the Group's governance and allow for natural succession within the Company's executive management, the Board of Directors has separated the role of the Chairman from that of the Chief Executive Officer.

The Chairman of the Board of Directors organises and directs the Board's operations and reports these developments back to the Shareholders' Meeting. He oversees the proper functioning of the Company's managing bodies and ensures that the Directors are fully equipped to fulfil their roles.

The Chief Executive Officer is granted full powers to act in the name of the Company in all circumstances.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS DURING THE FINANCIAL YEAR

At the Shareholders' Meeting of 15 November 2011, Nicole Bouton was reappointed to the Board for a four-year term. In addition, on 25 April 2012 the Board of Directors co-opted Martina Gonzalez-Gallarza as Director, replacing Rafaël Gonzalez-Gallarza, who had resigned.



THE BOARD OF DIRECTORS IN 2011/2012

During the financial year ended 30 June 2012, the Board of Directors met 10 times with an attendance rate of over 94%. The Board approved the annual and half-year financial statements and the terms of financial communications, reviewed the budget, prepared for the Combined Ordinary and Extraordinary Shareholders' Meeting, and approved the draft resolutions. The current state of the business was discussed at each of these meetings, including operations, results and cash flow. As part of the Company's debt management, the Board approved the continuation of the asset disposal programme, and during a scheduled review of the refinancing plan, it decided to launch two bond issues, one in October 2011 and the other in January 2012. Both of these issues were carried out in US dollars. The Board also decided on the early renewal of the syndicated loan facility taken out by the Group.



At 30 June 2012, the Board of Directors consisted of:

FIRST ROW, FROM LEFT TO RIGHT

DANIÈLE RICARD* / **PIERRE PRINGUET*** Chief Executive Officer / **PATRICK RICARD*** Chairman of the Board of Directors / **NICOLE BOUTON** Independent Director

SECOND ROW, FROM LEFT TO RIGHT

CÉSAR GIRON / **FRANÇOIS GÉRARD** / **WOLFGANG COLBERG** Independent Director / **ANDERS NARVINGER** Independent Director /
SUSAN MURRAY Independent Director / **LAURENT BURELLE** Independent Director / **MICHEL CHAMBAUD** Independent Director /
MARTINA GONZALEZ-GALLARZA / **ALEXANDRE RICARD*** Permanent Representative of Société Paul Ricard / **GÉRALD FRÈRE*** Independent Director

* SUBSEQUENT CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

Following the sudden death of Patrick Ricard, Chairman of the Board of Directors, on 17 August 2012, the Board of Directors' meeting of 29 August 2012, based on the recommendation of the Appointments Committee, appointed Danièle Ricard as Chairman of the Board of Directors to replace Patrick Ricard. It also appointed Pierre Pringuet as Vice-Chairman of the Board of Directors, while maintaining his position as Chief Executive Officer.

At the same meeting, the Board of Directors, based on the recommendation of the Appointments Committee, co-opted Alexandre Ricard as Director and appointed him Deputy Chief Executive Officer and Chief Operating Officer on the recommendation of Pierre Pringuet, Chief Executive Officer.

Société Paul Ricard, Director, appointed Paul-Charles Ricard as its permanent representative, replacing Alexandre Ricard, with effect from 29 August 2012.

Gérald Frère informed the Board of his decision to resign from his position as a Director of Pernod Ricard for personal reasons, with effect from 9 November 2012.

The Board of Directors, based on the recommendation of the Appointments Committee, decided to propose to the Shareholders' Meeting of 9 November 2012 to appoint Ian Gallienne as an Independent Director for a two-year term.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors delegates responsibility to its specialised committees for the preparation of specific topics submitted for its approval. Four committees tackle subjects in the area for which they have been given responsibility and submit their opinions and recommendations to the Board: the Strategic Committee, the Audit Committee, the Appointments Committee and the Remuneration Committee.

STRATEGIC COMMITTEE

Based on the Directors' recommendation, expressed as part of the Board of Directors' recent assessment, the Strategic Committee was dissolved with effect from 25 April 2012.

COMPOSITION AT 25 APRIL 2012

CHAIRMAN:

PATRICK RICARD

MEMBERS:

FRANÇOIS GÉRARD

RAFAËL GONZALEZ-GALLARZA⁽¹⁾

DANIÈLE RICARD

The Strategic Committee met five times during the period from 1 July 2011 to 25 April 2012 with an attendance rate of 95%. Its main responsibility was to prepare the Company's strategic policies for the Board's approval.

AUDIT COMMITTEE

COMPOSITION AT 29 AUGUST 2012

CHAIRMAN:

MICHEL CHAMBAUD⁽²⁾

MEMBERS:

NICOLE BOUTON⁽²⁾

FRANÇOIS GÉRARD

WOLFGANG COLBERG⁽²⁾

The members of the Audit Committee were specifically chosen for their expertise in accounting and finance. The Audit Committee's primary mission is to review the draft financial statements, check the appropriateness and consistency of accounting methods and principles, and ensure the quality of the financial information issued to shareholders. It also monitors the effectiveness of the internal control and risk management systems. It supervises the procedure for selecting Statutory Auditors. The Board of Directors may refer any financial or accounting matter to it. In addition to the operational charter adopted in June 2002, the Audit Committee approved its internal regulations at the Board of Directors' meeting of 18 March 2003. It met four times during the 2011/2012 financial year, the

same as during the previous period, with an attendance rate of 88%. In 2011/2012 the work of the Audit Committee focused on the following:

- ♦ review of French and foreign key laws and regulations, reports and commentaries on corporate governance, risk management, internal control and auditing;
- ♦ review of the interim financial statements at 31 December 2011 during the meeting of 14 February 2012;
- ♦ review of the consolidated financial statements at 30 June 2012;
- ♦ monitoring of the Group's cash flow and debt;
- ♦ risk management: the Group's main risks are regularly presented in detail to the Audit Committee;
- ♦ approval of the Group's Internal Audit plan for 2012/2013;
- ♦ Internal Control assessment: The Group sent its subsidiaries a self-assessment questionnaire to evaluate the adequacy and effectiveness of their Internal Control system;
- ♦ examination of Internal Audit reports: in addition to the audits and checks carried out by the various subsidiaries on their own behalf, 31 internal audits were performed in 2011/2012 by the audit teams in each Region and at the Holding Company.

APPOINTMENTS COMMITTEE

COMPOSITION AT 29 AUGUST 2012

CHAIRMAN:

NICOLE BOUTON⁽²⁾

MEMBERS:

ANDERS NARVINGER⁽²⁾

DANIÈLE RICARD

The Chairman of the Board of Directors attends this Committee's meetings during sessions dealing with the appointment of Directors. During the 2011/2012 financial year, the Committee met three times with an 89% attendance rate and 100% participation *via* conference call.

The Appointments Committee's main responsibility is to recommend and implement the selection procedure for new Directors. The Committee regularly verifies compliance with the gov-

ernance principles to which Pernod Ricard subscribes, and monitors the independence criteria of the members of the Board of Directors.

During the 2011/2012 financial year, the work of the Appointments Committee mainly concerned:

- ♦ review and proposal for the appointment of the Managing Director in charge of the distribution networks, a member of the Executive Board;
- ♦ organisation and monitoring of the three-yearly evaluation of the Board of Directors' performance and processes;
- ♦ review of the Group's and Pernod Ricard's policies on professional and wage equality;
- ♦ review and proposal of candidates for the renewal of Directors at the Shareholders' Meeting on 9 November 2012.

REMUNERATION COMMITTEE

COMPOSITION AT 29 AUGUST 2012

CHAIRMAN:

NICOLE BOUTON⁽²⁾

MEMBERS:

ANDERS NARVINGER⁽²⁾

GERALD FRÈRE⁽²⁾

During the 2011/2012 financial year, the Remuneration Committee met four times with an attendance rate of 75% and 100% participation *via* conference call.

The Remuneration Committee's main task is to define the policy for remunerating the Group's Executive Directors in compliance with the recommendations of the AFEF-MEDEF corporate governance code to which the Company refers to. This policy covers all elements of remuneration, i.e. the level and amount of fixed and variable remuneration, but also the amounts and volumes of stock options awarded, as well as pension and social protection schemes.

The work of the Remuneration Committee is detailed in Section 4 of the registration document, 'Management Report', in the subsection entitled 'Remuneration of the Executive Directors' (page 82 and following pages).

(1) Until 15 February 2012. (2) Independent Director.

MANAGEMENT STRUCTURES

The Group's management structure is organised around the General Management, the Executive Board (BE) and the Executive Committee (COMEX). The Executive Board is composed of the General Management and the General Counsel, while the COMEX comprises the BE and the chairmen of the direct subsidiaries. Under the General Management's authority, the COMEX is responsible for conducting the Group's business activities, ensuring that its main policies are applied, and coordinating between the Holding Company and its subsidiaries.

GENERAL MANAGEMENT

For the 2011/2012 financial year, The Group's General Management was carried out by the Chief Executive Officer and the four Managing Directors for Brands, Markets, Finance, and Human Resources and Corporate Social Responsibility.

EXECUTIVE BOARD

The Executive Board is the permanent body responsible for coordinating and directing the Group. It is comprised of the General Management and the General Counsel. The Executive Board defines the Group's strategy and objectives, and initiates and reviews all decisions relating to the Group's affairs. It submits such matters to the Board of Directors when its approval is required. Lastly, it organises the work of the Executive Committee and defines its members' objectives, in particular through the four-year plan, the budget and reviews of ongoing activities.

At 1 July 2012, the Executive Board consisted of:

FROM LEFT TO RIGHT

BRUNO RAIN

Managing Director, Human Resources and Corporate Social Responsibility

GILLES BOGAERT

Managing Director, Finance

THIERRY BILLOT

Managing Director, Brands

PIERRE PRINGUET

Chief Executive Officer⁽¹⁾

ALEXANDRE RICARD

Managing Director, Markets⁽¹⁾

IAN FITZSIMONS

General Counsel



(1) At its meeting of 29 August 2012, the Board of Directors appointed Pierre Pringuet as Vice-Chairman of the Board of Directors, while maintaining his position as the Group's Chief Executive Officer. It also appointed Alexandre Ricard as Deputy Chief Executive Officer and Chief Operating Officer.

THE EXECUTIVE COMMITTEE

FIRST ROW, FROM LEFT TO RIGHT

PHILIPPE DRÉANO

Chairman & CEO of
Pernod Ricard Americas

LIONEL BRETON

Chairman & CEO of
Martell Mumm Perrier-Jouët⁽¹⁾

PIERRE PRINGUET

Chief Executive Officer⁽¹⁾

ANNA MALMHAKE

Chairman & CEO of Irish Distillers

PIERRE COPPÉRÉ

Chairman & CEO of Pernod Ricard Asia

SECOND ROW, FROM LEFT TO RIGHT

PHILIPPE SAVINEL

Chairman & CEO of Ricard

LAURENT LACASSAGNE

Chairman & CEO of Pernod Ricard Europe

JEAN-CHRISTOPHE COUTURES

Chairman & CEO of Premium Wine Brands

CÉSAR GIRON

Chairman & CEO of Pernod

THIERRY BILLOT

Managing Director, Brands

IAN FITZSIMONS

General Counsel

CHRISTIAN PORTA

Chairman & CEO of Chivas Brothers

BRUNO RAIN

Managing Director, Human Resources and
Corporate Social Responsibility

PHILIPPE GUETTAT

Chairman & CEO of The Absolut Company⁽²⁾

GILLES BOGAERT

Managing Director, Finance

ALEXANDRE RICARD

Managing Director, Markets⁽¹⁾



(1) At its meeting of 29 August 2012, the Board of Directors appointed Pierre Pringuet as Vice-Chairman of the Board of Directors, while maintaining his position as the Group's Chief Executive Officer. It also appointed Alexandre Ricard as Deputy Chief Executive Officer and Chief Operating

The Executive Committee is the Group's managing body that brings together the Executive Board and the chairmen of the direct subsidiaries. It helps to develop the Group's strategy and coordinates between the Holding Company and its subsidiaries, as well as between the subsidiaries themselves (Brand Companies and Market Companies). Under the General Management's authority, it is responsible for conducting the Group's business activities and ensuring that its main policies are applied.

In this capacity, during its monthly meetings (11 per year), the Executive Committee:

- ♦ analyses the progress of the Group's activities;
- ♦ actively participates in setting financial and operating objectives (financial results, debt and qualitative objectives);
- ♦ reviews brand and market strategies, analyses results and evaluates any changes in the organisation;
- ♦ approves and implements the Group's main policies.



Officer. (2) With effect from 1 October 2012, Philippe Guettat, Chairman & CEO of The Absolut Company, has been named Chairman & CEO of Martell Mumm Perrier-Jouët, replacing Lionel Breton, who retired. On the same date, Paul Duffy, currently CEO of Pernod Ricard USA, has become Chairman & CEO of The Absolut Company.

HOLDING COMPANY MANAGEMENT

The primary objectives of the Holding Company's Management are:

- ♦ to prepare and coordinate the decisions and actions to be taken by the Holding Company;
- ♦ to exchange information on the Group's operations, and on actions undertaken or to be taken by each of the operational management departments;
- ♦ to prepare for certain decisions that are the responsibility of the Group's General Management.



JEAN-BAPTISTE BRIOT
Business Control Director

PATRICK CASTANIER
Commercial Development
Director

OLIVIER CAVIL
Communications Director

JEAN CHAVINIER
Information Systems
Director

OLIVIER GUELAUD
Treasury Director

ARMAND HENNON
Public Affairs Director,
France



VICTOR JEREZ
Audit and Development
Director

JAIME JORDANA
HR Development
Director

OLIVIA LAGACHE
General Counsel
Havana Club

ALBAN MARIGNIER
Pernod Ricard University
Director

PHILIPPE PROUVOST
Corporate Affairs Director
and Secretary of the Board

ARMIN RIES
Director Special Advisor to
General Management



MARTIN RILEY
Chief Marketing Officer

JEAN RODESCH
Public Affairs and
CSR Director

JEAN-PIERRE SAVINA⁽¹⁾
Industrial Operations
Director

JULIEN SOISSON
Tax Director

MIKAEL SPANGBERG
Intellectual Property
Director

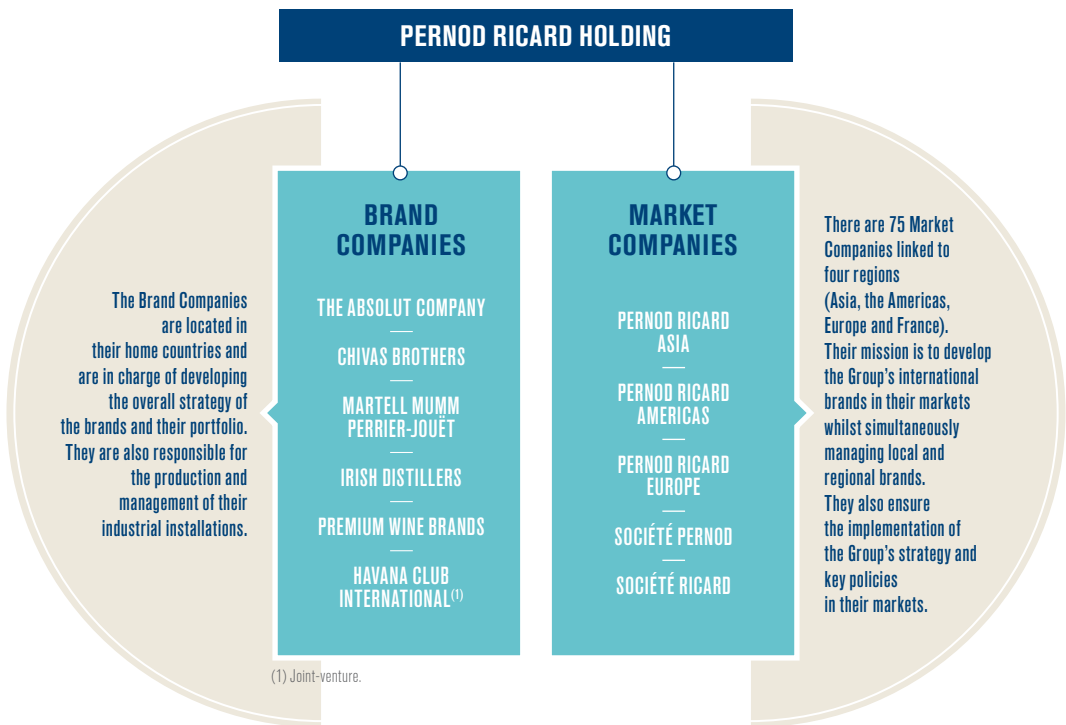
JEAN TOUBOUL
Financial Communication &
Investors Relations Director

(1) As of 1st October 2012, John Corrigan has been appointed Industrial Operations Director, replacing Jean-Pierre Savina, who retired.

ORGANISATION

Decentralisation is the founding principle behind Pernod Ricard's organisation and operations.

Continuous dialogue between the Brand Companies and Market Companies ensures the involvement of all stakeholders in the business, and a decision-making process that is as close as possible to the consumer. The Holding Company defines the major strategic guidelines, coordinates global actions, and monitors compliance with the Group's policies.



The Holding Company defines the Group's strategy and oversees its implementation. Its responsibilities are focused on four main areas:

- 1.** Reserved functions (Group strategy, financial policy, communications, human resources, legal affairs, institutional policies).
- 2.** Control of the management of direct subsidiaries.
- 3.** Approval of brand and market strategy.
- 4.** Coordination of key policies (Purchasing, Information Systems, Quality Safety Environment, etc.).

The Holding Company also lends its expertise in the fields of sales and marketing. Over 200 people work at the Holding Company's head office in Paris.



JAMESON

Launch of 'Jameson First Shot', a competition offering young screenwriters and directors a chance to produce their short film, with Kevin Spacey in the lead role.



BRANCOTT ESTATE |

Sponsors the 2011 Rugby World Cup in New Zealand.

GROUP |

Signing of a joint-venture agreement with Tequila Avión™ to develop and distribute the ultra-Premium tequila brand, Avión™.

MALIBU

Launch in the United States of Malibu Red, a blend of rum and tequila. Ne-Yo, the American R&B star, is the special partner of this launch.



CHIVAS REGAL |

Chivas Regal uploads *Real Friends*, two short films produced by the director Joachim Back. These videos have been viewed more than 4.5 million times on YouTube™.



JACOB'S CREEK

Andre Agassi becomes an ambassador for Jacob's Creek with the *Open* campaign.



GROUP |

Pernod Ricard carries out a US dollar-denominated bond issue amounting to \$2.5 billion. This is the second bond issue of the financial year, following the \$1.5 billion issue in October 2011.



RICARD

Celebration of the brand's 80th anniversary with an exhibition at the Paris Museum of Decorative Arts, and an ad campaign with the tagline, '80 ans et toujours jaune'.

JULY

SEPTEMBER

OCTOBER

NOVEMBER

JANUARY

MARCH

2011/2012 AT A GLANCE

The year was once again marked by an abundance of innovations that furthered the Group's overall strategy of value creation, known as Premiumisation. These included line extensions of prestigious brands, new packaging, new product launches, ever more creative digital campaigns, and increasingly frequent artistic collaborations.

Internally and externally, new communications tools emerged, enabling the Group's values of conviviality and entrepreneurship to be reinforced through state-of-the-art new digital technologies.



MARTELL
Centennial gala for Martell Cordon Bleu in Monaco, in the presence of HSH Prince Albert II and HSH Princess Charlene.



BEEFEATER | Beefeater London Sessions concerts in Madrid and Moscow, featuring Emeli Sandé, The Kooks and Baxter Dury.



ABSOLUT
ABSOLUT launches the *ABSOLUT GREYHOUND* campaign and its futuristic video with Swedish House Mafia. To date, the video has been viewed 15 million times on YouTube™.



BALLANTINE'S | The 5th annual Ballantine's Golf Championship is held in South Korea, breaking all attendance records.



GROUP | Refinancing completed of the Vin&Sprit acquisition debt through the syndication of a €2.5 billion multi-currency revolving line of credit.



HAVANA CLUB

The film *7 Days in Havana*, produced in collaboration with Havana Club International, is shown at the 2012 Cannes Film Festival in the 'Un certain regard' category.



GROUP | Pernod Ricard announces the launch of the Havanista® brand for Cuban rum in the United States, once the embargo is lifted.



G.H.MUMM | G.H.MUMM unveils its Champagne Protocols: 100 rituals for drinking champagne, explained to the general public.



ROYAL SALUTE

The brand celebrates the launch of its limited edition, 'Diamond Jubilee', to mark Queen Elizabeth II's 60 years on the throne.



GROUP | Pernod Ricard buys Hite Jinro's 30% stake in Pernod Ricard Korea Imperial. With this purchase Pernod Ricard takes full control of the company, which owns one of the leading whiskies on the South Korean market.



GROUP | Second edition of Responsib'ALL Day: For 24 hours, Pernod Ricard employees stop their professional activity to educate young people about responsible drinking.



THE GLENLIVET | Launch of the ultra-exclusive edition, The Glenlivet Guardians Single Cask.



KAHLÚA | Launch of Kahlúa Cans in the United States: three pre-mixed cocktails with a Kahlúa coffee liqueur base.

APRIL

MAY

JUNE



SUBSEQUENT KEY EVENTS:

GROUP | Creation of the Pernod Ricard Kenya subsidiary. Pernod Ricard organisations in Morocco, Angola, Nigeria, Ghana and Namibia will be inaugurated by the end of 2012. • Pernod Ricard sells the Aalborg, Brøndum and Malteserkreuz aquavit brands and the Gammel Dansk bitters brand, along with assets, for €103 million.

PERRIER-JOUËT | Makoto Azuma, the renowned floral designer, produces an original piece for Perrier-Jouët which inspires the creation of the limited edition, 'Belle Époque Florale Edition'.



17 AUGUST 2012

Passing of Patrick Ricard, iconic leader of the Group for 34 years.

KEY PRINCIPLES OF CSR

Pernod Ricard is convinced that its financial performance is inseparable from its obligations with regard to social responsibility. It aims to always reconcile economic efficiency with social welfare and environmental protection. The Group fully complies with the ten principles of the United Nations Global Compact. A pioneer in CSR, for over 40 years the Group has made ethics a key principle of its growth, with the creation of the Oceanographic Institute by Paul Ricard in 1966, and the founding of IREB by Jean Hémard in 1971.

Pernod Ricard continues to build on this legacy, as shown by its recent achievements. The Group has adopted a CSR platform which redefines the four priorities that outline its scope in this area. It is built around a pre-requisite: the respect of all stakeholders, and most specifically the devel-

opment of its employees, who have benefitted of new tools for human resources management. These tools, such as common standards for skills and leadership, foster diversity and the promotion of talent. To promote responsible drinking, the Group organised its second company-wide day of action, 'Responsib'ALL Day', bringing together its 18,800 employees around the world. On the environmental side, the Market Companies spearheaded new developments aimed specifically at protecting natural resources. Lastly, the sharing of cultures and support for entrepreneurial initiatives continue to be the two main focuses of the Group's sponsorship activities, with the establishment of new partnerships to support contemporary art and to help young students following an entrepreneurial course.

THE VALUES OF THE GROUP



FOUR PRIORITIES



EXAMPLES OF CSR COMMITMENTS



100%

of subsidiaries participated in a day of action on the topic of Alcohol and Youth on 7 June 2012



98%

of product volumes come from ISO 14001-certified sites



99.6%

of campaigns reviewed were in compliance with the Pernod Ricard Code in 2011/2012



23%

reduction in water consumption per litre of distilled alcohol between 2008 and 2012



Founding of Ireb (Institute for Scientific Research on Alcoholic Beverages) by Jean Hémard, then Chairman of Pernod



Start of corporate sponsorship of the Pompidou Centre, Europe's leading contemporary art museum



Signature of partnership with the L'APPEL non-profit association: launch of the water tank programme in Haiti and support for students in Vietnam and Peru



Pernod Ricard becomes the first major sponsor of the Quai Branly Museum in Paris

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CONNECTED

A 'connected company'? In the most modern sense of the term, it obviously refers to the control and mastering of digital communications, both internally and externally. But it is just as much about 'connection' in the human sense, because the Group's primary concern is the strength of the connection between people. That's what Pernod Ricard offers, by creating occasions for sharing, conversation and celebration. In short, all of the moments that allow people to connect with each other.

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This year, Pernod Ricard called on Spanish artist Eugenio Recuenco to illustrate its Annual Report. Through a series of nine portraits and a giant panorama, the photographer expressed his interpretation of 'connection', and his vision of the 18 employees who acted as his models. Internationally renowned, Eugenio Recuenco is known for his narrative style inspired by cinema: each of his works is a story in itself. Pernod Ricard invites you to discover his world, with its chiaroscuro backdrops and its blend of mystery and magic in a baroque and off-beat style. A work he has dedicated to the memory of his father...



iPad Version
Read the
2011/2012
Annual Report
on iPad.



“ It was with
great emotion that
I accepted to
become your
new Chairman. ”

DANIÈLE RICARD, CHAIRMAN OF THE BOARD OF DIRECTORS



The sudden passing of Patrick Ricard, Chairman of the Board of Directors, affected all of us deeply. For over 34 years, Patrick played an essential role in the history of your Group. He was its Chairman and Chief Executive Officer until 2008, when he handed over the operational management to Pierre Pringuet.

Faithful to the values of hard work and dedication instilled by our father, Paul Ricard, he transformed the family business into a world leader.

Patrick wrote in 2008, *"I am proud of what Pernod Ricard has become. And I hope, one day, to be proud that it all continued on without me."* Sadly, he won't see the next stage of the adventure, but we are going to carry on his work in the same spirit of a long-term vision, decentralisation, conviviality and respect for people and our products.

Very quickly, in spite of our grief, we took the necessary steps to ensure the good governance of your Group. These decisions were unanimously approved by the Board.

It was with great emotion that I accepted to become your new Chairman. Pierre Pringuet was named Vice-Chairman, whilst continuing in his role as Chief Executive Officer. Alexandre Ricard, on the recommendation of Pierre Pringuet, has been appointed Deputy Chief Executive Officer and Chief Operating Officer. Paul-Charles Ricard, Patrick's son, will represent the SA Paul Ricard on the Board.

I would like to take this opportunity to reaffirm the full faith and confidence of the Board of Directors in Pierre Pringuet and in the General Management team he has assembled.

Lastly, my appointment as Chairman of the Board and my status as a member of the Ricard family are your assurance of the Group's objective to create value over the long-term, and your guarantee of its independence.

A LONG-TERM VISION, ESSENTIAL FOR SUSTAINABLE GROWTH

PIERRE PRINGUET, VICE-CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER



In recent years, you formed a duo with Patrick Ricard that allowed the Group to become the world co-leader in Wines & Spirits. What tribute would you like to pay him today?

Patrick Ricard was, without a doubt, the iconic face of the Group; he has left an endless mark on it. A great captain of industry, he was the man who led growth. His first international acquisition dates back to 1981 with the Wild Turkey brand, followed by Jameson in 1988, Jacob's Creek in 1989 and not forgetting Havana Club International, the joint venture formed in 1993. These were the lead-up to the major transformative acquisitions of the 2000s.

Beneath the captain of industry, there was also the man: straightforward, without false pretences and very approachable. He embodied the Group's tagline, "Créateurs de convivialité" at all times. Rather than figures, what interested him most were the men and women of Pernod Ricard.

The Board of Directors voted unanimously to appoint Danièle Ricard as Chairman of the Board of Directors. What were the reasons behind this decision?

Pernod Ricard is a company that has always maintained its identity as a family-owned business; it is inscribed in its Charter. The Ricard family guarantees the Group's independence. The appointment of Danièle Ricard as Chairman of the Board of Directors reaffirms the family's unwavering support. Danièle Ricard has been involved with the company as a director since its inception and has always enthusiastically supported our development projects.

On your recommendation, the Board also appointed Alexandre Ricard as Deputy Chief Executive Officer and Chief Operating Officer of the Group. Why?

All I did was bring forward an announcement that was scheduled for the Shareholders' Meeting in November.

I have always said that I would retire in January 2015, by which time I'll have reached the age limit set by the Group's bylaws. My aim was to ensure a seamless succession. For a Group the size of Pernod Ricard, clarity is essential. Alexandre has had a remarkable career as the Managing Director of Pernod Ricard Asia Duty Free, then as Chairman and CEO of Irish Distillers where he led the international development of Jameson, and most recently as Managing Director in charge of the Distribution Network. I'm confident that he will take over the reins of the Group with talent and determination.

“

For a Group
the size
of Pernod Ricard,
clarity
is essential.

”

Pernod Ricard has just recorded its best growth since the financial crisis of 2008. How do you explain these outstanding results?

Pernod Ricard has achieved its strongest growth since 2007/2008. Indeed, our results exceeded the aims provided to the markets, whether for profit from recurring operations, up by 9%⁽¹⁾ against the 8% target, or for deleveraging, with a net debt/EBITDA ratio⁽²⁾ of 3.8 *versus* the target of 3.9. With net sales up by 8%⁽¹⁾, Pernod Ricard has achieved one of the best performances in our industry. All this is the result of a winning combination:

- Firstly, a clear and consistent strategy, based on a long-term vision: Premiumisation, Innovation and expansion into new markets.
- Next, a decentralised model, closest to the challenges of each market.
- Lastly, the commitment of the men and women of Pernod Ricard, whom I would like to acknowledge here. Nothing would be possible without them. Furthermore, I Say, the internal survey conducted by Towers Watson shows the exceptional nature of this commitment.

(1) Organic growth. (2) Net debt calculated by converting the share not denominated in euros using the average exchange rates for the year.

“
Our performance
reflects
the relevance
of our value
strategy.”

How do you explain the acceleration of the Top 14's growth?

The Top 14, composed of our 14 strategic brands, posted record growth of 10% in value this year, and now represents 60% of our net sales. It is unquestionably the driving force behind our growth.

This performance perfectly conveys the relevance of our value strategy: Premiumisation continues to pay off, as shown by the significant price/mix effect of 6%. Of course, this is the result of sustained investments in support of the Top 14, which are now the focus of three quarters of our marketing expenditure. This figure comes to more than €1.5 billion, or 19% of net sales, one of the highest ratios in the industry.

Are the Premium wine brands and key local brands still a priority?

Our priority wine brands remain critical to our development. They allow us to be present at other moments of consumption and in other distribution networks. With a growth in value of 4% and a contribution of 10%, our wine portfolio is an indispensable part of our value strategy. Lastly, the 18 key local brands, up 8% in value, strengthen our leadership in certain markets. Without them, it would be more difficult to reach some distribution channels and introduce our

Top 14. I would add that these local brands respond very well to the expectations of the middle classes in emerging markets. For example, local Indian whiskies grew by 26% this year.

The global economy is showing signs of slowing down. Is this having an effect on the Group's markets?

The figures for the last year are very good: 17% growth in emerging markets and 2% growth in mature markets.

Emerging Asian markets continue to grow at a fast pace. China recorded growth of 24%, surpassing the milestone of one million cases of Martell in the process. India posted growth of 33% for the Top 14 alone, driven mainly by Scotch whiskies. In Eastern Europe, growth has accelerated from 9% to 16%. In South America, Brazil continues its rise, with 13% growth due mainly to ABSOLUT and the Scotch whiskies.

In mature markets, I would first of all like to highlight our continued growth in the United States (+5%). Japan's results have also been good (+8%) thanks to Perrier-Jouët, as were the performances of some Western Europe markets such as Germany (+5%) and the Netherlands (+7%). Southern Europe, however, remains a challenging area. Lastly, consumption in France was hit hard by the sharp rise in excise duties on spirits.

Where does the Group stand with regard to its ambition of leadership?

We have defined 'the leader' according to two criteria:

● Firstly, to be the one driving the growth of the industry. That's again the case for Pernod Ricard this year. We've recorded some of the best results in the industry, particularly in terms of sales.

● Secondly, to be the one who innovates, i.e. who has the ability to change the rules of the game. Innovation is therefore at the heart of our strategy more than ever. In some ways it's the fourth "big bang" that the Group has experienced after three transformative acquisitions in the past decade. To illustrate this, our subsidiaries are preparing to launch over 300 innovations. This year will have mainly been marked by major launches that revolutionised traditional boundaries between spirits categories: Malibu Red, which combines tequila and rum; and, most recently, ABSOLUT Tune, which brings together vodka and sparkling Sauvignon Blanc. More targeted innovations also addressed opportunities in some markets, such as Havana Club's RITUAL in Spain. In addition to product innovations, we have also seen many ground-breaking digital innovations, such as the recent programmable digital t-shirt developed by Ballantine's in the United Kingdom. All of these developments are the result of a systematic policy. We have created a true creative ecosystem: I'll mention here the BIG

(Breakthrough Innovation Group), a genuine start-up tasked with conceiving breakthrough innovations; and the Kangaroo Fund, a fund of several million euros, which offers all employees the opportunity to develop their ideas. Pernod Ricard is now recognised as an innovative company.

Is it in this spirit of continuous innovation that you're launching your enterprise social network, Pernod Ricard Chatter®? What will it truly change in your opinion?

We are one of the first companies to use the tool developed by Salesforce.com, ranked as the most innovative in the world by *Forbes* magazine. It is better to be a pioneer than a follower when aiming for leadership. Our social network will help us to strengthen exchanges between employees around the world. It will facilitate and accelerate the spread of information and good practices. Collaborative and convivial, it should be a catalyst for innovation and creativity.

With a debt level that has once again been sharply reduced, is the Group ready for new acquisitions?

Our debt ratio has practically returned to its level prior to the acquisition of ABSOLUT in 2008. Furthermore, our debt has been completely refinanced and now has an average maturity of more than seven years. I would like to thank the financial teams for the work they have done on this. This performance illustrates our ability to combine growth and debt reduction, which has been recognised by the markets and rating agencies. Moody's and Standard & Poor's have upgraded Pernod Ricard's credit rating, returning it to 'Investment Grade'. We clearly state our intention to keep it there.

Today our Group has one of the best Premium brand portfolios in the industry, without a single strategic 'gap' to fill. That said, nothing prevents us from making tactical, targeted acquisitions in the short-term to strengthen our positions in some of the Group's key markets. In the medium-term, we're not ruling anything out.

Being the leader also means setting an example. What was the outcome of the second Responsib'All Day, held this year?

Once again, on 7 June 2012, we mobilised all of the Group's 18,800 employees to promote responsible drinking, the top priority of our Corporate Social Responsibility policy. Every employee became an ambassador of our commitments and was tasked with spreading a simple message: no underage drinking and, for young adults, drinking in moderation. As a result, our employees directly educated around 150,000 people. I can already tell you that we will hold a third edition of Responsib'ALL Day next year.



“

Innovation
is at the heart of
our strategy—
more than ever.

”

What are your priorities for 2012/2013?

We're expecting the environment to be less favourable in 2012/2013. We project that the situation in Western Europe will continue to be difficult, with the impact of measures to reduce public debt and deficits. But we remain confident about continued solid growth in the United States and rapid progress in emerging markets. In this context, we are emphasising our intent to pursue dynamic growth in the next year, with the Top 14 and Innovation remaining the primary drivers.

PERFECT STRATEGIC CONTINUITY

ALEXANDRE RICARD, DEPUTY CHIEF EXECUTIVE OFFICER & CHIEF OPERATING OFFICER



You've just been appointed Deputy Chief Executive Officer and Chief Operating Officer after one year of running the distribution network. Why this appointment now?

First of all, I would like to pay tribute to Patrick Ricard. My uncle was a visionary leader and a very generous man. I know I'm not alone in having this opinion. For me, he will always be a source of inspiration.

My recent appointment had been in the pipeline for several months and was due to be announced at the 2012 Shareholders' Meeting. The death of Patrick Ricard simply brought this announcement forward by a few weeks. The Group's corporate governance confirms complete continuity in terms of shareholders, strategy and operations. As the reference shareholder, the Ricard family guarantees both a long-term vision and the Group's independence. As Deputy CEO, still in charge of the distribution network, I am going to work even more closely with Pierre Pringuet to ensure a smooth transition until his departure in January 2015, as he had already announced himself. I would like to thank him, and the Board

“

Patrick Ricard was a visionary leader and a very generous man.

”

of Directors, for the confidence they have shown in me. Pierre Pringuet and I share the same vision and the same ambition for the Group: to make Pernod Ricard the leader in its industry. We are certain that Pernod Ricard's strategy of creating value over the long term is, above all, dependent on the unwavering commitment of

“

All over the world, our people are entrepreneurs.

”

the Group's 18,800 employees, each in his or her own market or field of expertise. That is THE strength of Pernod Ricard.

When you arrived at the head of Pernod Ricard's distribution network, namely the 75 market subsidiaries, how did you get to know them?

Quite simply, the way we do things at Pernod Ricard: by going into the field. During the year I travelled extensively, making the equivalent of three trips around the world in less than eight months. Reaching out to the people who make up our network is the best way to understand it, to appreciate its challenges, market by market, brand by brand. Weekly and monthly reports on volumes and market share are not enough: you can't manage a network by number crunching! You have to talk with the teams, meet the customers, get a feel for the market and assess its growth potential. What impresses me most about this experience is the extraordinary commitment of our people, their professionalism and determination. My professional motto has always been 'Clarity of Purpose, Speed of Action'. Being on the ground allows for rapid and effective decision-making. If our people take such pride in being a part of Pernod Ricard, one of the main reasons is that they are responsible for their decisions. It's a powerful motivating factor, made possible by our culture and our decentralised organisation. As Patrick Ricard often said, *"It's our people who distribute our brands."* We have entrepreneurs all over the world, whether they are laying the groundwork in new areas or developing new ways to generate growth in challenging markets.

What are your priorities for the next year?

The Group's priority is to pursue growth in a mixed macroeconomic environment. We will seek incremental performance through a winning combination of innovation and a spirit of conquest. Stepping up the pace of innovation is clearly part of Pernod Ricard's value strategy: we now have over 300 projects in progress. All of these new products and services allow us to enter new markets. Our spirit of conquest relies on three factors:

- geographical expansion in markets where we are already present, and which have growth potential, such as China, Russia and Brazil;
- capturing new markets, such as Sub-Saharan Africa, Latin America, including Peru, and Asia, with Vietnam, Cambodia and Laos;
- finally, capturing new consumption patterns.

And let's not forget the markets that remain challenging: we have to fight on a daily basis to win the smallest market share.

“

Stepping up the pace of innovation is part of Pernod Ricard's value strategy.

”

This spirit of conquest and innovation are multiple facets of the same strategy: Premiumisation, a pillar of the Group for the last decade. Creating value over the long term, as I mentioned, is and always will be the key factor in our vision.

CONNECTED BRANDS



The Pernod Ricard House of Brands consists of 14 strategic Premium and Prestige spirits brands, 4 priority wine brands, and 18 key local brands. It is the driver of the Group's growth. Sustained marketing investments on these brands allow consumer expectations to be anticipated and for responses to be formulated to changes in the markets. This constant connection with major consumer trends is demonstrated by burgeoning innovation.

P.12 STRATEGY ▪ **P.19** GLOBAL ICONS ▪ **P.25** STRATEGIC PREMIUM SPIRITS BRANDS
P.39 STRATEGIC PRESTIGE SPIRITS & CHAMPAGNE BRANDS ▪ **P.49** PRIORITY PREMIUM WINE BRANDS
P.54 KEY LOCAL BRANDS ▪ **P.56** BRAND PROTECTION

MAJOR BRANDS ARE TIMELESS

THIERRY BILLOT, MANAGING DIRECTOR, BRANDS



Pernod Ricard has posted another year of growth, led by the 14 strategic brands in its portfolio (the Top 14). What is your analysis of 2011/2012?

2011/2012 was an excellent year; we achieved an all-time record in terms of volumes for the Top 14 and most of its constituent brands. The relevance of our value strategy has been confirmed by a price/mix effect that accounts for nearly two-thirds of the growth in sales of these brands.

The Top 14 drives Pernod Ricard's growth, whether it is our global icons, ABSOLUT and Chivas Regal, or our Premium and Prestige spirits and champagne brands. The majority of them posted gains, led by Martell (+10%), Jameson (+15%), Chivas Regal (+7%), The Glenlivet (+15%) and Malibu (+6%). Only Ricard, impacted by the excise duty rise of 1 January 2012 in France, Ballantine's and Havana Club, affected by the recession in their traditional markets of Southern Europe, suffered in 2011/2012. Our Premium portfolio is unique in the industry. Spanning all categories, it responds to consumers' natural and endless aspiration for higher status.

Our wine brands also grew, benefitting from a strategic repositioning that prioritises value over volumes.

The 18 key local brands, by their vitality and their appeal to the middle classes, contributed to the Group's global leadership thanks to them holding strong positions in their markets. This was especially true for our Royal Stag, Blenders Pride and Imperial Blue Indian whiskies, as well as for our Armenian brandy, ArArAt.

Speaking of the middle classes, is their growing economic weight changing the way you address consumer expectations?

The rising influence of the middle classes in emerging countries reflects the vitality of these new economies. The corresponding growth in disposable income is fuelling the historic transfer of consumption from local or traditional products to international brands and, for some, to luxury goods.

Our core strategy remains, of course, to develop our international strategic brands by leveraging the power of our distribution subsidiaries. The impact of this presence is also based on our leadership in local markets, which is being developed with a brand portfolio tailored to the purchasing power of each of our markets.

The raising middle classes represent an extraordinary opportunity. We estimate, in fact, that they will be the source of 220 million additional consumers by 2015. Winning them over is therefore an absolute necessity that will be met by adapting our offer in terms of both products and consumption patterns. That's how we captured sales leadership with Martell and Chivas Regal in China, and with our local whiskies on the Indian market.

It's in the same spirit that we are now stepping up our efforts in Africa.

At the same time, you are pursuing the Premiumisation of the portfolio with new initiatives in the luxury segment...

With Martell, Perrier-Jouët, G.H.MUMM, Royal Salute and The Glenlivet, we have a unique portfolio of Prestige brands that is perfectly positioned to take on the luxury segment. This segment could grow annually by 8% to reach sales of some USD250 billion by 2015. *High Net Worth Individuals*—those 11 million consumers around the world that have over one million dollars in financial assets—are the primary target of luxury goods and thus of our Prestige brands. Our brands evoke desire, in an exclusive, timeless world. We steer clear of ostentatious, 'bling-bling' luxury.

THIERRY BILLOT

1982: Joined the Group as an internal auditor.

1985: Appointed Finance and Administration Director of Pernod, before being named Chief Financial Officer of the Group one year later.

1992: Named Chairman and CEO of Austin Nichols in the United States.

1996: Returned to France as Chairman and CEO of Pernod, taking up the same position at Pernod Ricard Europe in 2002.

2008: Joined the Holding Company as Managing Director in charge of Brands.

Tribute to Honor by Royal Salute, L'OR de Jean Martell, and 62 Gun Salute are perfect illustrations of our approach to luxury: extreme attention to detail, uncompromising quality stemming from the expertise of our teams, and substance backed by the history and origins of our brands. We are leaving behind the present in search of timelessness.

In the last two years, the Group has stepped up the pace of innovation, one of the key pillars of its strategy. What concrete results has this produced?

Innovation and leadership go hand-in-hand. Breaking new ground and expanding the horizon are deeply rooted in the entrepreneurial spirit that drives each of our employees. From this perspective, Pernod Ricard's decentralised model represents a real com-

petitive advantage because it encourages risk-taking and action.

We have built an innovation ecosystem around three pillars:

- brands and markets working together on new ideas, based on clearly defined opportunities;

- the Breakthrough Innovation Group, our BIG, is an innovation in itself; a pioneer in the search for innovation which acts independently to develop breakthrough ideas for both goods and services. The BIG works closely with the Pernod Ricard Research Centre.

- Lastly, there is the Kangaroo Fund, an innovation fund to which every employee can submit a new idea outside of the business unit to which he or she belongs.

Innovation has become an everyday activity for the Group. Among the 300 innovative projects suggested in our subsidiaries' latest plans, 75 of them could be classified as 'breakthrough'. For example, we have recently launched Malibu Red, which combines rum and tequila, and ABSOLUT Tune, a fusion cocktail of vodka and sparkling wine.

Innovation is everyone's responsibility at Pernod Ricard, and it is keenly focused on action.

To continue growing, brands must find new ways of interacting with their consumers. How do they do so?

In contrast to the human race, a great brand is constantly being renewed and never suffers from the consequences of growing old. To avoid aging whilst continuing to grow, it seeks out new ground, whether territories, times, or consumption patterns. That's what Chivas Regal is doing in China, by expanding beyond the major cities of the East coast to the inland cities, while targeting meal time. In Japan, the Highball—a cocktail made of whisky and sparkling water—has revived the category and is drawing in more female consumers.

At the same time, digital technology has multiplied the opportunities for interacting with our consumers. This dialogue is no longer based on a story being told, and thus imposed. Now it is shared, sought out, and passed on. Our consumers are in some ways both spectators and actors in the story of our brands. We've adapted to this more exclusive, more frequent, and more spontaneous approach in our brands' relationship with consumers.

In conclusion, I would say that nothing has changed and yet everything is changing. Whether in our salespeople's interactions with consumers, or in the use of traditional *versus* digital media, we remain *Créateurs de convivialité*.



Pernod Ricard

THE HOUSE OF BRANDS

2

GLOBAL ICONS



7

STRATEGIC PREMIUM SPIRITS BRANDS



5

STRATEGIC PRESTIGE SPIRITS
AND CHAMPAGNE BRANDS



4

PRIORITY PREMIUM
WINE BRANDS



18

KEY LOCAL BRANDS



A House of Brands to segment an international Premium brand portfolio

The Pernod Ricard House of Brands is comprised of:

- The “Top 14” spirits and champagne brands, including:
 - 2 global icons: ABSOLUT and Chivas Regal.
 - 7 strategic Premium spirits brands: Ballantine's, Beefeater, Ricard, Jameson, Kahlúa, Havana Club and Malibu.
 - 5 strategic Prestige spirits and champagne brands: Martell, G.H. MUMM, Perrier-Jouët, The Glenlivet and Royal Salute.
- 4 priority Premium wine brands: Jacob's Creek, Brancott Estate, Campo Viejo and Graffigna.
- 18 key local spirits brands: Pastis 51, 100 Pipers, ArArAt, Becherovka, Blenders Pride, Clan Campbell, Imperial, Seagram's Imperial Blue, Olmeca, Passport Scotch, Amaro Ramazzotti, Royal Stag, Ruavieja, Seagram's Gin, Suze, Wiser's, Something Special, Wyborowa.

THE GLOBAL WINE & SPIRITS MARKET

CATEGORY FOCUS

DYNAMIC INTERNATIONAL SPIRITS

By **MARTIN RILEY**

Pernod Ricard Chief Marketing Officer

In 2011, the international spirits market maintained a robust pace of growth, recording a 3.5% rise in volume and an even stronger performance in terms of value, which was up by 7.2%. At the same time, the local, low-priced spirits segment was flat. Traditional spirits, for their part, were highly dynamic, rising 11.5%, with two-thirds of growth driven by Chinese Baijiu.

VODKA AND SCOTCH WHISKY: TWO KEY GROWTH DRIVERS

Over one-half of the 14 million additional cases sold on the international spirits market in 2011 were of vodka or Scotch whisky. These two categories—market heavyweights with a 21% market share each—posted higher-than-average volume growth rates of 5% and 4.2%, respectively. Vodka's growth stemmed primarily from North America, while that of Scotch whisky came mainly from Eastern Europe, followed by South America and Asia.

Irish whiskey, a smaller category, was exceptionally dynamic in 2011, rising 12.9% thanks to its performance in North America and Eastern Europe. In addition, cognac experienced a marked recovery in 2011, with an increase in sales of 7.2%, owing to its growth in Asia and Travel Retail.



PREMIUMISATION REVS UP

The Premiumisation phenomenon continued to gain momentum in 2011: the top-of-the-range product segments saw the strongest growth of all. The Prestige brand segment (sold at a price of over USD84 per 75cl bottle in the United States) stood out with its phenomenal growth of 19%. Ultra-Premium brands (between USD42 and USD84 per bottle) rose 12.7%. Conversely, the standard brand segment (between USD10 and USD17 per bottle) posted the least growth, at 2.2%.

INTERNATIONAL CHAMPAGNES AND NEW WORLD WINES CONFIRM THEIR MOMENTUM

After returning to growth following the 2010 financial crisis, the champagne market levelled out in 2011; however, the international champagnes segment maintained a strong level of growth at 5.3%. All other champagnes were down.

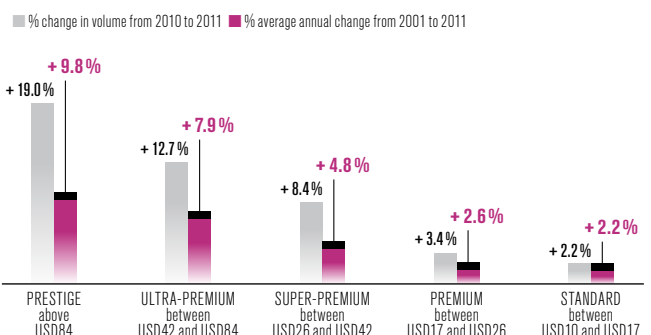
In wines, the market posted growth of 3.2% in 2011, boosted for the most part by the 'New World wines' category.

Source for this article: "The Pernod Ricard Market View", based on IWSR, volume data at year-end 2011 for international spirits and bottled wine brands.

Breakdown of international spirits by category in 2011



Changes in international spirits by price segment⁽¹⁾



BRAND COMPANIES

The six Brand Companies are, except for some cases, located in their brands' home countries. They are responsible for the worldwide strategy of the brands in their portfolio and, in conjunction with the Market Companies, its implementation in the markets. In charge of their products' development and production, they ensure quality and know-how, in keeping with their brands' identity, origin and history.

THE ABSOLUT COMPANY

ABSOLUT ♦ MALIBU ♦ KAHLÚA



FIRST ROW, FROM LEFT TO RIGHT

Kicki Alm, VP Human Resources
Lars Ljungholm, VP & General Counsel Legal Affairs
Philippe Guettat, Chairman & CEO
Paula Eriksson, VP Corporate Communications
Darryn Hakof, VP Brand Development
Jonas Tåhlin, VP Global Marketing

SECOND ROW, FROM LEFT TO RIGHT

Olivier Gasperin, VP Finance / Administration
Stéphane Longuet, Managing Director The Wyborowa Company
Kristen Asplund, VP Operations
Rolf Cassergren, VP Operations Malibu / Kahlúa

CHIVAS BROTHERS

CHIVAS REGAL ♦ THE GLENLIVET ♦ BALLANTINE'S ♦ BEEFEATER ♦ ROYAL SALUTE



FROM LEFT TO RIGHT

Scott Livingstone, Human Resources Director
Eric Benoist, International Marketing Director
Vanessa Wright, Communications Director
Rick Connor, Public Affairs Director
Paul Scanlon, Commercial Director
Gordon Buist, Technical Director
Christian Porta, Chairman & CEO
Hervé Fetter, Finance & MIS Director
Amanda Hamilton-Stanley, General Counsel
Alistair McIntosh, Manufacturing Director
Douglas Cruickshank, Production Director

MARTELL MUMM PERRIER-JOUËT

MARTELL ♦ G.H.MUMM ♦ PERRIER-JOUËT



FIRST ROW, FROM LEFT TO RIGHT

Susan Gustafsson, General Counsel
Lionel Breton, Chairman & CEO
Michel Letter, Managing Director, Mumm Perrier-Jouët
Frantz Hotton, International Sales Director

SECOND ROW, FROM LEFT TO RIGHT

Bruno Pierrain, Chief Financial Officer
Jean-Marc Morel, Managing Director, Martell
Charles-Armand de Belenet, Marketing and Communications Director
Éric Douvrie, Human Resources Director

Innovation and anticipation are central to their growth strategy: they seek to create added value by identifying trends, behaviours and technological developments. The presentation of the Committees below reflects their composition at 30 June 2012. It does not take into account any changes after this date.

IRISH DISTILLERS⁽¹⁾

JAMESON



FROM LEFT TO RIGHT

Howard Southern, International Marketing Director
Pat Magee, Managing Director, Ireland
Rosemary Garth, Communications & Corporate Affairs Director
Anna Malmhake, Chairman & CEO
Peter Morehead, Production Director
Guillaume Thomas, Finance Director
Simon Fay, International Brand Development Director

HAVANA CLUB INTERNATIONAL

HAVANA CLUB



FROM LEFT TO RIGHT

Julián Machín, Chief Financial Officer
Yves Schladenhaufen, International Marketing Director
Ivette Martínez, Sales and Marketing Director, Cuba
Jérôme Cottin-Bizonne, Chief Executive Officer
André Leymat, Industrial Director
Juan González, Chairman
Larisa Fuente, Human Resources Director
Sergio Valdés, Export Director

PREMIUM WINE BRANDS

JACOB'S CREEK ♦ BRANCOTT ESTATE ♦ CAMPO VIEJO ♦ GRAFFIGNA



FIRST ROW, FROM LEFT TO RIGHT

Stephen Couche, Brand Sites and Visitation Director
Ludovic Ledru, Chief Financial Officer
Dave Kluz, Strategy Director
Jean-Christophe Coutures, Chairman & CEO
Kate Thompson, Corporate and Legal Affairs Director
Edouard Beasley, Global Marketing Director
Julien Hémar, Managing Director, Australia

SECOND ROW, FROM LEFT TO RIGHT

Christian Barré, Managing Director, Domecq Bodegas
Fabian Partigiani, Managing Director, New Zealand
Brett McKinnon, Managing Director, Orlando Wines
Koldo Santamaria, International Brand Development Director
Andrew Davie, HR Director
Jeremy Wright, Global Technical Director

(1) Colm Maguire was appointed HR Director of Irish Distillers in June 2012.

CONNECTED

CREATING A HUB OF INNOVATION



To innovate is to push the boundaries of what is possible, to free oneself from conventional wisdom in order to progress, even to the point of changing the rules. The challenge for the Group thus lies in its ability to generate new ideas. To spur the search for innovative ideas and speed up their time-to-market, Pernod Ricard has developed two new tools to accelerate the pace of breakthrough innovations.

“The BIG, Breakthrough Innovation Group, is a free thinker at Pernod Ricard, an innovation in itself, says Alain Dufossé, its Director. With a small team originating from the Group, it’s an incubator of innovation that is both independent and connected to the other entities.” Its aim is to anticipate, imagine and invent the future of conviviality by creating new offers, products and services. Its mission is to work on breakthrough innovations, those that radically change the consumer’s perception of a category or an industry. To achieve this, it is vital that new grounds are explored from a fresh perspective.

Pernod Ricard’s innovation ecosystem had lacked a support fund to encourage internal ‘entrepreneurs’ to submit their ideas and develop them. The Kangaroo Fund, in reference to the agile, bouncing animal, fills this gap. Following a call for projects, the fund selected the most promising breakthrough initiatives and awarded a budget to get them started. Next, after being submitted to a panel made up of members of the Group’s Executive Committee and outside experts, the best two or three will be allocated an additional budget to create a business plan and set up a test phase. If the test phase is successful, a supplementary budget will allow the innovation to be tested in pilot markets. And, maybe, to become the next revolution in the industry.

GLOBAL ICONS

ABSOLUT ~ CHIVAS REGAL

TWO BRANDS IN THE PERNOD RICARD PORTFOLIO HAVE BEEN CLASSIFIED AS “GLOBAL ICONS”. THEY REPRESENT A COMMON DENOMINATOR IN ALL CULTURES: WITH THEIR UNIVERSAL APPEAL, THEY ARE INTENDED TO REACH CONSUMERS EVERYWHERE. PRESENT IN ALL DISTRIBUTION CHANNELS, THEY ARE PRIORITY GROWTH DRIVERS FOR EACH MARKET AND RECEIVE SUBSTANTIAL INVESTMENT.

ABSOLUT

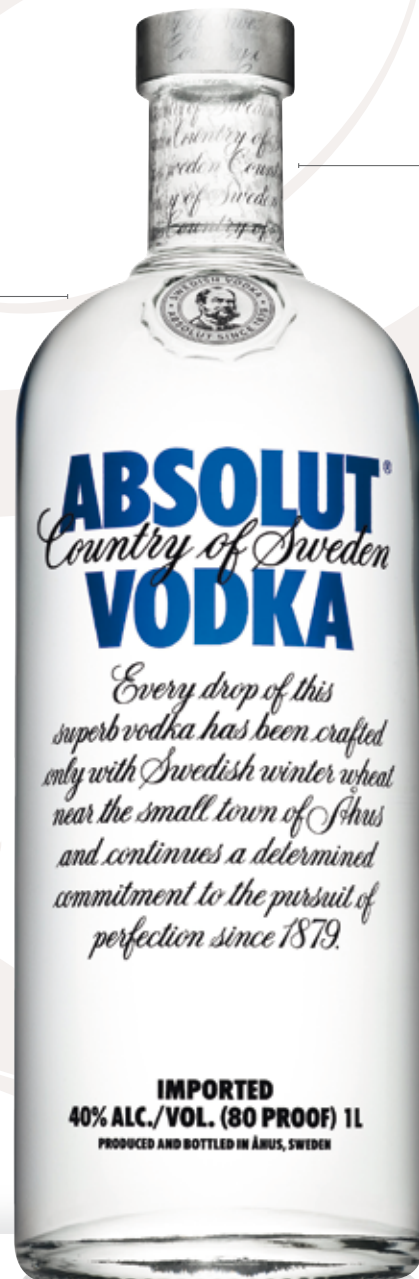
100% CREATIVE

STRENGTH OF EMERGING MARKETS | ABSOLUT Vodka delivered another year of solid growth with total volumes up by +3% despite the continuation of a challenging economic situation in some of its key markets. The US market confirmed its recovery with ABSOLUT growing +1%⁽¹⁾ with a strengthening of consumers' demand in the second half of the financial year. South America achieved a very strong progression showing the accelerated demand for international spirits with, among others, volumes growing in Brazil and Argentina. In Europe, double-digit growth in Germany and France compensated the results obtained in Southern Europe countries facing economic difficulties. Lastly, emerging markets such as Russia, India, Korea, China and Thailand confirmed their position as drivers for economic growth.

(1) Depletions.



LIMITED EDITIONS WITH "CULT" STATUS | This year the brand expanded its City Series limited editions range with three new products: ABSOLUT London, ABSOLUT Miami and ABSOLUT Rio. Limited edition Crystal Pinstripe has also been created, drawing inspiration from the immaculately tailored pinstriped suits of London's Savile Row. The bottle designed by the Swedish team of Skogsberg & Smart for lovers of rare objects was launched in 2010, and later released in 2012 in a black version: the Crystal Pinstripe Black Bottle. Two new flavours have also been launched this year: ABSOLUT Gråpevine, with white grape, dragon fruit and papaya, and ABSOLUT Cherry Kran, featuring the fruity flavour of berries. Lastly, this year confirms the success for ABSOLUT's ultra-Premium reference, ABSOLUT ELYX.





THE ABSOLUT COMMUNITY IS INCREASINGLY DYNAMIC | ABSOLUT was quick to capitalise on the use of social networks to maintain its links with consumers. Today, the brand's Facebook page has 1.7 million fans around the world. The brand is extending its efforts by encouraging the use of Twitter among its teams to develop a transparent and ongoing dialogue with its 40,000 followers, which include consumers and stakeholders.

UNFORGETTABLE CAMPAIGNS | ABSOLUT's advertisements have always been renowned for being innovative and surprising. On the digital level, the year has seen the launch of *ABSOLUT GREYHOUND*, a campaign produced in collaboration with star band Swedish House Mafia: a science-fiction film praised for its creative, aesthetic and musical boldness (see opposite). 2011-2012 saw the rise of several other major campaigns. For instance, top model Shannan Click was captured by photographer Sharif Hamza draped in midnight blue and reflected in faceted glass to publicise the new ABSOLUT MODE limited edition. The bottle, with 12 facets enlaced by an embellished blue silk ribbon, was launched in over 90 countries in late 2011. Still ranked as one of the year's best creative campaigns, *ABSOLUT RUMOR* features a music conductor and a top model at the Åhus distillery, symbolising the brand's unbridled perfectionism.

ABSOLUT BLANK, A CONTAGIOUS PHENOMENON | Not satisfied with having launched a global creative movement last year by giving 20 artists the chance to redesign the original ABSOLUT bottle on a blank canvas, the ABSOLUT BLANK campaign reached a new milestone this year by bringing in its consumers. Thanks to a mobile app, anyone can now contribute interactively to the creation of a new work of art. The movement is catching on through social networks and the dedicated website, absolutblank.com. This initiative, like all others launched by ABSOLUT, shows how the brand has become a reference in the field of artistic collaboration.

Identity ♦ If ABSOLUT has stood out from other vodkas since its creation in 1879, it is because it comes from a single source, which ensures consistent quality all over the world. Characterised by its purity, ABSOLUT is a rich vodka, featuring delicate notes of caramel and a touch of grain. Its taste is smooth and marked by a long finish.

Main markets ♦ United States, Global Travel Retail, Canada, Germany, Brazil, Spain, United Kingdom, Mexico, France.

Key positions ♦ No.1 worldwide in Premium vodkas, No.4 worldwide in spirits.

Range ♦ ABSOLUT Vodka, Peppar, Citron, Kurant, Mandrin, Vanilia, Raspberri, Apeach, Ruby Red, Pears, 100, Mango, Berri Açai, Wild Tea, Orient Apple, Gråpevine, Cherry Kran and ABSOLUT ELYX.



WITH "GREYHOUND", ABSOLUT LEADS THE RACE

A race between robotic greyhounds in the desert with fantastic creatures cheering them on and chilled ABSOLUT cocktails on a tray: this futuristic video created with Swedish House Mafia's *Greyhound* was uploaded to YouTube™ in March 2012 and has attracted more than 15 million viewers in four months, an absolute record in the spirits industry. Fans of Swedish House Mafia were also invited to interact on Facebook to create their own *Greyhound* remix, prompting over 34,000 to install the app!



A SUCCESS NAMED ELYX

Launched in summer 2011 in the Travel Retail channel, ABSOLUT ELYX proved to be a huge success, which continues today in the on-trade. This very high-end vodka, whose cubic bottle reinterprets and reinvents the iconic ABSOLUT design, is the result of a decade of research, and expertise developed over 500 years of vodka-making. It owes its unparalleled purity and uniquely silky mouthfeel to distillation in copper stills.

CHIVAS REGAL

A UNIVERSAL CODE OF HONOUR

4.9

million cases sold,
+11% in value

A YEAR OF EXCEPTIONAL GROWTH | With sales approaching 5 million 9-litre cases, in 2011/2012 Chivas Regal reaffirmed its status as a global icon and its Premium positioning. Chivas Regal 18 has increased its volumes 5-fold since it was relaunched in 2004, surpassing 300,000 9-litre cases sold this year. The No.1 super-Premium Scotch whisky in Europe, Chivas Regal saw strong increases in France and Germany, and dynamic growth in Turkey. In new markets, the brand recorded gains in its market share, notably in India and Russia. In Asia, it achieved double-digit growth, with more than 2 million 9-litre cases sold, thanks to China and Vietnam mainly. Lastly, in Travel Retail, it passed the milestone of 1 million cases sold: 1 out of 5 bottles of Chivas Regal is now sold in this channel.

"LIVE WITH CHIVALRY", A CODE OF HONOUR CONFIRMING ITS SUCCESS | Launched in 2008, the *Live with Chivalry* campaign has been a big factor in raising brand awareness. Aimed primarily at an urban target in search of values, the campaign was a success in both mature and emerging countries. It was given even more depth in 2011/2012 with a series of short films called *RealFriends* directed by Joachim Back (see opposite). Broadcasted worldwide, those films show moments of life featuring the values that made the campaign *Live with Chivalry* a success: commitment and a spirit of camaraderie.



CHIVAS REGAL 18 PLOTS ITS OWN PATH | By emphasising its fame for luxury in distinctive awareness driving campaigns, Chivas Regal 18 has continued to set itself apart from its competitors as No.1 in the global ultra-Premium whisky segment. It has succeeded in drawing fans from existing Chivas Regal loyalists and in attracting new consumers drawn to its luxury credentials, especially in emerging markets. The brand is particularly well-suited to Asian markets, where drinking Chivas Regal is perceived as having achieved a high standard of living.



CHIVAS REGAL AND LE BARON CULTIVATE THE ART OF HOSTING | Hosting parties at home is the new trend. To capitalise on this phenomenon, Chivas Regal has joined forces with the Parisian club Le Baron. This collaboration led to the creation of a limited-edition gift pack called The Art of Hosting. The campaign associated with this launch offered consumers a 360-degree experience, immersing them in a virtual party where they could receive advice from Lionel and André, Le Baron's founders, on tastefully selecting an invitation, the decor, music and drinks.

CHIVAS REGAL 25 LINES UP ALONGSIDE THE WORLD'S PERSONALITIES | A partner of *Time* and *Fortune* magazines, Chivas Regal 25 was naturally one of the official sponsors of the 2012 Time 100 Gala held at the Time Warner headquarters in New York. Every year, this prestigious event pays tribute to the most influential personalities who have made headlines in politics, sport or entertainment around the world.

Identity ♦ A pioneer of luxury Scotch whisky since the 19th century thanks to the principles established by James and John Chivas, Chivas Regal continues to attract new consumers, reinforcing its status as an iconic global whisky brand.

Main markets ♦ China, Global Travel Retail, United States, Persian Gulf, France, Japan, India, Australia, Vietnam, Russia.

Key positions ♦ Chivas Regal is No.1 in Europe and No.2 worldwide among super-Premium Scotch whiskies and is the No.1 Scotch whisky in China. Chivas Regal 18 is No.1 worldwide among ultra-Premium Scotch whiskies.

Range ♦ Chivas Regal 12 YO, 18 YO Gold Signature, 25 YO.



SHARED MEMORIES OF "REAL FRIENDS"

The brand's *Live with Chivalry* campaign continued in 2011 with *Real Friends*, two short films directed by Joachim Back. The films feature a group of male friends in their early 30s enjoying quality time together over a glass of Chivas Regal while reminiscing over legendary moments from their shared past that truly affirmed their friendship. A press campaign and two TV trailers invite consumers to watch the short films in full on chivas.com. Since the launch, they have been viewed over 4 million times on YouTube, on the brand's website and on Facebook.



CHIVAS REGAL AT THE CANNES FILM FESTIVAL

A partner of the Cannes Film Festival since 2009, Chivas Regal has annually welcomed journalists and celebrities from some 20 countries. For the Festival's 65th edition, the brand was again represented by Chivas Regal 25, adding to the prestige of the events hosted by Chivas Regal. At Cannes, the brand premiered *DEJAVU*, the short film directed by Hong Kong filmmaker Wong Kar-wai for Chivas Regal 25. Shot at the Umaid Bhawan Palace in India, it features the star actor Chang Chen and the top model Du Juan in a wild love story.

CONNECTED

FOSTERING A DIALOGUE THROUGH DIGITAL MEDIA



Pernod Ricard has built its success on maintaining close ties with its consumers. The digital revolution now allows it to go further by staying in touch with its brands' *aficionados* on a daily basis *via* their smartphones, tablets and laptops. It creates a much more exclusive dialogue with consumers who share experiences and content in a variety of tones and styles: humour, conviviality, elegance, creativity, etc. It's also an opportunity to appeal to a wider audience.

2012 was rich in initiatives, in every market and for every brand. Digital communications —integrated into global campaigns that also use traditional forms of media— added a new dimension to collaborations with artists (Malibu Red with R&B star Ne-Yo, ABSOLUT Greyhound with Swedish House Mafia) and sporting figures (Jacob's Creek with Andre Agassi) by introducing interactive elements. It saw the creation of communities around major events (Brancott Estate's sponsorship of the Rugby World Cup) or technological innovations (augmented reality with Chivas 18 "Aroma of Tokyo", QR Code access to Corby Distilleries' 'i-Bar', and the mobile phone adventure game by Kahlúa).

Furthermore, consumers played an active role in campaigns for the first time, fully appropriating brand proposals and taking part in fun experiences. For its *Delicioso* campaign, Kahlúa designed a Facebook application allowing users to create their own video invitation to a Delicioso party. Launched in Venezuela on Facebook, the Chivas House Party concept explains how to organise the perfect party, from A to Z. In addition, the mobile phone app 'The Art & Absinthe Guide to Brooklyn' gives consumers all information they need for exploring the galleries and bars of one of New York's trendiest neighbourhoods.

STRATEGIC PREMIUM SPIRITS BRANDS

BALLANTINE'S ~ JAMESON ~ MALIBU ~ KAHLÚA
HAVANA CLUB ~ RICARD ~ BEEFEATER

THE SEVEN STRATEGIC PREMIUM SPIRITS BRANDS IN THE PERNOD RICARD PORTFOLIO ARE DESTINED TO BECOME THE ICONS OF TOMORROW. DISTRIBUTED IN ALL CHANNELS (OFF-TRADE AND ON-TRADE ESTABLISHMENTS), THEIR GROWTH IS SUPPORTED BY SIGNIFICANT INVESTMENT, THOUGH TARGETED IN ACCORDANCE WITH LOCAL MARKET CONDITIONS.

BALLANTINE'S

LEAVING AN IMPRESSION

NEW SOURCES OF GROWTH IN EASTERN EUROPE AND SOUTH AMERICA

Ballantine's posted many strong performances in 2011/2012 thanks to its global presence and its range, which is the most extensive in its category. These solid assets allowed it to offset the decline of Scotch whiskies in mature markets such as Spain by winning over new consumers in emerging markets. The brand gained significant ground in Eastern Europe—particularly in Russia, Ukraine and Poland—and in South America, in Brazil, Chile and Mexico, with its Premium products.

+51%

in value in Russia,
+19% in Brazil

INNOVATIVE DIGITAL MARKETING

Ballantine's success in emerging countries is mainly down to the effectiveness of the *Leave an Impression* campaign. By developing innovative media executions, the brand quickly attracted new consumers, especially in Russia, Brazil and Mexico. Ballantine's focused on developing a strong presence on social networks, a television campaign in South America, and continued support for music in Spain, its leading market. Lastly, it also generated buzz by creating the first augmented reality tattoo, in a nod to the tagline "Leave an Impression".

6.2

million cases sold,
stable in value

THE BALLANTINE'S FAMILY EXPANDS

Ballantine's continues to capitalise on its extremely positive image in Asia by expanding its range with new products. Two versions of Ballantine's 17 Signature Distillery Editions were marketed in Korea and Travel Retail. In April, the brand launched its most upscale product to date, Ballantine's 40 YO, priced at USD7,000 with only 100 bottles made per year.



Identity ♦ In 1827, George Ballantine began to sell a selection of blended Scotch whiskies in his shop. From 1869, his business grew in scope, with his first exports of Scotch whisky throughout the world.

Main markets ♦ Spain, France, Poland, China, Germany, European Travel Retail, Japan, Brazil, Asian and Middle-East Travel Retail, United States, Italy, Portugal, Chili, Korea, Taiwan.

Key positions ♦ No.2 worldwide in Scotch whiskies. No.1 in Scotch whiskies in Europe and No.1 in ultra-Premium whiskies in South Korea.

Range ♦ Ballantine's Finest, 12 YO, 15 YO, 17 YO, 21 YO, 30 YO, 40 YO, Christmas Reserve, Limited, Malt and Master's.

BALLANTINE'S CHAMPIONSHIP

The 5th annual Ballantine's Championship was held in South Korea in April 2012, attracting its highest ever tournament attendance. As one of the most prestigious golf tournaments in Asia, it is traditional for Ballantine's to create a unique blend, co-signed by its master blender, Sandy Hyslop, and by the winner of the previous tournament.



Lee Westwood, the 2011 champion, was closely involved in each stage of this blend's development, and the 2012 champion, Austrian Bernd Wiesberger, received the very first bottle of it. A few weeks before the tournament, the brand also launched a PR and digital campaign in Asia, *True Character*, which featured five world-class golfers whose personality "left an impression" in the history of golf.

JAMESON

A FAULTLESS SUCCESS STORY

DOUBLING PRODUCTION CAPACITIES TO MEET GROWING DEMAND

| Today, Jameson is the number 1 selling Irish whiskey in the world and is amongst the fastest growing international spirit brands. Jameson value growth was +18% for the year and it delivered volume sales of almost 4 million 9-litre cases. 51 markets across the globe delivered double-digit growth. To satisfy the growing global demand for the brand, the Irish Distillers subsidiary started the expansion of Middleton distillery, which should eventually be able to double its production capacity.

3.9

million cases sold,
+18% in value

THE LEGEND OF JOHN JAMESON CONTINUES | After *Lost Barrel and Fire*, the Jameson advertising campaign, centred on founder John Jameson, has added a new episode. Inspired by a Celtic legend, *Hawk of Achill* takes place in a fishing village on Achill Island, off the coast of Ireland, where John Jameson must tackle a mythical hawk which keeps stealing his barrels of whiskey. The television campaign was launched in October 2011 in the United States.



DIGITALLY CAPTURING NEW CONSUMERS | Jameson now has a dedicated YouTube™ channel. It features the films from the *Jameson First Shot* initiative, as well as a selection of other Jameson related videos.

Since it was launched, the channel has received over 5.8 million views and has 3,500 subscribers.

This interactive means of communication also adds to the ever-growing number of followers on social networks such as Twitter and Facebook.

+45%

in value in Russia,
+29% in value in
the United States

PRAGUE SEES GREEN | Transporting the hustle and bustle of a Dublin street, with its pubs, bands, DJs and street artists, to Prague: that's exactly what Jameson did for Saint Patrick's Day, on 17 March 2012, by completely transforming a thoroughfare in the city centre into an authentic Irish street. Called the *J-Zone*, this event had been widely advertised through a 360-degree approach (advertising, press relations and digital roll-out).

Identity ♦ A 100% Irish whiskey famous for its unique smooth taste, Jameson is the reference Irish whiskey in the world; it was established in 1780 in John Jameson's distillery in Dublin.

Main markets ♦ United States, Travel Retail, Russia, Ireland, South Africa, France, United Kingdom, Australia, Canada, Portugal and Spain.

Key positions ♦ No.1 Irish whiskey in the world with a 64% market share.

Range ♦ Jameson, Gold Reserve, Select Reserve, Rarest Vintage Reserve, Signature Reserve, 12 YO Special Reserve, 18 YO Limited Reserve.

JAMESON AT THE MOVIES

September 2011 saw the launch of the *Jameson First Shot* programme, in partnership with award winning actor



Kevin Spacey and his production company, Trigger Street Productions. The goal: to discover talented writers and directors from South Africa, Russia and the United States.

This short film competition gives them an opportunity to direct their own short film starring Kevin Spacey.

Over 700 scripts were entered but in the end only three winners were chosen to shoot their films in Los Angeles with Trigger Street Productions. The films were then premiered in each of the winner's home countries, and made available online through the YouTube™ channel of the brand. Since then, they have received over 5.8 million views.





“

– It is impossible to talk about Ireland without mentioning Jameson!

– Don't worry, my new digital campaign will create the buzz.

”

RENDANI RAMUHASHI

BUSINESS DEVELOPMENT MANAGER
PERNOD RICARD SOUTH AFRICA

ORLA ROCHE

DIGITAL SERVICES DIRECTOR
IRISH DISTILLERS

A single objective, on the web or in the cafés of Pretoria: to share their passion for Jameson Irish whiskey.

MALIBU

A CARIBBEAN BREEZE

INNOVATION STIMULATES MATURE MARKETS | Innovation kept fuelling Malibu's growth with volumes up by +6%, which represents about 4 million cases sold. The United States and Canada have strongly contributed to this performance, with an increase of +10%⁽¹⁾ and +17% in volume respectively, mainly driven by the successful launch of Malibu Cocktails, Malibu Black and, in February in the United States, Malibu Red (see below). In Europe, good results in the United Kingdom, Germany, the Netherlands and Russia have been lessened by difficulties on the Spanish and Italian markets and by the change in excise duties in France.



PACIFIC INVASION OF RADIO MALIBOOM BOOM | The Radio Maliboom Boom concept continues to attract new consumers to the brand: in summer 2011, the *Station Invasion* tour made stops in 10 US cities and in Europe. With this station, well-known DJs played music from the Caribbean and made Italian and Scandinavian customers discover Malibu cocktails.



A MALIBU SUMMER | Malibu was everywhere this summer, first of all with the launch of Malibu Sunshine, a limited edition with a citrus flavour. The campaign also included a smartphone app allowing users to customise their own photos using a sunshine filter. In the United Kingdom, the launch of Malibu Cans, a trio of Malibu cocktails, was a big hit—just like Malibu Black, a higher proof version of the original which was launched last year in the United States.



HAPPY HOLIDAYS! | To make a big splash with its global launch in 2011 after the success it achieved in Canada, Malibu Winter Edition decided to “go Caribbean” with its holiday greetings: an online app lets users recreate, in their own style and in the “Malibu way”, traditional year-end greetings to say “Happy New Year” to their friends and family on Facebook.

Identity ♦ Malibu is an authentic Caribbean spirit made from a blend of white rum and coconut. Born on the island of Barbados, Malibu features natural flavours and low alcohol content.

Main markets ♦ United States, United Kingdom, France, Canada, Germany, Spain, North-American Travel Retail, Italy and the Netherlands.

Key positions ♦ No.1 worldwide in coconut-flavoured rums.

Range ♦ Malibu, Mango, Passion Fruit, Tropical Banana, Island Melon, Cranberry Cherry, Black, Citrus, Winter Edition, Cocktails, Malibu Red, Malibu Cans.



MALIBU RED, A FIRE IN THE NIGHT

When Malibu teams up with R&B superstar Ne-Yo, you get... Malibu Red, a fiery recipe based on Malibu and tequila. Mainly by creating the soundtrack for Malibu Red, Ne-Yo contributed to the project like an artistic director. Malibu Red was unveiled in February as part of the Grammy Awards, during an exclusive brunch held in a Los Angeles club, and then launched internationally in March with large-scale advertising and marketing support. The campaign has generated more than 4 million views on YouTube[®] and 3 million Twitter posts.

(1) Depletions.

KAHLÚA

AN OFF-BEAT IMAGE AT 75

STABLE IN A TOUGH MARKET | With a total of 1.7 million cases sold, Kahlúa worldwide performances are stable in value and slightly declining in volume, by –1% over the year. The situation remains challenging in the United States, with volumes overall down by –2% in depletions, mostly due to the dull progression of Kahlúa Original. Meanwhile, Kahlúa Flavors is showing promising signs of growth.

(1) Depletions.

A REDESIGNED PREMIUM BOTTLE AND NEW REFERENCES | During the previous financial year, with the launch of its new communication platform, Delicioso (see below), Kahlúa had started to grow younger. The process keeps on this year, with a redesigned bottle for the whole range. The goal: to modernise the bottle and give the brand an upmarket image to attract new consumers, without sacrificing the elements that have made Kahlúa a success with its fans. The brand also created a new shaker for the holiday season, to commemorate Kahlúa's 75th anniversary, and Kahlúa Cans—launched in the United States in May, these new references come in a ready-to-go format and in three different flavours: Iced Espresso, Iced Moccha and Cinnamon Spice.

Double-digit growth
in Russia

1.7

million cases sold,
–1% in total volume

FULL-SCALE TEST

IN SACRAMENTO | To measure the impact of its ramped-up advertising expenditure, in 2011 the brand launched in Sacramento, United States, a test called *Kahlúa North California Upweight*. The main marketing actions undertaken included: the distribution of 12,000 samples, contacts made by the brand ambassadors with around 100 professionals, and the launch of Kahlúa Conexion Cafés, trucks decked out in Kahlúa's colours, which travelled around the area, stopping at local festivals. The very positive results saw the brand's popularity soaring.

A TASTE OF SPICES AND CINNAMON | The Kahlúa family has expanded for the festive season with a new product, Kahlúa Cinnamon Spice, a recipe that combines Arabica coffee, cloves, cinnamon and brown sugar. This line extension responds to the strong demand in the North American market for cinnamon-based flavours, especially around Christmas-time.



Identity ♦ Created in 1936 in Veracruz, Mexico, Kahlúa is made of 100% Arabica roasted in small batches and cane sugar spirit.

Main markets ♦ United States, Canada, Travel Retail, Japan, Mexico.

Key positions ♦ No.1 worldwide in coffee liqueurs.

Range ♦ Kahlúa, French Vanilla, Hazelnut, Mocha, Especial, Cinnamon Spice, Peppermint Mocha, Cans.



DELICIOSO, THE OFF-BEAT UNIVERSE OF THE BRAND FROM VERACRUZ

Launched in 2010, the *Delicioso* campaign featuring Veracruz-born star actress Ana de la Reguera was extended in 2011 and 2012. *Delicioso* is an integrated campaign with activities including a Facebook application to make home videos of Delicioso moments, and a mobile phone adventure game in an urban setting. Delicioso Treks. In Toronto, a Delicioso dinner was held for an audience of decision-makers, with dishes created by three top Canadian chefs to complement Kahlúa-based cocktails. With this campaign and its many extensions, the brand is definitely projecting a younger image.





“

– What did the boss say about letting people in?

– Tonight's password is 'Kahlúa'. Everyone else stays outside!

”

BILLY BURGESS

GLOBAL MARKETING MANAGER KAHLÚA
THE ABSOLUT COMPANY

DEEPAK SINHA

DIVISION MARKETING MANAGER
PERNOD RICARD USA

These two fans of Kahlúa share their top cocktail recipes.

HAVANA CLUB

“HAVANIZING” THE WORLD

A STEADY PROGRESS | Havana Club is one of the fastest-growing spirits brands of the past 15 years. In the past financial year, the brand registered a 2% growth on its export markets, which now represent over 70% of the brand's sales. Key markets such as Germany and France were the main drivers of this growth, along with some forty countries around the world which propelled the brand past the milestone of 3.8 million cases sold. Its long-term development has been recognised in 2012 by *IWSR Magazine's* Elite Brands list where the brand has taken the number 1 position. Havana Club was also voted preferred brand in 2012 among all spirits categories, by the bartenders of the top 50 bars in the world.

3.8
million cases sold,
stable in value

LETTING CUBAN LIFESTYLE AND RUM TRADITION SHINE OVER THE INTERNET | As true hubs of the Cuban authenticity, the Havana Club websites post the beauty, the likings and the character of the country. More than 30 Facebook pages are dedicated to the brand and create a close connection with nearly one million fans.

+13%
in value in Germany
and France

RITUAL, A RUM TAILOR-MADE FOR THE SPANISH MARKET | The launch of Ritual on the Spanish market is the result of close collaboration between Havana Club International and Pernod Ricard España. This smooth and subtle dark rum was created especially for the Spanish market, where dark rum is usually served with cola. Launched in February, this new Havana Club version is expected to boost sales in a market that represents 36% of sales of dark rum worldwide (excluding the United States).

SNAPSHOTS OF HAVANA | As part of its *Havana Cultura* programme, Havana Club supported the production of the film *Seven Days in Havana*. This kaleidoscopic film of Havana, directed by seven directors, including Benicio del Toro, Elia Suleiman and Laurent Cantet, was presented at the 65th Cannes Film Festival in the “Un Certain Regard” official selection category.



Identity ♦ Havana Club, a true icon of Cuban rum tracing its origins back to 1878, remains authentically rooted in Cuba. It is No.1 in its category.

Main markets ♦ Cuba, Germany, Italy, Spain, France, Chile, Canada, European Duty Free channel, Greece, United Kingdom, Belgium.

Key positions ♦ No.3 worldwide in international rum brands, No.2 in super-Premium and above rums, leader of the Premium rum market in Cuba, Germany and Italy, No.2 in France.

Range ♦ Havana Club Blanco, 3 Year-Old, Ritual (Spain), Especial, Reserva, 7 Year-Old, Selección de Maestros, 15 Year-Old, Máximo Extra Añejo.

MOJITO EMBASSY, A GENUINE CUBAN MOJITO EXPERIENCE

Havana Club picked Milan to launch its pop-up bar concept, Mojito Embassy in 2012. The goal:



to show consumers how to make an authentic Cuban mojito using fresh, natural ingredients and Havana Club 3 Year-Old rum. Consumers could choose their ingredients (limes, fresh mint) from the stalls of the Mojito Embassy Market, inspired by the atmosphere of a true Cuban market, and then be guided in how to make a mojito by a professional bartender. After its launch, The Havana Club Mojito Embassy will travel across Europe.

RICARD

80 YEARS OLD AND STILL YELLOW



THE BRAND SHOWS RESILIENCE DESPITE AN UNFAVOURABLE TAX REGIME AND WEATHER

First spirit on the French market, Ricard saw its sales slowed down by an adverse environment in 2011/2012. The rise in alcohol duty on 1st January 2012 resulted in a 17% tax increase on the Ricard 1-litre bottle, and the chilly, wet weather dampened demand from consumers. Nevertheless, the brand continued to grow in value, rising by 0.8%⁽¹⁾, and it remains the leader in anise-based spirits with a market share of 45.6%⁽¹⁾. The brand celebrated this year its 80th birthday with a witty campaign (see below) and an exhibition at the Musée des Arts décoratifs in Paris.



RE-ENCHANTING THE CONSUMPTION RITUAL | To update the way in which the brand is consumed, Ricard is proposing new ideas to enjoy it in cocktails. Over 18 mixes combining Ricard with syrups or flavourings, such as lime, kiwi or lychee, have been posted on ricard.com. This way of drinking Ricard allows the subtlety of its aniseed flavour to be revealed and varies the colours, tastes and blends. It is a natural extension of the 'historical' recipes such as the *Mauresque*, the *Perroquet* and the *Tomate*, and creates genuine differentiation.



RICARD EXPANDS ITS COLLECTION OF MERCHANDISE

After the transformation of the Ricard bottle in 2011, the brand has developed a range of all-new drinks merchandise: a new tube-shaped glass and a new long-drink set that includes a carafe and glasses inspired by the bottle's design, which highlights the Ricard logo block. These glasses are perfect for flavoured pastis drinks and cocktails.

Identity ♦ An anise-based aperitif, Ricard pastis has been bringing together star anise from China, liquorice from the Middle East and a (secret) selection of aromatic plants from Provence since 1932.

Main markets ♦ France, Belgium, Spain, Andorra, Switzerland, Portugal, Italy, Algeria and Canada.

Key positions ♦ World leader in anise-based spirits, leader of the spirits market in France and Belgium, No.2 international spirits brand in Europe and No.11 brand worldwide.

Range ♦ From miniatures (2 cl) to gallons (450 cl).



ONE DOESN'T CHANGE A WINNING RECIPE

To celebrate its 80th anniversary, Ricard unveiled an off-beat press campaign in April 2012 that highlights the brand's know-how and product quality. In four images, the campaign retraces the history of a recipe so unique that it has remained unchanged since its creation in 1932 by Paul Ricard. This campaign attracted a lot of positive attention on the Internet, especially on the official Facebook page of the brand (120,000 fans). The 2012 summer media plan used the same four visuals along with the slogan *80 ans et toujours jaune* (80 years old and still yellow). Eight radio adverts were also broadcast on the whole national network.

(1) Nielsen, CAM at end June 2012, in value.

BEEFEATER

“SPIRIT OF LONDON”



CAPTURING NEW TERRITORIES | Thanks to a revival of gin consumption in its traditional markets—particularly in Spain and the United States—and the dynamism of new markets, Beefeater grew significantly in 2011/2012 (+7% in total value). The brand posted strong growth in its leading market, Spain, with over one million 9-litre cases sold. In addition, Beefeater made good ground in new markets such as Russia and Taiwan, where it now leads, as well as Turkey, Ukraine and Eastern Europe. The brand also achieved strong performances in Travel Retail. Lastly, in the United States, the super-Premium gin Beefeater 24 continues to increase its market share.

LONDON CALLING | Distilled in the heart of the British capital, at this time of globalisation, Beefeater is focusing on its undeniable London roots and capitalising on the city's famed imagination. London's music, fashion and lifestyle provide the brand with a strong marketing platform and codes of communication which are instantly recognisable by consumers throughout the world.



2012, LONDON'S YEAR | For London, 2012 is an exceptional year, marked by two main events. In tribute to its hometown, Beefeater has launched a limited edition: Beefeater Inside London. On a red bottle (like a red telephone box!), the label features a silhouette of the famous Beefeater figure—the nickname for Yeoman Warders, who have been guarding the Tower of London since 1485—surrounded by images of contemporary personalities and iconic images of London viewed through the gin within.



Identity ♦ With its quintessential London spirit, Beefeater gin is today the last international gin brand to have its own distillery, in operation since 1860, in the British capital.

Main markets ♦ Spain, United States, Canada, Japan, Travel Retail, United Kingdom, Russia, Czech Republic, France.

Key positions ♦ No.1 worldwide in Premium gins, No.1 in Spain in Premium white spirits, No.3 in the United States in Premium gins.

Range ♦ Beefeater London Dry Gin, Beefeater 24.



THE LONDON SCENE IN MADRID AND MOSCOW

With the Beefeater London Sessions, the brand has transported the best of London's music scene—specifically The Kooks, Emeli Sandé and Baxter Dury—to Madrid and Moscow, two of the gin's key markets. Preceded by dynamic public relations and digital campaigns, these two events were reserved for a limited audience offered through an online promotion. The Madrid concert was broadcast online and videos of both events have been watched over 400,000 times on YouTube™ in the two countries.



ABSOLUT 01. Set of the short film *ABSOLUT GREYHOUND*, produced in collaboration with Swedish House Mafia. 02. ABSOLUT ELYX, the ultra-Premium reference from ABSOLUT. **CHIVAS REGAL** 03. Poster for a short film from the *Real Friends* campaign. 04. Wong Kar-wai during the shooting of his short film *DEJAVU*, presented at the Cannes Film Festival. 05. L'Art de Recevoir (The Art of Receiving), a gift pack created in collaboration with Parisian nightclub Le Baron. **BALLANTINE'S** 06. Participants in the Ballantine's Golf Championship in South Korea pose for the camera at the tournament's gala dinner. **JAMESON** 07. Poster for one of the *Jameson First Shot* short films, starring Kevin Spacey. 08. The city of Prague transformed by Jameson for Saint Patrick's Day. **MALIBU** 09. R&B star Ne-Yo, who composed an entire world of sensations for Malibu Red. 10. Radio Maliboom Boom: a new year on tour, in the United States and Europe. **KAHLÚA** 11. Poster for the *Delicioso* campaign. 12. Kahlúa Cans, launched in May in the United States. **HAVANA CLUB** 13. Mojito Embassy in Milan. 14. Poster for the film *7 Days in Havana*, presented in Cannes in the Un Certain Regard category. **RICARD** 15. One of the posters from the campaign celebrating the brand's 80th anniversary. **BEEFEATER** 16. Singer Emeli Sandé at the Beefeater London Sessions. 17. The Inside London limited edition, created to mark an extraordinary year in London.

CONNECTED

UNDERSTANDING WHAT INSPIRES CONSUMERS



Knowing how to anticipate trends is a major component of the Brand and Market Companies' performance. To this end, the Group augments its analyses with an array of internal tools and external sources of information (market research firms, communication agencies, experts) that it cross-references with the data supplied by its teams on the markets. Connections between the subsidiaries are fundamental in enabling Pernod Ricard to develop an offering tailored to consumers' preferences. To make its approach even more relevant, the Group seeks to go from "consumer insight"—i.e. consumers' knowledge—to "human insight", which aims to establish a more emotion-driven and personal relationship with them.

Another aspect of this search for emotion-based connections is creative collaboration. This method consists of working on a brand with an artist, who, by taking a fresh look at it, gives it a new identity. By definition, the artist knows how to tap into trends: he identifies them for the brand, enabling it to inspire consumers and connect with them.

First initiated by ABSOLUT, creative collaboration has become the Group's trademark. *"The meeting of two different worlds is often a source of enrichment. An artist's look at our brands expands their reach and adds to their emotional value,"* says Martin Riley, Chief Marketing Officer of Pernod Ricard. To encourage and fuel this dynamic, which is a driving force behind its success, the Group publishes an in-house magazine, *Scalpel*, which features artists who are trailblazers in their fields and examines their work. *Scalpel* aims to provide ideas for bringing about new concepts and projects. A source of inspiration, it helps to encourage collaboration between the Brand and Market Companies, enriching the dialogue and perspectives that they share with one another.

STRATEGIC PRESTIGE SPIRITS & CHAMPAGNE BRANDS

THE GLENLIVET ~ MARTELL ~ G.H.MUMM
PERRIER-JOUËT ~ ROYAL SALUTE



THESE FIVE PRESTIGE BRANDS CONSTITUTE THE THIRD SEGMENT OF THE HOUSE OF BRANDS. THEY ARE SPECIFICALLY AIMED AT “HIGH NET WORTH INDIVIDUALS”, THESE CONSUMERS THAT ARE DRAWN TO LUXURY GOODS, WHO DEMAND A MORE EXCLUSIVE RELATIONSHIP. THE DISTRIBUTION OF THESE CHAMPAGNES AND SPIRITS IS THEREFORE PRIMARILY BASED ON SELECTIVE CHANNELS (WINE MERCHANTS, PRESTIGIOUS ESTABLISHMENTS, ETC.).

THE GLENLIVET

A WORLDWIDE NETWORK OF AMBASSADORS

STILL SETTING THE BENCHMARK | Often imitated, never equalled, The Glenlivet is still setting the benchmark for single-malt whisky around the world, and in 2011/2012 it passed the symbolic milestone of 800,000 9-litre cases sold. The “single malt that started it all” continues to be the main driver of volume growth in the single-malt category, and the undisputed leader in the United States, the biggest market for single malts. It also posted strong growth in the Asia-Pacific region, with outstanding performances in Taiwan, India and Australia in particular. Global Travel Retail saw a sharp rise in sales, with the launch of new products such as Master Distiller’s Reserve. This emblematic product, developed by the distinguished master distiller Alan Winchester, is matured in three different types of casks. It broke sales records within the first month of its launch in United Kingdom airports in July 2011.

823
thousand cases sold,
+19% in value



+84%
in India in value, +33%
in Taiwan in value,
+25% in Australia
in value

A TRADITION OF INNOVATION | Innovation remained central to the brand’s activity during the year, epitomised by The Glenlivet Excellence, a variation of the 12 YO aimed at Asian markets such as China, Korea, Vietnam and Hong Kong. The Single Cask Edition, a limited edition that quickly won over aficionados around the world, is another example of innovation. The Cellar Collection also added a new product to its range, The Glenlivet Cellar Collection 1980, with only 500 bottles made available on the market. Each new launch of the Cellar Collection is an opportunity for the brand to communicate about its unique heritage and the collection of rare whiskies for which it is renowned.

Identity ♦ Created by George Smith, The Glenlivet was born in 1824 in the heart of Speyside, in Scotland’s Livet Valley.

Main markets ♦ United States, Global Travel Retail, Taiwan, United Kingdom, Canada, India, Australia, France, Japan, Germany, South Africa.

Key positions ♦ No.2 worldwide in single-malt Scotch whiskies and No.1 selling single malt in the United States.

Range ♦ The Glenlivet 12 YO, 15 YO French Oak Reserve, Nàdurra 16 YO, 18 YO, 21 YO Archive, XXV, Excellence 12 YO, 12 YO First Fill, Master Distiller’s Reserve, 15 YO, Single Cask Editions, Cellar Collection.



A GLOBAL NETWORK OF AMBASSADORS

Now present in 120 countries, “The Guardians of The Glenlivet”, true ambassadors of the brand on social networks, have become the lynchpin of its communication strategy. They have access to digital communication campaigns, VIP events and promotional offers, and are encouraged to promote the brand among their friends and colleagues. This year, they had the opportunity to purchase the Guardian Single Cask, specifically created for them among the Single Cask Editions range.

MARTELL

A TASTE FOR ELEVATION

STRONG PERFORMANCE IN ASIA | In 2011/2012, Martell posted strong growth (+25% in value) with 1.9 million 9-litre cases sold, confirming its position as international leader of the XO category. The brand sold over one million cases in China, becoming the first imported spirits brand to pass this milestone in this market. Lastly, Martell continued to grow in other Asian countries, such as Vietnam, as well as other priority markets outside of Asia, like the United States and Russia.

THE SECRET PATHS OF CHANTELOUP | With the launch in November 2011 of Martell Chanteloup Perspective, Martell strengthened its range in the 'Extra' category. Martell Chanteloup Perspective pays tribute to a place: the House's cellar master drew inspiration from the landscape as viewed from a path leading to the Chanteloup cellars. The silver motif that adorns the bottle echoes the swirls of wrought iron on the gate which protects these cellars.



A BRAND ANCHORED IN THE LUXURY MARKET | Martell continues to maintain its style and its position within the luxury goods market, as seen in the new press campaign *L'OR de Jean Martell* and the TV and press campaign for Martell Noblige, *Join the New Elegance*. The latter highlights the parallels between the elegance of the product and that of the campaign's protagonists, reinforcing its brand positioning associated with masculine elegance. As for the Pinel&Pinel Martell trunk, this object of luxury and prestige has attracted nearly 2 million visitors to the dedicated website.



Identity ♦ Founded in 1715, Martell is the oldest of the great Cognac Houses.

Main markets ♦ Asia (China, Duty Free Asia, Malaysia, Vietnam, Singapore, Taiwan), United Kingdom, United States, Mexico, Russia.

Key positions ♦ Leader of the XO category (with Martell XO and Cordon Bleu) with a 40% market share. No.2 cognac worldwide in value, No.1 in Malaysia, No.1 in Singapore, Indonesia and Mexico.

Range ♦ VS, VSOP, Noblige, Cordon Bleu, XO, Chanteloup Perspective, Création Grand Extra and L'OR de Jean Martell.



THE CENTENARY OF AN ICONIC COGNAC

In 1912, Edouard Martell launched Martell Cordon Bleu at the Hôtel de Paris in Monaco. In 2012, Martell returned to Monaco to celebrate the centenary of this House icon, with 250 guests attending from Asia, United Kingdom, Ukraine, the United States and France for the gala evening. Among them were HSH Prince Albert II, HSH Princess Charlene, HRH Princess Caroline of Hanover, actress Juliette Binoche, and Chinese celebrities including famous actress Li Bingbing, pianist Zhao Yin Yin, TV star Chen Shu and top model Whang Haizhen. A limited edition gift pack, now a collectors' item, was specially created to mark this anniversary.

G.H.MUMM

THE CULTURE OF CHAMPAGNE REGAINED

DYNAMIC SOURCES OF GROWTH | The number 1 major international brand in both volume and value in France, G.H.MUMM was especially resilient in 2011/2012 in a difficult economic environment. The brand posted 5% growth in the supermarket retail segment. The year was also marked by excellent performances in two markets of the Asia-Pacific region: having almost doubled its sales, G.H.MUMM moved into 3rd place for champagnes in Australia, thanks in part to its major partnerships with Formula 1 racing and the Melbourne Cup, Australia's most famous horse race. The brand also achieved significant growth in China, with a 51% rise in net sales.

664
thousand cases sold,
+6% in value

PARTNER OF VICTORY | In 2011/2012, G.H.MUMM renewed its international contract as the official victory champagne of Formula 1 racing, one of the most-watched sporting events in the world, with over 2 billion television viewers over the course of the season.

Identity ♦ Founded in 1827 by a family of the same name established as merchants since 1761, the House of G.H.MUMM boasts nearly two centuries of expertise, passion and excellence. Created by its founding father Georges Hermann Mumm in 1875, the Cordon Rouge label is a symbol of excellence, and the House's insignia.

Main markets ♦ France, Italy, United Kingdom, Spain, Australia, China, Japan, United States.

Key positions ♦ No.1 international champagne brand in France, No.3 champagne brand worldwide.

Range ♦ G.H.MUMM Cordon Rouge, Demi-sec, Rosé, Millésimé, Blanc de Blancs Mumm de Cramant, Blanc de Noirs Mumm de Verzenay, Brut Sélection, R. Lalou.



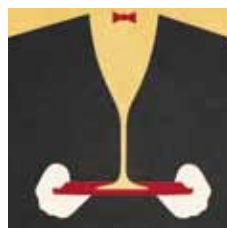
+51%
growth in value
in China

A GOLDEN YEAR | G.H.MUMM won six gold medals and the prestigious title of 'Winery of the Year' at international wine competitions in the United States in 2012. It was also singled out during the Wine Critics Challenge, and at international competitions in Los Angeles and San Francisco.

RESERVED FOR EXPERTS | This year, G.H.MUMM expanded its Expert 100% Grands Crus range, reserved for gastronomy, wine merchants and gourmet delicatessens, with a new cuvée: Brut Sélection. Classified 100% on the Grand Cru scale, this collection has been praised by many critics and experts as a perfect balance between the House's legendary vineyards.

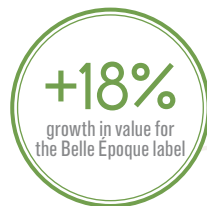
THE NEW MODERNITY OF CHAMPAGNE DRINKING

Eager to share with consumers its champagne tradition, handed down since 1827, G.H.MUMM today offers an elegant and resolutely contemporary vision of that tradition, with its Champagne Protocoles de G.H.MUMM. For the first time, the House is revealing all the rituals associated with champagne through illustrations by the famous Israeli artist, Noma Bar, shared via a comprehensive activation platform. Epitomising this approach, an iPhone™ app allows consumers to discover the 100 champagne protocols in a fun and entertaining way. The app is already a hit, with 70,000 downloads to date. The brand's interactive digital activation also includes an application on Facebook and on the brand's website. This new campaign was launched in style in September 2012 during the first G.H.MUMM Ball held in Paris.



PERRIER-JOUËT

A LEGACY OF ART



AN OUTSTANDING YEAR | Thanks to its presence in Asia, Perrier-Jouët is less dependent on the European market than other champagne brands and is therefore less exposed to the socio-economic gloominess felt in this region. The brand thus had an outstanding year in 2011/2012, with solid double-digit growth in many of its major markets, such as Japan, China and Travel Retail. In mature markets, such as France and Spain, the brand posted strong growth. With almost 18% growth in value, its flagship label, Belle Époque, benefited from promotional activations inspired by the luxury goods market: in Japan, with the Perrier-Jouët rooftop terrace at Alain Ducasse's restaurant, Beige; in Monaco, where Perrier-Jouët was selected as the official champagne of Prince Albert's royal wedding; and in China, where the brand was featured at the Luxury Rendez-Vous in Hainan.



RECOGNISED BY EXPERTS | Perrier-Jouët was honoured in late 2011 by *Wine Spectator* magazine, which gave 'outstanding' scores to Belle Époque Blanc de Blancs 2002 (94 points) and Belle Époque Rosé 2004 (93 points). Belle Époque 2004 was also awarded the gold medal this year by *Drinks Business* magazine.



PERRIER-JOUËT BELLE ÉPOQUE, THE OSCAR WINNER'S CHOICE | The team from the movie *The Artist* chose to toast their success with Perrier-Jouët Belle Époque in February 2012, during a brief moment of respite before the Oscars ceremony in Los Angeles. The selection of Perrier-Jouët once again demonstrates the brand's prestige in artistic circles (see below).

Identity ♦ Founded in 1811 by Pierre Nicolas Perrier and Adèle Jouët, the House of Perrier-Jouët is recognised for the distinctive elegance of its wines—the fruit of an exceptional vineyard and a remarkable legacy.

Main markets ♦ United States, France, United Kingdom, China, Japan, Switzerland, Italy.

Key positions ♦ No.3 Prestige label worldwide, No.2 Prestige label in Japan, No.3 champagne brand in China.

Range ♦ Perrier-Jouët Grand Brut, Blason Rosé, Belle Époque Millésimé, Belle Époque Rosé, Belle Époque Blanc de Blancs.

FROM ART NOUVEAU TO CONTEMPORARY ART AND DESIGN

Perrier-Jouët has always been close to artists and designers. In signing a three-year partnership with Design Miami/ and



Design Miami/ Basel the world's preeminent fairs for collectible design, the House is carrying on this tradition. Perrier-Jouët is present at the Basel and Miami fairs through a variety of VIP receptions, gallery openings and private dinners.

The brand has also made a cultural contribution, commissioning a work with an Art nouveau theme to be presented at Design Miami/.





“

– Madam is going to be late for the tasting!

– You should know, my friend, that a good wine is worth waiting for.

”

HERVÉ DESCHAMPS

PERRIER-JOUËT CELLAR MASTER
MARTELL-MUMM-PERRIER-JOUËT

ELENA ADELL

CAMPO VIEJO OENOLOGIST
PREMIUM WINE BRANDS, DOMECQ BODEGAS

Connected by their globally renowned expertise in the blending of wines and champagnes.

ROYAL SALUTE

HIGHER AND HIGHER

STRATEGIC BRAND | In 2011/2012, Royal Salute confirmed its status as a strategic brand, with one of the fastest growth rates in the Group's portfolio. The main driver of this growth was Asia, with strong gains made in China, Taiwan and Vietnam, as well as in Travel Retail, which allowed the brand to achieve annual sales of over 200,000 9-litre cases. This performance was also boosted by an international development programme targeting high-income consumers.

A HISTORIC PARTNERSHIP | In 2012, Royal Salute became a partner sponsor of the British Historic Royal Palaces, and through this is the only brand to become officially associated with the Royal Gun Salutes at the Tower of London. The firing of cannons is used to mark major royal events as well as official visits. The partnership was launched at the Royal Gun Salute 2012 to celebrate the Queen's Diamond Jubilee on the 2nd June. At this occasion, Royal Salute also launched a limited edition, the Royal Salute Diamond Jubilee Limited Edition, for over 164 dollars a bottle.



POLO, KING OF SPORTS, SPORT OF KINGS | To engage high-income consumers around the world, Royal Salute continued to build its polo sponsorship programme. Through the Royal Salute World Polo Programme, the brand is now one of the world's leading sponsors of international polo allowing it to reach lovers of luxury products in India, China, the United Arab Emirates, the United States, Brazil, Australia and Korea. The most prestigious of the year's events was the Sentebale Royal Salute Polo Cup, which was held in Brazil and widely covered by the international media.



Identity ♦ Created to mark the Coronation of HM Queen Elizabeth II in 1953, Royal Salute is the only Scotch whisky whose range begins at 21 YO.

Main markets ♦ Asian Travel Retail, China, Taiwan, United States Travel Retail, Vietnam, Japan, European Travel Retail, Korea.

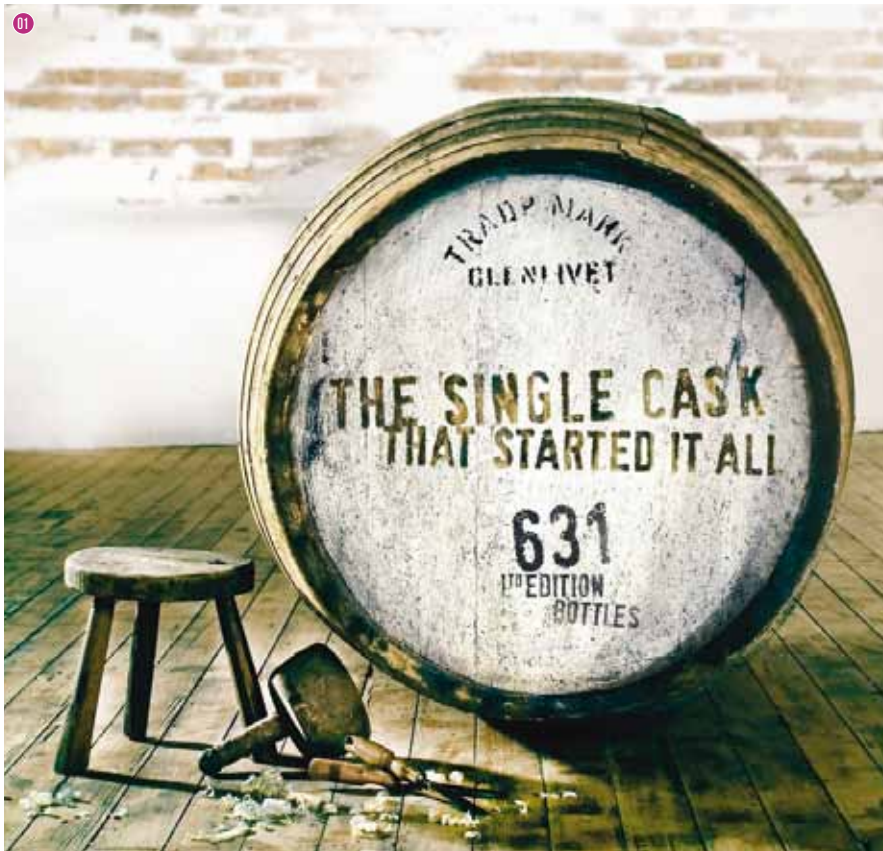
Key positions ♦ The world's leading luxury Scotch whisky brand.

Range ♦ Royal Salute 21 YO, The Hundred Cask Selection, 38 YO Stone of Destiny, 62 Gun Salute, Tribute to Honour.



TODAY'S KINGS

As a true luxury brand, Royal Salute reflects the most aspirational values for today's leaders in life. Long associated with noble leadership, the brand conducted research to ensure that this positioning continues to be compelling to its target audience both today and for the future. This inspired the new television advertising campaign, celebrating *Today's Kings*—ground-breaking leaders who, like Royal Salute, begin where others end.



THE GLENLIVET 01. The Guardian Single Cask, created especially for the brand's network of 'guardians'. **MARTELL** 02. Centennial celebration of Martell Cordon Bleu at the Hotel de Paris in Monaco. 03. Launch campaign for Martell Chanteloup Perspective. **G.H.MUMM** 04. One of the artist Noma Bar's creations for the Champagne Protocols. 05. G.H.MUMM, official sponsor of Formula 1 victories. **PERRIER-JOUËT** 06. Launch of a three-year artistic partnership with Design Miami/ and Design Miami/ Basel art fairs. 07. Cast of the Oscar-winning film, *The Artist*, celebrating their success with Perrier-Jouët. **ROYAL SALUTE** 08. The Queen's Jubilee: an occasion marked by gun salutes in London and the launch of the Royal Salute Diamond Jubilee limited edition.

CONNECTED

LUXURY, OR THE ART OF CREATING CULT BRANDS



“Positioning brands in the world of luxury can make them desirable to the point that they transcend their own category and break free of trends to achieve cult status and timelessness,” explains Vadim Grigorian, Luxury and Creativity Director at Pernod Ricard. *“Super-Premium Plus brands represent 10% of the Group’s volumes, but one-third of its profits. They are highly profitable, and shifting them towards the luxury sphere is a major strategic effort by the company to capture leadership.”* To this end, the Group must notably focus on a specific customer base: High Net Worth Individuals—those 11 million people throughout the world for whom luxury is accessible. A project was recently introduced to improve the Group’s understanding of these influential and demanding consumers.

To develop this segment, Pernod Ricard has created its own model. This model is based on the idea that luxury is not definable by the upscaling of a Premium product, but that it is more akin to a religion, with its beliefs, temples and followers, and it requires a strategy that is radically different from that of the Premium category. The approach is holistic: in the world of luxury, a brand must be presented consistently across all of its points of contact, everywhere and in all circumstances. This model is gradually being applied to Pernod Ricard’s five strategic Prestige brands. For each one, Pernod Ricard defines the key values that create meaning and desire, and develops a set of recommendations on the “Brand Behaviour” that should be adopted. For example: *“Luxury is a question of discipline”*: luxury brands must have absolute control over every element that represents them. Or, *“Luxury is superlative, not relative”*: a luxury brand is unique and does not compare itself to its competitors. The last pillar of the approach, to reach the privileged consumers of luxury brands, Pernod Ricard has adapted its organisation and optimised its mode of distribution by dedicating specific channels and teams to this category. The “Route to Consumer” requires a direct relationship and breaking barriers: what characterises this target is that it is highly mobile and mainly found in international places of prestige.

PRIORITY PREMIUM WINE BRANDS

JACOB'S CREEK ~ BRANCOTT ESTATE
CAMPO VIEJO ~ GRAFFIGNA

WINES ARE INCREASINGLY MAKING THEIR APPEARANCE AT VARIOUS MOMENTS OF CONSUMPTION INCLUDING THOSE PREVIOUSLY RESERVED FOR SPIRITS. PERNOD RICARD HAS GROUPED ITS PRIORITY WINE BRANDS WITHIN A SINGLE ENTITY, WHILE TREATING THEM AS A SEPARATE CATEGORY. THE GROUP HAS DEVELOPED A DEDICATED PORTFOLIO STRATEGY WITH MULTI-GEOGRAPHICAL ORIGINS.

JACOB'S CREEK

FLAGSHIP FOR AUSTRALIAN WINE

GROWING AHEAD OF THE MARKET | In a challenging environment for Australian wines, Jacob's Creek grew by 2% in 2011/2012, outpacing the category globally. The brand continued to gain ground in its home market, Australia, where it is once again ranked as the number 1 branded bottled wine. The brand also continued to grow in China, where it posted an increase of 32%, significantly ahead of a rapidly growing category (+20.6%). The brand was also named in the Top 5 *Drinks International* most admired wine brands 2012, demonstrating its position as one of the true icons of the global wine industry.

RESPONDING TO NEW CONSUMER TRENDS | In Australia, the brand responded to the growing consumer demand for refreshing, lower-alcohol wines: the Cool Harvest range, launched by Hollywood actress Naomi Watts, was indeed introduced this year. In addition, to bolster its position and seize the opportunities presented by a Chinese market that is constantly on the look-out for Premium wines, the brand launched 1837 Solway Cabernet Merlot, a tribute to the ship which brought the brand's founder, Johann Gramp, to Australia in 1837.



DIGITALLY YOURS | With over 200,000 fans on Facebook and 1,700 Twitter followers, Jacob's Creek is one of the most popular wine brands on social networks. The brand regularly launches online campaigns and uses digital platforms to strengthen the impact of its partnerships with major tennis tournaments such as Wimbledon and the Australian Open. As part of its *True Character* campaign featuring Andre Agassi, a Facebook competition allowed winners to chat with the famous player before attending a match at Wimbledon.



Identity ♦ Founded in 1976, Jacob's Creek is named after the place where its founder, Johann Gramp, planted his first vineyard in 1847.

Main markets ♦ United Kingdom, Australia, United States, Canada, New Zealand, the Netherlands, China, Sweden, Ireland.

Key positions ♦ No.1 Australian brand in Australia, China and New Zealand, No.2 in Ireland, No.3 in the United Kingdom.

Range ♦ Classic, Regional Reserve, Sparkling, Cool Harvest, Moscato, St Hugo and Heritage Range.



AN AMBASSADOR WHO ALWAYS STAYS TRUE

To give more weight to its *True Character* marketing platform and its partnership with major tennis events, in 2011 Jacob's Creek signed a three-year partnership with Andre Agassi. The international champion discusses his personal and sporting journey in a series of short films entitled the *Open Film Series*. Debuting on Australian television during the Australian Open, the campaign was followed by 6 million viewers. It was also shown on Qantas domestic flights, reaching 1.9 million passengers, at Heathrow airport in the United Kingdom, and on the ESPN sports channel in 20 countries, with an audience of 75 million households.

BRANCOTT ESTATE

RETURNING TO ITS ROOTS



A REPOSITIONED AND EVEN STRONGER

BRAND | Following a year of significant evolution, Brancott Estate and sister brand Stoneleigh strengthened their position throughout this financial year. Brancott Estate has benefited from a global restage supported by a world class sponsorship to drive awareness. It has also consolidated its ranking in its priority markets such as New Zealand, Australia and the United Kingdom. In the United States, Brancott Estate continues to grow among Premium New Zealand wines (+21.3%). In Australia, as in the United Kingdom, Brancott Estate continues to perform strongly (+13.4%), in a highly competitive environment. In New Zealand, Brancott Estate remains high, and despite a slowdown in growth, innovative new products, especially in the sparkling range, continue to drive domestic success.



FANS OF BRANCOTT ESTATE | Digital activation campaigns drove the brand's number of Facebook fans from 1,100 in early 2011 to over 34,000 in June 2012.

This year, Brancott Estate launched *The World's Most Curious Bottle*, a smartphone app that allows consumers to interactively explore the brand's new packaging while discovering the wine through 14 experiences (introduction to tasting, virtual vineyard tour, food and wine pairings...).



HIGHLIGHTING A STRONG IDENTITY | The New Zealand portfolio benefited from the rising popularity of the Stoneleigh range, which this year saw the launch of a new brand campaign which brought its unique wine story to the fore, *Ripened by Stone*. In a move to further highlight and honour Brancott Estate's pioneering roots, the brand also unveiled the Brancott Estate Heritage Centre in 2011. Designed by renowned New Zealand architects Fearon Hay, the centre was opened by the Prime Minister of New Zealand, John Key. Overlooking the brand's historical Brancott vineyard, the centre is already becoming a prime attraction for the region.

Identity ♦ Created in 1961 in the south of Auckland, under its original name of Montana, Brancott Estate draws its name from the Brancott Vineyard, where the first Sauvignon Blanc vines in Marlborough were planted.

Main markets ♦ New Zealand, United Kingdom, Australia, United States, Canada, Sweden, Ireland.

Key positions ♦ No.1 wine brand in New Zealand⁽¹⁾, No.2 New Zealand wine in Ireland, the Netherlands and Denmark, No.3 in the United Kingdom.

Range ♦ Brancott Estate Classic, Sparkling, Living Land, Letter Series, Stoneleigh Classic, Latitude, Rapaura Series.

(1) Including Stoneleigh. Nielsen data CAM at 17 June 2012.



SPONSOR OF THE 2011 RUGBY WORLD CUP

By sponsoring one of the world's biggest sporting events, Rugby World Cup 2011, Brancott Estate raised brand awareness in key markets, whilst also drawing attention to its pioneering New Zealand heritage. The brand rolled out a comprehensive media campaign including TV adverts in Australia and the United Kingdom, a radio, press and poster campaign in New Zealand, and social PR activation in the United Kingdom through an online competition on Facebook. Brancott Estate wines were served in all official RWC venues and VIP areas of stadiums hosting the competition and the brand's presence was reinforced by a direct marketing operation with over 8,000 displays.

CAMPO VIEJO

A SPANISH LEGEND

A GROWING EXPORT SUCCESS | Campo Viejo posted strong growth in 2011/2012 in its two main export markets, the United States and the United Kingdom. Despite a general decline in the Spanish wine category in the United States, the brand strengthened its position in market share, growing by 37% in value and 27% in volume. In the United Kingdom, the brand achieved a rapid growth in a dynamic market, generating 6% growth in value. In Spain, in a difficult economic climate, the brand remained resilient and maintained its position, performing particularly well in the young wines category (up 7.7% in volume and 8.1% in value). By strengthening awareness of the brand and its image, the Live Uncorked communication platform contributed to these dynamic performances. This year also saw the brand evolve its yellow label wine into a 100% Tempranillo blend in international markets—championing this varietal as the signature grape of Rioja.



AN ANNIVERSARY MARKED BY SOCIAL ENGAGEMENT | Campo Viejo's spectacular Bodega (wine cellar), designed by architect Ignacio Quemada, celebrated its 10th anniversary this year. The brand paid tribute to the professionals who are central to its success during a day-long event focused on sustainable development. A local environmental protection association was involved in the event and an awareness workshop for the bodega's employees had been organised. In September 2011, Campo Viejo became the first Spanish winemaking cellar to obtain AENOR certification for its carbon footprint (ISO 14064) and to have a net zero carbon footprint on all direct emissions.

AN INCREASINGLY STRONG DIGITAL PRESENCE | Campo Viejo expanded its digital footprint in 2012, by redesigning its website and its Facebook page, and creating new mobile applications. The brand is attracting more and more followers on social networks, with over 12,000 fans on Facebook.



Identity ♦ Created in 1959 as the result of the determination of two passionate winemakers, Beristain and Ortigüela, Campo Viejo offers vibrant wines from the most famous wine region in Spain, the Rioja.

Main markets ♦ United Kingdom, Spain, Germany, United States.

Key positions ♦ No.1 Spanish and Rioja brand in the United Kingdom, No.2 in the United States. No.1 Rioja brand in Germany, No.2 in the Netherlands, Ireland, Norway, No.3 in Sweden and in Spain.

Range ♦ Campo Viejo Tempranillo, Crianza, White, Rosé, Cava, Reserva, Gran Reserva, Dominio.



LIVE UNCORKED, SHARING THE SPANISH WAY OF LIFE

Live Uncorked, Campo Viejo's new communication platform, celebrates the authenticity and generosity of Spanish culture. The press campaign was first launched in the United Kingdom, with excellent results in terms of brand awareness (up 15% in the "explorers" consumer category, i.e. consumers who are open to new experiences). In the United States, the campaign was rolled out at point of sale. The Spanish market version *Decanta la vida* was launched in the press and through a dedicated digital campaign. Other markets, such as Switzerland, Ireland and Mexico also rolled out versions of the initiative.

GRAFFIGNA

A PASSION FOR MALBEC

317

thousand cases sold,
+28% in value

A YEAR OF STRONG GROWTH | Thanks to its Premiumisation strategy, Graffigna recorded strong growth in 2011/2012, with +28% in value. The brand continues to prosper in a dynamic category, with particularly strong performances in two of its strategic markets (United States and Canada), largely due to the success of the flagship Centenario range. In the United States, the brand continued to make gains in value terms, up 24% on the previous year, and was positioned at a premium price compared to the Argentine wines category. In Canada, where it is now one of the top 3 Argentine Premium wine brands, growth was even faster, with value gains of +93%.



THE SUCCESS OF A TARGETED MARKETING STRATEGY

The brand's growth can be explained partially by the implementation of marketing initiatives, specifically with the 360° rollout of the *G is for Malbec* educational programme on Malbec wines, and the creation of a solid digital communications platform. These marketing devices enabled Graffigna to become deeply associated with the Malbec category, thereby, strengthening the brand's value and its relationship with consumers.

+24%

in value in the United States, +93% in Canada

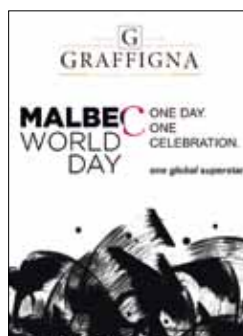
A COMMUNITY OF MALBEC FANS | In 2012, Graffigna launched its social media platform. The brand now offers content based around lifestyle on Facebook and Twitter. This platform is fed by the website themalbec.com, which targets connoisseurs of this varietal.

Identity ♦ Created in San Juan in 1870 by Argentine wine-maker Santiago Graffigna, Graffigna Centenario Malbec is the reference of Premium Argentine Malbec.

Main markets ♦ United States, Canada, Argentina, the Netherlands and Scandinavian countries.

Key positions ♦ One of the top 5 Premium Malbec wines in the United States. One of the top 3 Argentine Premium wines in Canada (in value terms).

Range ♦ Graffigna Centenario, Graffigna Grand Reserve, Santiago Graffigna.



GRAFFIGNA LEADS MALBEC WORLD DAY

Graffigna played a key role in organising Malbec World Day, with an event at the New York City Winery and a tasting session in the Guggenheim Museum. Still in New York, the brand showcased its wines to opinion-leading consumers during the famous Tribeca Film Festival. In Toronto, Canada, a master class was given by its Cellar Master and the iYellow Wine Club—a social club for wine tastings and discovery—was launched. The brand's global wine ambassador also ran extensive training sessions for key trade in both the United States and Canada.

KEY LOCAL BRANDS

THE FINAL PILLAR OF THE PERNOD RICARD HOUSE OF BRANDS, THE 18 KEY LOCAL BRANDS ENSURE THE GROUP'S LEADERSHIP IN CERTAIN STRATEGIC MARKETS. WITH A STRONG PRESENCE OFF-TRADE, THEY REFLECT NATIONAL PREFERENCES IN SPIRITS CONSUMPTION. THEY PROVIDE A SOLID BASE FOR DEVELOPING PERNOD RICARD'S INTERNATIONAL BRANDS, PARTICULARLY IN EMERGING MARKETS, AND HELP TO CONSOLIDATE ITS GLOBAL LEADERSHIP.



Source: "The Pernod Ricard Market View", based on IWSR data at year-end 2011.
 (1) Blended Premium whisky with a base of Scotch malt and local grain.

SAFEGUARDING OUR ASSETS THROUGH COORDINATED ACTIONS

IAN FITZSIMONS, GENERAL COUNSEL



Trademark protection is a major concern for the Group: how would you summarise the past year on this issue?

Trademarks are a key asset for the Group and one of the pillars of its strategy. Securing intellectual property rights and continually optimising and expanding their protection are key priorities for the Legal Department. Our strength lies in very close coordination between the Legal Department of the Holding Company and the Legal Departments of the trademark owners. Such collaboration provides both a global overview and an understanding of local issues, and allows us to streamline the management of our brand portfolio to improve efficiency. Over the past year, as in previous ones, we didn't hesitate to take action against any infringement that could dilute the geographical origin of our brands and mislead consumers. Thanks to our work in the United States, in March 2012 the trademark registration of Old Havana to designate a non-Cuban rum was refused on appeal by the United States Patent and Trademark Office (USPTO). They emphasised the misleading nature of the name and the international reputation of Cuban rum.

On 14 May 2012, the United States Supreme Court refused to consider an appeal by Cubaexport regarding the Havana Club trademark. At the same time, you announced the launch of a Cuban rum under the trademark Havanista, once the embargo is been lifted. What is Pernod Ricard's strategy for Cuban rum in the United States?

The Havana Club joint venture owns the Havana Club trademark in all countries where Cuban rum is sold. In the United States, our rights have been weakened since the adoption of 'Section 211', which blocks us from renewing the Havana Club trademark, even though it has been registered in that country since 1976. This law was found to be in violation of World Trade Organisation rules in 2002. We asserted our rights in the United States courts on the grounds that the retroactive application of Section 211 was unconstitutional, but our arguments were not accepted. That said, this decision doesn't affect our sales in the United States since Cuban products cannot be sold under the embargo. In parallel to this long legal battle, we worked with the marketing teams to protect the Havanista trademark in the United States.

The Havanista brand is a creation of Havana Club International, and evokes our attachment to Havana values. The trademark was registered with the United States Patent and Trademark Office (USPTO) in August 2011 to designate a Cuban rum, which will be produced in Cuba under the same conditions as the Havana Club range.

By doing so, once the embargo is lifted we will be ready to sell an authentic Cuban rum in a market that accounts for 40% of global rum consumption.

Doesn't the success of Pernod Ricard's brands increase the risk of counterfeiting?

Absolutely. Enhanced by our Premiumisation strategy, our brands enjoy international recognition and this success can lead to envy. As such, some unscrupulous competitors try to take unfair advantage of our investments and our brands' reputations.

COLLABORATION BETWEEN THE LEGAL AND MARKETING TEAMS

7 DAYS IN HAVANA: AN INNOVATIVE SPONSORSHIP INITIATIVE

Pernod Ricard supported the production of *7 Days in Havana*, a film selected at the 2012 Cannes Film Festival in the 'Un certain regard' category. Composed of seven short films directed by seven internationally-renowned directors, the film is a first in the world of cinema, as it is a sponsorship initiative by the Havana Club brand.

As the production is intended for international distribution, the Legal Department has ensured its compatibility with the various laws concerning the promotion of alcoholic beverages.

IRISH DISTILLERS, PARTNERING WITH KEVIN SPACEY TO SUPPORT SHORT FILMS

In September 2011, Irish Distillers signed a partnership agreement with Kevin Spacey and his production company, Triggerstreet, to organise the *Jameson First Shot with Kevin Spacey* competition. Open to young screenwriters and directors, it offers them the chance to direct a short film produced by Triggerstreet and starring Kevin Spacey. The legal teams verified the project's feasibility and oversaw the conditions of its promotion regarding the Jameson brand's presence.

What can we do in response? Our priority is firstly to ensure that the local teams—starting with the sales teams—are fully aware of this problem. Such awareness ahead of time allows us to be immediately informed of any infringement and to react quickly to put a stop to it. Furthermore, the recognition of the status of 'Well-Known Trademark' lets us extend

the protection of our rights beyond the area of spirits. In China, for example, we used the 'Well-Known' status this year to challenge over 20 instances of multiple products infringing upon the Chivas Regal Scotch whisky trademark.

On the subject of anti-counterfeiting, how does the *Blue Lotus* programme work?

Launched five years ago by the Legal Department, *Blue Lotus* illustrates the success of coordinated action within the Group in the fight against counterfeiting and the imitation of our products in China. This programme, which leverages the expertise of several functions including Public Affairs, Logistics, Communication, Brand Security, and the Research Centre, has led to numerous criminal convictions and prison sentences.

In March 2012, the Hangzhou District Court ordered the producers of a whisky sold under the name Élysée Regal to cease all counterfeiting activity, pay substantial damages and issue an apology. This decision sets an important precedent, as the judges recognised the trademark infringement by the shape of the bottle. Chivas Regal is in fact a three-dimensional trademark as its packaging is registered in three dimensions. Encouraged by the effectiveness and results of *Blue Lotus*, we decided to extend this good practice to other countries, such as Vietnam and Colombia.

How is intellectual property protection being tailored to new channels of communication, epitomised by social networks?

Our legal strategy actually takes into account the development of digital media, and particularly social networks. Our brands now have a strong and active presence in these channels, which offer tremendous opportunities for communication due to their interactive and ever-changing content. But, here again, this requires close collaboration between the marketing and legal teams. The Legal Department has established Group-wide guidelines—the Social Media Policy—in order to maximise the value of our intellectual property assets. As such, the usernames created by the Group are protected and defended in the same way as the brands. In addition, a *Responsible Drinking Charter* has been adopted by Pernod Ricard and will soon be posted on social networks, reflecting our desire to encourage responsible drinking and user accountability.



CONNECTED MARKETS



Pernod Ricard's decentralised model is a major asset in understanding consumer needs. The wholly-owned Distribution Network guarantees a commercial presence close to customers, ensuring better comprehension of local tastes and customs. Thanks to the connections that it forges on the ground on a daily basis, the 75 Market Companies, grouped into 4 Regions, can quickly respond to consumer expectations.

P.60 STRATEGY ▪ **P.66** ASIA, PACIFIC ▪ **P.72** AMERICAS
P.75 EUROPE, AFRICA, MIDDLE EAST ▪ **P.82** FRANCE

CONQUERING NEW TERRITORIES

ALEXANDRE RICARD, DEPUTY CHIEF EXECUTIVE OFFICER & CHIEF OPERATING OFFICER



How did the regions contribute to the Group's growth in 2011/2012?

Let's start with our number one growth driver: Asia and Rest of the World. This particularly dynamic region now represents 39% of our net sales and is growing at an overall rate of 15%. Within the region, remarkable performances were recorded by China (+24%) and India (+26%) as well as by Vietnam, which is showing strong growth one year after the creation of our subsidiary. In Africa and the Middle East, the Group also had an excellent year (+12%).

Representing 26% of net sales, the Americas region is growing (+6%), due to the steady recovery of the United States (+5%). Growth is accelerating in the American market—the Group's largest—driven by our Premium brands and led by Jameson (+29%), Malibu (+10%), The Glenlivet (+9%) and Perrier-Jouët (+9%). In Brazil, business is up by +13%, driven mainly by our Top 14 portfolio of strategic brands (+26%).

In Europe, excluding France (26% of net sales), the overall performance was good (+2%), but highly uneven. The strong growth of Eastern Europe (+16% *vs.* +9% in 2010/2011) offset the West's sluggish economy (–1%). Unsurprisingly, Spain, Portugal, Greece and Italy were the hardest-hit markets. However Germany, the Netherlands and Belgium all recorded a good performance.

Finally, France, which represents 9% of net sales, was hit by a sudden 14% increase in taxes and duties on spirits in January 2012. After a positive effect over the first half of the year related to overstocking, consumption fell off considerably in the second half, with a marked impact on aniseed-based spirits.

What is your take on these results?

When we look at the growth of our portfolio of strategic brands in mature markets such as the United States, we see the full significance of our strategy. Premiumisation continues to pay off. Two-thirds of the Top 14's 10% growth is driven by the price/mix effect. Innovation is also a key factor. Malibu's growth in the United States reflects the new life breathed into the brand by innovations such as Malibu Red and Malibu Black. We continue to grow in China, led mainly by Martell. The excellent results of Travel Retail in this region (+23%) are largely due to Premiumisation.

In Southern Europe, our flagship brands are still holding up well: Beefeater gin remains a bestseller in Spain, and has even gained market share. Eastern Europe, and Russia in particular, are growing in line with our targets: +28% in this market, led by Jameson, Chivas and ArArAt, the Armenian brandy. France also produced some pleasant surprises. Despite a subdued economic climate, ABSOLUT and Havana Club grew by 13% each.

Asia confirmed its role as a key growth driver for the Group. How can you consolidate your positions in this region which attracts everyone's interest?

The fact that we were pioneers in Asia gives us a competitive advantage in this region, which has been the top contributor to the Group's performance since 2010. Our priority is to accelerate and increase our lead through Premiumisation, innovation and geographical expansion. To consolidate and improve our positions, we have a perfectly balanced portfolio of imported Premium and Prestige brands that fully meets consumer expectations. This means strengthening our positions in China, where we are market leaders, and

in the global economy should triple by 2050, from 4% to 12%. It's the only continent in which our presence is still limited. Our subsidiary in South Africa is already performing well. With a 12% market share, it's the third-largest spirits company in the country, less than 20 years after its creation. Jameson leads the Premium whisky category there. In addition, we are expanding our network to take advantage of all growth opportunities. In line with our model, we are sending entrepreneurs to Africa—pioneers who can create an organisation that integrates local populations. Our model is based on this entrepreneurial spirit, which is essential for capturing new territories. It has led to our success in Asia, and will ensure our future success in Africa.

ALEXANDRE RICARD



2003: Joins the Group at the Holding Company, in the Audit and Development Department.

2004: Becomes Chief Financial Officer of Irish Distillers.

2006: Named Managing Director of Pernod Ricard Asia Duty Free.

2008: Returns to Ireland and Irish Distillers as Chairman and CEO.

2011: Takes the position of Managing Director, Distribution Network.

2012: Appointed Deputy Chief Executive Officer and Chief Operating Officer of the Group.

winning the number 1 position in markets where we are currently number two, such as South Korea, Thailand and Hong Kong. To do so, we have to win the talent war in order to attract and retain the best candidates. Finally, we have to step up the fight against counterfeits. We will tirelessly defend the integrity of our products—an aggressive protection made all the more necessary by the increasing Premiumisation of our brands.

In 2012, the Group announced the creation of Pernod Ricard Kenya, Angola, Nigeria, Namibia, Ghana and Morocco, giving it a much larger presence in Africa. In what way is this continent important for the future?

Africa is to the Group what Asia was 15 years ago when we established a foothold there: a future growth opportunity. With its one billion inhabitants, Africa is home to one-sixth of the world's population. This figure is expected to double by 2050. Its share of wealth

You play a predominant role in deploying an enterprise social network called Pernod Ricard Chatter®. In what way is this a major tool for boosting the Group's performance?

I am indeed very involved in the development of a Group social network, and I'm certain that it can be an extremely powerful tool if used properly. Pernod Ricard Chatter®, developed by Salesforce.com—the most innovative company in the world according to *Forbes* magazine—is primarily a tool for sharing and exchanging between subsidiaries, and a collaborative tool that promotes the quick and horizontal flow of information, free from any hierarchy. In a highly-decentralised Group where decisions are made close to the ground, its purpose is to speed up communications within knowledge- or interest-based communities. The members of these communities will share their best practices and discuss their common issues in order to increase responsiveness and efficiency. Such communities may be public or private, permanent or temporary. We are in the test phase, but already have over 100 'active communities' and 1,850 employees using them. In this context, Pernod Ricard Chatter® is introducing a new way of working, a new mindset in line with our times and our digital strategy. The on-going confrontation of ideas stimulates innovation and creativity. A study by the McKinsey Global Institute showed that companies that had successfully shifted to a new way of working saw their employees' productivity increase over 20%. This type of tool, which is fully in line with Pernod Ricard's culture of conviviality, tends to abolish geographical and hierarchical boundaries. It frees up information and expands access to it in full transparency. It will be open to all employees in early November. The participation of everyone is essential to the success of Pernod Ricard Chatter®, and I am confident in our ability to adopt it and make it come alive. For my part, I will see to it that everyone understands that their voice, their ideas and their experience are essential to everyone else.

THE GLOBAL WINE & SPIRITS MARKET

REGIONAL FOCUS

EMERGING ECONOMIES: KEY DRIVERS OF MARKET GROWTH

By **MARTIN RILEY**
Pernod Ricard Chief Marketing Officer

In 2011, the growth of the international spirits market was largely driven by emerging economies: these countries, spread across all geographical regions, represent one-half of worldwide growth, whereas they account for just one-quarter of the market. Among them, Brazil, up 23%, and Russia, up 17%, contributed the most to the growth of the international spirits market. India, Argentina and China also made a significant contribution to the global market's momentum. North America, with a 39% market share, is still the leading geographical region. Its dynamism springs from the United States: although mature and already number 1 for international spirits, this market continues to grow at a sustained pace, rising 3.6% in 2011. Central and South America, which grew by 12% in 2011, is the number 2 region in driving worldwide growth: just behind Brazil and Argentina, where international spirits grew by about 25%, Chile and Colombia are also significant drivers of regional growth, with the markets in both of these countries up by 15%.

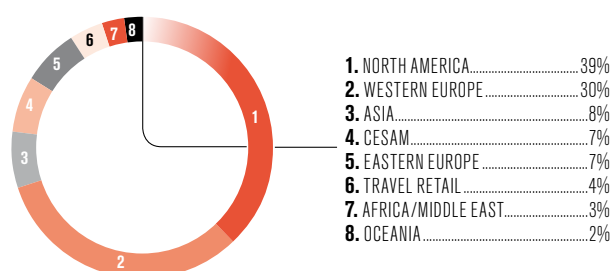


Asia is number 3. India and China are the fastest-growing countries, with rises of 27% and 12%, respectively. Other countries in the region are highly dynamic, especially Indonesia, Vietnam and the Philippines. On the market of wines, China represents a major phenomenon: this country alone accounts for 60% of the worldwide's growth. Global Travel Retail again recorded an excellent performance in 2011/2012, rising 10%. The Ultra-Premium and Prestige segments were an outstanding success, with overall growth of 17%.

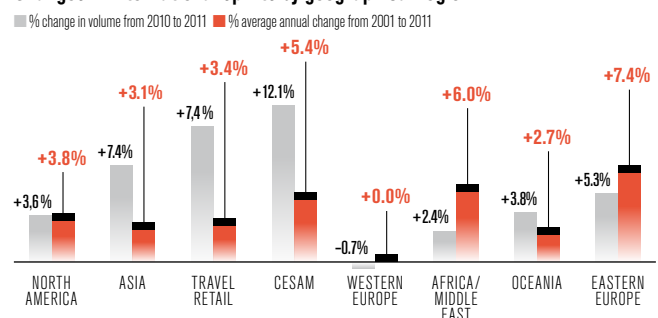
In Europe, the situation is more diverse: on the one hand, Eastern Europe is dynamic, led by Russia, and Ukraine (up 29%), and this despite a drop being recorded in Poland. On the other hand, Western Europe is virtually flat, slipping 0.7%, marked by downturns in Spain and Greece, which were offset by Germany's robust growth. France, the number 2 market for international spirits, recorded a slight increase in 2011, of 1.3%.

Source for this article: "The Pernod Ricard Market View", based on IWSR, volume data at end-2011 for international spirits and bottled wine brands.

Breakdown of international spirits by geographical region in 2011

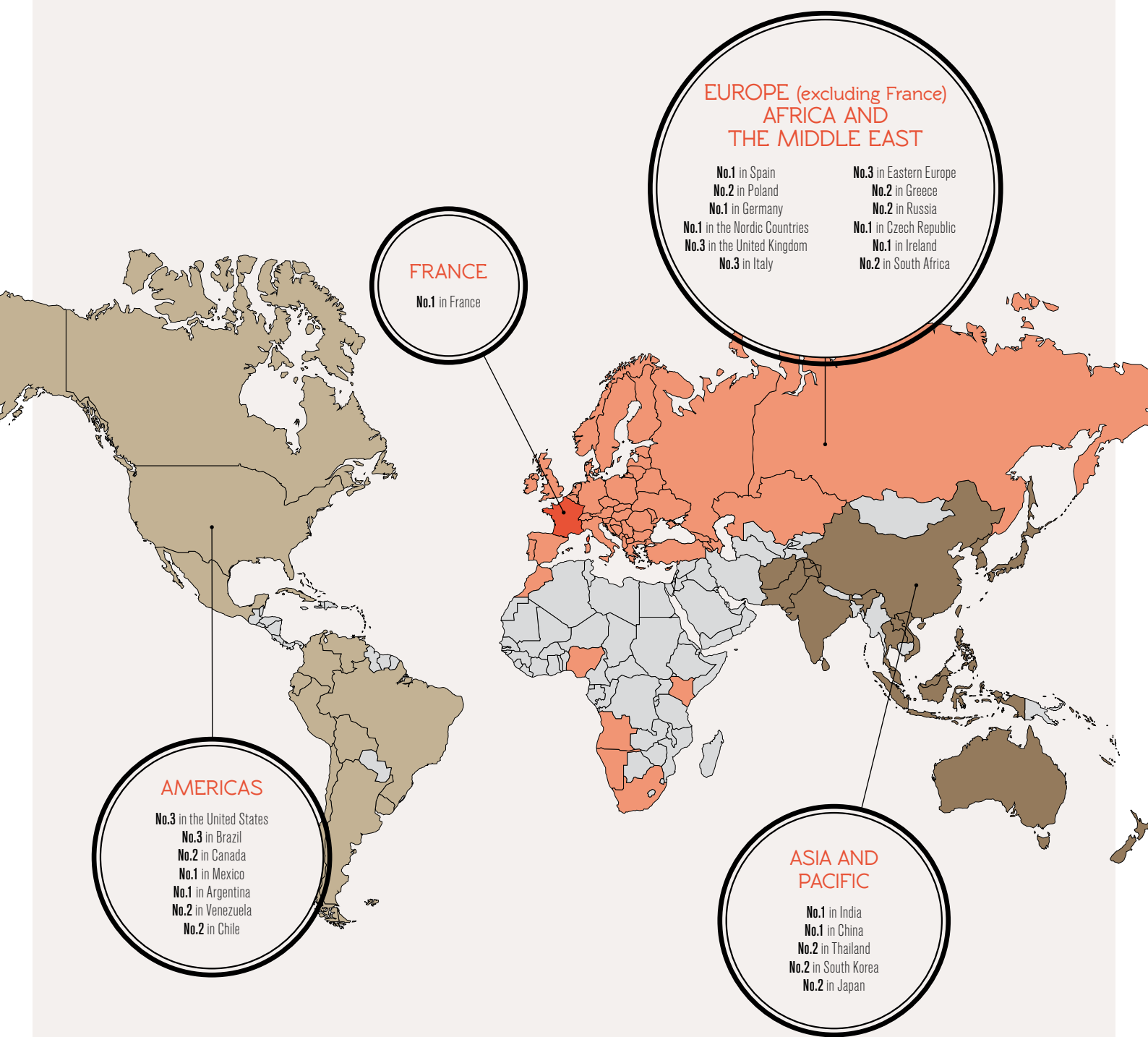


Changes in international spirits by geographical region



PERNOD RICARD

Four regions for a global leadership⁽¹⁾



(1) Source: "The Pernod Ricard Market View", based on IWSR, volume data at end 2011—Western-style spirits, excluding ready-to-drink, wines and wine-based aperitifs. Ranking among international groups. Portfolio at 28 July 2012.

MARKET COMPANIES

The Market Companies of Pernod Ricard are responsible for promoting and selling the Group's local and international brands. As the entities closest to consumers, they work continuously to increase their understanding of market expectations.

Their collaborative approach with the Brand Companies allows them to tailor the brands' overall strategies to the conditions of each market. The Group has outlined four major regions to map its international presence: Asia and Rest of the World, the Americas, Europe (excluding France) and France. The presentation of the Committees below reflects their composition on 30 June 2012. It does not take account of any changes occurring after this date.

PERNOD RICARD ASIA



FIRST ROW FROM LEFT TO RIGHT

Phanuwat Wongsripisant, Managing Director Thailand
 Tim Paech, Managing Director Taiwan
 Kevin Lee, Managing Director Philippines
 Pierre Coppéré, Chairman & CEO
 Hélène De Tissot, VP Finance
 David Freeborn, Managing Director Gulf
 Cyril Sayag, VP Public & Legal Affairs
 Bernard Coulaty, VP Human Resources

SECOND ROW FROM LEFT TO RIGHT

Jean-Etienne Gourgues, Managing Director Japan
 Glen Brasington, VP Marketing
 Paul-Robert Bouhier, Managing Director Singapore
 Jean-Manuel Spriet, Managing Director Korea
 Cheng Keang Tan, Managing Director Malaysia
 Thibaut de Poutier, Managing Director Asia Duty Free
 Mohit Lal, Managing Director India
 Quentin Job, VP Innovation & Commercial Development
 Con Constandis, Managing Director China
 Xavier Beysecker, Managing Director Hong Kong

PERNOD RICARD AMERICAS



FIRST ROW FROM LEFT TO RIGHT

Thierry Pourchet, VP Finance
 Cedric Retailleau, Managing Director Mexico
 Cedric Ramat, VP Human Resources
 Franck Lapeyre, Managing Director Americas Travel Retail
 Geoffroy Germano, VP Marketing

SECOND ROW FROM LEFT TO RIGHT

Bryan Fry, Managing Director Brasil
 Patrick O'Driscoll, Managing Director Corby Distillers
 Frank Gaudet, VP Operations
 Philippe Dreano, Chairman & CEO
 Audrey Yayon-Dauvet, VP Legal & Public Affairs
 Sergio Marly, Managing Director Argentina Cluster
 Jean-Francois Collobert, Managing Director Venezuela Cluster
 Paul Duffy, Managing Director United States

PERNOD RICARD EUROPE⁽¹⁾



FIRST ROW FROM LEFT TO RIGHT

Dennis O'Flynn, Managing Director, UK • Guillaume Girard-Reydet, Managing Director Polska • Selçuk Tumay, Managing Director Turkey • Noël Adrian, Deputy Managing Director • Laurent Lacassagne, Chairman & CEO • Anthony Schofield, Managing Director Jan Becher • David Haworth, Managing Director Deutschland • Nicolas Krantz, Chief Financial Officer

SECOND ROW FROM LEFT TO RIGHT

Mathieu Prot, Legal Director • Philippe Meert, Commercial Development Director • Christophe Lemarié, Managing Director Hellas • Benoit Laug, Managing Director Southern Central Europe • Francisco de La Vega, Managing Director, Swiss • Jean-Marc Roué, Operations Director • Fabrice Audan, Managing Director Nordic • Michel Mauran, Managing Director Italia

THIRD ROW FROM LEFT TO RIGHT

Éric Laborde, Managing Director Eastern Europe • Jean-Louis Laborde, Managing Director Middle East & North Africa • Bruno Goimier, Human Resources Director • Francesco Taddonio, Marketing & Development Director • Philippe Coutin, Managing Director Iberia • Laurent Pillet, Managing Director Sub-Saharan Africa • Ian Williams, Managing Director Travel Retail Europe

SOCIÉTÉ PERNOD



FIRST ROW FROM LEFT TO RIGHT

Bernard Pech, Operations and Innovation Director
Régis Souillet, Chief Administrative & Financial Officer
Sylvie Machenaud, Communications Director

SECOND ROW FROM LEFT TO RIGHT

Christian Fiette, Commercial Director
Estelle Rivals, Human Resources Director
César Giron, Chairman & CEO
Mathieu Deslandes, Marketing Director

SOCIÉTÉ RICARD



FROM LEFT TO RIGHT

Sébastien Mouquet, National Sales Director
Michael Merolli, Marketing Director
Philippe Savinel, Chairman & CEO
Vincent Turpin, Finance & Administration Director
Jean-Charles Castellano, Human Resources Director
Jean-Michel Senaud, Operations Director

(1) Jean-Marc Bryskere, Managing Director of the Benelux cluster, left the Group on 15 September 2012.

ASIA



+15%

NET SALES ASIA
AND REST OF THE WORLD
(ORGANIC GROWTH)

+21%

PROFIT FROM RECURRING
OPERATIONS ASIA AND
REST OF THE WORLD
(ORGANIC GROWTH)

Sustained growth and Premiumisation are the key words for the year in Asia, where brands are building or strengthening their reputation through their involvement with exclusive, cultural or sporting events. This strategy has borne fruit with double-digit growth in numerous markets.

HISTORY

Pernod Ricard established itself in Asia over 30 years ago, with two initial subsidiaries in Thailand and Hong Kong, and an entity devoted to the Asian Duty Free market. Its roots developed as it increased in size on a global scale. Pernod Ricard now has subsidiaries in 13 of the region's major markets.

KEY POSITIONS

No.1 international group in Asia, including China, Japan, Travel Retail Asia, India, Malaysia, Singapore, Indonesia, Taiwan, Vietnam and Gulf.

No.2 in Korea, Thailand, Japan and Hong Kong.

In 2011/2012, Asia recorded double-digit growth in volume, thanks to strategic brands such as Chivas Regal (+11%) or Martell (+14%) and Indian whiskies (+17%). In particular, Blenders Pride was the leading Premium whisky brand in India for the third consecutive year. Furthermore, thanks to its Premiumisation strategy, the region witnessed strong growth in prestige spirits and champagnes: Royal Salute sales were up +19%, with Martell XO up +24%, The Glenlivet up +29% and Perrier-Jouët up +45%.

This Premiumisation strategy enables Pernod Ricard Asia to build a strong relationship with the consumers of luxury products. In 2011/2012, several innovations were brought to market to meet the expectations of this new clientele: Martell Chanteloup Perspective, Royal Salute Diamond Jubilee Limited Edition, created to mark 60 years of Queen Elizabeth II's reign, the new L'OR de Jean Martell gift pack, created by designer Eric Gizard, and the launch in China of wines by Yao Ming, the international basketball star, who awarded exclusive distribution rights to Pernod Ricard. In India, the Premiumisation concept was also reflected by innovations such as Royal Stag Barrel Select and Blenders Pride Reserve Collection, the most expensive Indian whisky currently available on the market.

PREMIUMISING: CREATING VALUE AND EXPERIENCES

Premiumisation today also means launching new services. As such, Pernod Ricard China focused its attention this year on high-income consumers in particular. For the second consecutive year, the subsidiary was present at the Hainan Rendez-Vous, the lifestyle fair that targets the wealthiest individuals in China.

In this event the Elite Club was introduced, a genuine VIP service to deliver luxurious lifestyle to the high net-worth individuals. During the fair, Elite Club VIPs were offered gourmet menus as well as Yao Ming wines selected by the Cellar Master, and Perrier-Jouët champagnes chosen by the brand's ambassador.

Members were also able to benefit from an exclusive programme and advantages: enjoy the best cigars and finest wines and spirits in a private lounge, access to Elite Club Pavilion, Elite Club yacht and invitations to dinner tastings.

A PRESENCE REINFORCED BY WIDE-SCALE TV CAMPAIGNS

In 2011/2012, brands also increased their advertising presence on television. With the *Today's Kings* TV campaign, shot in New Zealand by director Jeff Darling, Pernod Ricard China further consolidated the luxury status of the Royal Salute brand. The campaign was part of the *Noble Leadership* global communication platform, which explores new dimensions in the luxury world and redefines the codes of Prestige whisky.

Pernod Ricard India created a talking-point with the *Men Will Be Men* TV campaign around the brand Imperial Blue. The campaign, which depicts young Indian businessmen in comical situations, won the Abby Awards (the most sought-after advertising prize in India) for the best advertising film of the year.



DEJAVU, a short film by Wong Kar-wai for Chivas Regal 25.

KEY EVENTS



ASIA

POLO, A PRIVILEGED ACCESS TO THE LUXURY WORLD

Asia is the region in which the luxury segment has increased most rapidly. In order to position itself within it, Royal Salute sponsors the sport of kings, polo. In Rajasthan in December 2011, Pernod Ricard India organised the Royal Salute Maharaja of Jodhpur Golden Jubilee Cup, an ultra-exclusive tournament. In Beijing, China, Royal Salute was the main sponsor of the final of the Royal Salute Gold Cup in the China Open Polo Tournament. The event attracted the elite of the Chinese capital and some of the world's best polo players.



HONG KONG

ABSOLUT, THE LEADING LIGHT ON THE HONG KONG ART SCENE

In May 2012, the 5th edition of ART HK 12, Hong Kong's international art fair, attracted collectors, curators, artists and gallery owners from 38 countries. ABSOLUT made its artistic contribution to the event in the form of the ABSOLUT BLANK campaign, which gave artists the chance to reinterpret the famous ABSOLUT bottle. Stanley Wong, one of Hong Kong's most up-and-coming artists "got the ball rolling" by offering his own vision of ABSOLUT BLANK: four Chinese characters meaning "to build your house with your heart", in Hong Kong's national colours—red, blue and white.

ASIA

**THE DYNAMIC DRIVE OF
A NEW DIGITAL COMMUNITY**

Throughout the area, digital communication campaigns have allowed the Group's brand fan communities to be expanded. In India, a Facebook campaign for Blenders Pride, the *Blenders Pride Fashion Tour 2011* with star Priyanka Chopra, attracted 135,000 new fans in just four weeks. In China, the live satellite broadcast in eight cities of the concert marking the end of the Chivas *Craft of Chivalry* cam-

paign drew 130,000 viewers. In Japan, the *Café de Paris* digital community was set up to help fans take their first steps in food and wine associations. In Tokyo, Chivas Regal used the very latest augmented reality technologies to allow consumers to discover Chivas 18 cocktails directly *via* their mobile phones.

SPORTING SPONSORSHIP TO SHARE VALUES

The sponsoring of sporting events remains an effective way to rapidly increase brand aware-

ness using communication platforms that can be pooled over different markets. This is the case for the Ballantine's Golf Championship 2012, an event that took place in Korea and was amplified across the region in markets such as Taiwan, while China hosted the Ballantine's Omega Mission Hills World Cup.

KEY
EVENT



MALAYSIA

MALAYSIAN VIEWERS TRAVEL THE ROADS OF EUROPEAN GASTRONOMY

In partnership with the Asian Food Channel, Pernod Ricard Malaysia produced a six-episode mini-series entitled *Great Dinners of the World*. This programme follows the progress of four young Asian chefs.

As they visit France and Scotland, they organise gourmet dinners in historic locations, along with the finest wine and spirit brands in ultra-Premium and Prestige categories, including Royal Salute,

The Glenlivet, Chivas Regal, Martell and G.H.MUMM. The campaign considerably increased awareness of the Group's brands, thanks to more than 500,000 viewers who watched the series.

PACIFIC



Pernod Ricard has long been established in the Pacific region, and some of its most well-known wine brands like Jacob's Creek and Brancott Estate herald from the region. The Group is present in Australia and New Zealand as a distributor of wines and spirits from its portfolio, as well as in Travel Retail through its subsidiary Pernod Ricard Pacific Travel Retail, created in 2006.

IN AUSTRALIA, GROWTH FAR IN EXCESS OF MARKET TRENDS

In 2011/2012, in a stagnant Australian market, Pernod Ricard had a very good year. Jacob's Creek was up +6% in value, well above the market (+2.4% only). The brand, whose reputation was strengthened through its sponsorship of the Australian Open, was also responsible for the most significant wine launch of the year in Australia, with Cool Harvest. Brancott Estate also managed to outgrow the market, up 13% in value (with Stoneleigh), as well as Wyndham Estate (+17%). The largest increase was experienced by G.H.MUMM, which saw +85% in value, outperforming a dynamic category

which grew at +14%. In spirits, ABSOLUT grew by 22% in volume while Chivas Regal, Royal Salute and Jameson successfully continued their Premiumisation strategy.

IN NEW ZEALAND, LEADERSHIP AND PREMIUMISATION

In New Zealand, Brancott Estate led the wine category for the entire year, with an unprecedented activation strategy that enabled it to reach an awareness level of 65%. Stoneleigh continued its Premiumisation strategy, focusing on innovation and activation campaigns. Jacob's Creek remains the leading Australian wine in New Zealand, and Wyndham Estate

strengthened its status as the leading Australian Shiraz. ABSOLUT made its mark with several innovative launches and Chivas Regal recorded strong growth of +18% in volume.

A MIXED YEAR FOR TRAVEL RETAIL

The high rate of the Australian dollar had a substantial impact on tourism and the level of passenger spending in domestic airports. However some brands did over-perform such as G.H.MUMM, which saw sales rocket by +86% in volume, and Martell which was up +29% in terms of volume. The launch of ABSOLUT Gräpevine in New Zealand was also a success, generating excellent sales figures.

KEY EVENTS



G.H.MUMM, OFFICIAL CHAMPAGNE OF THE 2011 MELBOURNE CUP

For the second consecutive year, G.H.MUMM was the official champagne of the Melbourne Cup, with a sponsorship operation which today represents one of the largest brand activation schemes in this part of the world. Over the four days of the event, the G.H.MUMM VIP village welcomed 480 guests. With plain exposure, the brand was covered extensively, up +51% on the previous year.



COOL HARVEST, A REFRESHING RANGE BY JACOB'S CREEK

The new Cool Harvest range by Jacob's Creek was launched in Australia at the end of 2011, by Hollywood iconic star Naomi Watts. Thanks to a night harvest of the grapes, wines of this range are cooler and contain less alcohol than other Jacob's Creek wines. Ideal for summer lunches, Cool Harvest was promoted through a major public relations campaign, celebrating the importance of moments shared among friends.





“

– The queen is invited too!!! I don't remember how one's supposed to greet her...

– Am I dreaming or is this party over 6 floors...?

”

SADIE COWAN

BOTTLING TEAM LEADER
CHIVAS BROTHERS

RADHIKA SHAH

AREA SALES MANAGER
PERNOD RICARD INDIA

From production in Scotland to distribution in India, a shared sense of attention to detail when it comes to Royal Salute whisky.

AMERICAS



+6%

NET SALES
(ORGANIC GROWTH)

+4%

PROFIT FROM RECURRING
OPERATIONS (ORGANIC
GROWTH)

Across the Americas, the Group's brands stand out thanks to their ability to innovate in complex and diverse markets. Increasingly sophisticated and ever more effective, these new marketing initiatives, most of which use digital media, create tight bonds with consumers. By establishing partnerships with the best talents of our time—artists, designers and creators—the brands strengthen their Premium positioning and create value.

HISTORY

Eleven years of continuous growth and three major acquisitions (acquisition of Seagram in 2001, Allied Domecq in 2005, and ABSOLUT in 2008) have breathed new life into Pernod Ricard Americas. Since 2006, this entity has managed the Group's business in the Americas where Pernod Ricard has achieved strong positions in both the Northern and Southern parts of the continent, thanks to its widespread distribution network. Over the past ten years, Pernod Ricard Americas has seen an eleven-fold rise in volumes and a thirteen-fold rise in sales.

KEY POSITIONS

No.2 in volume in the Americas,
No.1 in Mexico, **No.2** in Canada,
No.3 in the United States,
No.3 in Brazil, **No.1** in Argentina,
No.1 in Premium vodka, gin, Irish whiskey,
No.2 in Scotch.

ACCELERATED INNOVATION

In a very fast-changing environment, Pernod Ricard Americas is helping its brands to evolve and entirely rethink the consumer experience by using a sophisticated mix of interactivity, technology and creativity. Innovation is a key driver of growth. It also encourages a continuous improvement approach and a collaborative culture amongst its teams.

In 2011/2012, Corby Distilleries and Pernod Ricard USA were particularly dynamic, with several original initiatives. Pernod Ricard USA created a joint venture with the Avión company to produce and develop the ultra-Premium tequila of the same name, thereby becoming the brand's exclusive distributor throughout the world. Avión tequila built momentum in a breakthrough manner by appearing in major episodes of the seventh season of HBO's *Entourage* TV series. This year, Pernod Ricard USA also launched ABSOLUT Miami, an addition to the ABSOLUT City Series, which pays tribute to the spirit of the world's greatest cities using local flavours.

In Canada, Corby Distilleries launched the second edition of the "i-bar" instant bar concept, bringing together technology and the art of mixology. To access the digital bar, consumers can scan a QR code or go to www.ibarbasics.com and choose from 35 delicious cocktail recipes all based on five Premium spirits from the Pernod Ricard group. The concept generated over \$1 million in in-store sales. Another innovation for Canadian vodka brand Polar Ice is the Polar Ice® Cube,

a 1.75 litre pack that meets the growing consumer demand for larger pack sizes. Additionally Pernod Ricard Brasil made strides in innovation with the launch of a special limited edition bottle, ABSOLUT Rio, designed by Oskar Metsavaht, Creative Director of the Brazilian fashion house, Osklen.

CREATORS AND BRANDS, THE PERFECT MATCH

A partnership brings together two ambitions, two visions, and two cultures to create something new. For Pernod Ricard, every artistic partnership is first and foremost a meeting of minds, giving the brands that extra touch of soul.

In 2011/2012, several projects across the region perfectly illustrated this approach, including the collaboration between ABSOLUT and the electronic dance music trio, Swedish House Mafia, or the creation of Malibu Red, the result of an exclusive partnership between Malibu and RnB star Ne-Yo acting as the Creative Director behind the product. Pernod Ricard Brasil launched a partnership between Ballantine's and electronic music superstar Tiesto to win over new consumers. Social media is essential in reaching young Brazilians: the programme thought up by Ballantine's therefore included a DJ competition, with online voting. The winner had the opportunity to play a DJ set prior to a giant Tiesto concert. After the concert, the Ballantine's Facebook page gained 140,000 new fans. Another example is the collaboration in Colombia between ABSOLUT and one of the most highly-acclaimed local rock groups of



the moment, The Mills. This collaboration allowed to activate the brands in many different ways and generated a strong return on investment.

Lastly, partnerships with renowned artists remain a tried-and-tested way of creating a high-quality aura around a brand. Ballantine's entered such a partnership in Latin America with the *Art of Beyond* programme, enabling three contemporary artists from Mexico, Chile, and Argentina to create three exclusive works inspired by the Ballantine's 12 year-old brand. *Via* broadcasts on the web and a PR campaign, this operation strengthened brand awareness across the entire region.

PREMIUMISATION, A WINNING STRATEGY

The Luxury products market is constantly changing, and consumers are increasingly demanding. With this in mind, Pernod Ricard Americas is developing several approaches to feature its brands in the luxury world. One such approach consists of linking a brand to a prestigious cultural or sporting event. Thus Royal Salute is today synonymous with polo, the ultimate royal sport. In 2011/2012, by sponsoring the largest polo competitions in Brazil, the brand strengthened its strong ties with influential figures and reinforced its status as a luxury brand. For its part, Perrier-Jouët became involved in cinema, through a partnership with the Toronto International Film Festival. During the 2012 festival, the brand's champagne lounge attracted the press and decision-makers, generating over 9.2 million press leads.

Premiumisation also means launching new products, such as ABSOLUT ELYX regionally (except in the United States), and Jameson Select Reserve Black Barrel in the United States at a price Premium of 35% compared to Jameson Original. Premiumising through brand and product enhancement includes the redesign of Plymouth gin's iconic bottle in the United States and PR Mexico's "Martell Trunk", a luxury case made by celebrated trunk makers Pinel&Pinel.

DIGITAL IN THE SPOTLIGHT

For Pernod Ricard, improving the presence of its brands in social media is a key strategic objective, achieved by putting these new formats at the heart of increasingly optimised marketing campaigns. Today, the tendency is to launch local campaigns on a large scale, thereby making the most of significant volumes of contacts. In 2011/2012, three Premium brands in particular rolled out innovative digital strategies, breaking new ground in the relationship between consumers and their brands.

In Brazil, Chivas Regal took advantage of the exceptional penetration rate of social networks in the country to build up its reputation and base communication around the new values of the platform *Live with Chivalry*. In Venezuela, the brand gave consumers the opportunity to discover Chivas 12 YO "at home", with the 'Chivas House Party' concept. This concept, accessible *via* Facebook, provides everything needed for a successful evening, from the bar to the DJ and even the

KEY EVENT



MALIBU RED, A TOTALLY NEW EXPERIENCE

With Malibu Red, a completely new mix of rum and tequila,

Malibu is reinventing the flavoured rum category.

With this launch, under the artistic direction of RnB singer Ne-Yo, the brand offers a full sensory experience, ranging from the video and the song composed especially for the occasion to the Malibu Red recipe itself.

photographer and the layout. Another innovation is Chivas Reality, the first reality show (broadcasted over seven weeks on Facebook and Twitter) bringing together local Dominican celebrities who celebrate various values associated with the brand through an interactive competition.

Pernod Ricard Brasil asked 12 fashion designers to create 12 designs for the launch of ABSOLUT Mode. The collection's virtual catwalk show on Facebook was first shown to a restricted audience. The collection was then

opened up for sale to the general public, who were able to follow the entire creation process online, from the initial inspiration through to production of the designs. In the United States, where station Radio Malibu Boom is still broadcasting, Malibu launched an online competition to recruit the host of a tour sponsored by the brand in ten United States cities. The brand also organised a viral game on Facebook, *Beach Club*, designed to widen consumption of Malibu beyond the traditional summer period. It generated 190

mentions on blogs or online magazines and over 43 million press leads. Lastly, 32,000 new Facebook fans and 2,000 Twitter followers joined the brand.

STRATEGIC BRANDS AT THE HEART OF GROWTH

To build strong brands and generate sustainable growth, Pernod Ricard Americas focuses its efforts on strategic brands. Its activations encourage consumers to endorse the brand, thanks to a creative and innovative marketing approach integrating both traditional media forms and new digital media. Thus in 2011/2012, Pernod Ricard USA and Irish Distillers created a new episode in the adventures of the charismatic John Jameson, with the *Hawk of Achill* ad. Staying in the United States, ABSOLUT paid homage to the LGBT community with ABSOLUT Outrageous and a new advert created by David LaChapelle. The campaign, which included online elements, a mobile app and launches in clubs and bars, triggered high media attention. In this same market, Chivas Regal created the 1801 Club, offering its members exclusive access to invitation-only events in a number of cities. In Mexico, where home-based alcohol consumption is rising fast, Pernod Ricard Mexico launched the *Domecq in Da House* programme. At the heart of this marketing strategy are opinion leaders who play the role of brand ambassadors. After a ten months deployment in three key cities, it reached 500 sponsored events. Pernod Ricard Uruguay gave its consumers the chance to take part in *Ballantine's Plan Bar*, an online competition to create a summer bar from scratch. In the four weeks leading up to the opening of the bar in Punta del Diablo, the project was the subject of intense media buzz. Over 2,000 applicants tried their luck and over 30,000 people visited the finished venue.

KEY EVENTS



1 UNITED STATES ABSOLUT GOES HIGHER AND FURTHER

In partnership with ABSOLUT, Swedish electro group Swedish House Mafia wrote a song entitled *Greyhound* especially for the brand, along with a video. Broadcast on web TV, mobiles and social networks, "Greyhound" was also played live by the group in Florida and California. Dubbed "The Greyhound", both private events featured a fiery one-hour performance by the band, set against a backdrop featuring the campaign imagery and surrounded by bars serving the ABSOLUT GREYHOUND cocktail.



2 BRAZIL BRAZIL EMBRACES ABSOLUT ELYX

In the elite Garden City Shopping Centre in São Paulo, the first seasonal pop-up store of its kind showcased the launch of ABSOLUT ELYX in Brazil. A rustic design was chosen for this exclusive store, in reference to the copper vats where the spirit is purified during its distillation. Throughout the campaign, which lasted two months, customers were offered the opportunity to purchase ABSOLUT ELYX and experience four different hand-crafted exclusive ABSOLUT ELYX cocktails.



3 AMERICAS CHIVAS REGAL: FRIENDSHIP WITHOUT BORDERS

Initially designed as a TV ad, the *Real Friends* campaign, produced by filmmaker Joachim Back, has turned into a veritable project for the entire Americas region, marketed jointly on the United States, Brazilian and Mexican markets, with a particular emphasis placed on digital communication. In Brazil, *Real Friends* brought the brand closer to consumers, as Chivas is now perceived as the ideal brand for sharing good moment with friends. In Mexico, key indicators of the brand moved significantly to make Chivas a more iconic and sought-out Premium brand. Thanks to a dedicated platform, consumers can also share their "real friends" moments by uploading stories, with music and pictures.

EUROPE



+2%

NET SALES
(ORGANIC GROWTH)

+4%

CHANGE IN PROFIT FROM
RECURRING OPERATIONS
(ORGANIC GROWTH)

In Western Europe, despite a tough economic environment, the Group's brands continued to win market share and their potential for further progress remains substantial. In Central and Eastern Europe, Premium brands, supported by increased marketing investment, kept their promises with double-digit growth. This good performance is based on two cornerstones: growing brand interaction with consumers, in particular by pushing further and further digital communications, and a commercial strategy that is able to adapt to the rapidly changing world of distribution.

HISTORY

Present in Europe since its establishment in 1975, Pernod Ricard is the only wines and spirits group to hold self-owned distribution companies in all the continent's key markets.

KEY POSITIONS

No.1 in Europe including France⁽¹⁾,
No.1 in Western Europe, including France,
No.3 in Eastern Europe,
No.1 in Premium and super-Premium segments,
Pernod Ricard has a portfolio of leading international brands in almost all key segments, like Ballantine's, Chivas Regal, Jameson, ABSOLUT, Havana Club and Beefeater, and leading local brands such as Ramazzotti bitter, ArArAt brandy, Ruavieja and Becherovka liqueurs, Mini ouzo and Wyborowa and Luksusowa vodkas.

(1) International spirits.

THE GROUP RESISTS IN WESTERN EUROPE

In Western Europe, despite all well-known difficulties, the Group's brands performed well in 2011/2012. In Southern Europe, some categories continued to grow: in Spain, Beefeater was the highest performer in its category. In that market, the fiscal year ended on a positive note with the launch of Ritual dark rum by Havana Club. Thanks to a more favourable economic situation, Germany had a good year: all international categories, particularly rum and vodka, grew in value by 5-10%. Havana Club, ABSOLUT and Malibu, which continued to win market share, still have the potential to make further progress on this market. As for Jameson, a marketing test conducted in the Berlin region showed that the brand had great growth opportunities. Lastly, the British market remained stable with regards to volumes, despite an increase in indirect taxes. Driven by important investment, Malibu had a very successful year in the United Kingdom, mainly thanks to new products like Malibu Cans.

A VERY STRONG DYNAMIC
IN CENTRAL AND EASTERN EUROPE

In Central and Eastern Europe, Pernod Ricard, which is now clearly dominating this market, continued to make progress in 2011/2012. Russian GDP increased by 4%, due specifically to high oil prices, which stimulated the import of spirits with a notable progression of over 15% for whiskies. The Ukrainian and Kazakh economies were also particularly dynamic. In Poland, the sales of whiskies, which tend to substitute local vodka,

increased sharply. In Turkey, a reduction in duties on imported spirits, which occurred in June 2012, is expected to encourage the consumption of international brands, especially whiskies.

EFFECTIVE INVESTMENTS

Pernod Ricard sped up its investment in Central and Eastern Europe. In Russia, promotional budgets were raised with a particular focus on Premium brands. Results were conclusive, with high growth in whisky sales: +24% for Chivas Regal, +45% for Jameson, the two flagship brands on this market, and 51% in growth for Ballantine's. Thanks to the new design of its bottle and an active promotional campaign, Armenian brandy ArArAt witnessed a sharp upturn of +23%. Ballantine's continued to grow in Poland (+15% in volume), and experienced a positive turnaround in growth in the Balkans, where sales had stagnated during the economic crisis. In Turkey, Chivas Regal had another record-breaking year at +30%, while ABSOLUT launched a limited edition, ABSOLUT Istanbul.

DIGITAL MARKETING AT
THE HEART OF THE STRATEGY

Pernod Ricard has made the digital transformation of its marketing activities a priority on all European markets, with the aim of becoming the most cutting-edge company in this area. A particular emphasis was placed on social networks, with a very significant increase in the number of Facebook fans, particularly in Spain, Italy, Scandinavia, Poland,





“

**– Your attention please!
All passengers for
Havana are invited to
board!**

**– Someone should tell
him that they invented
the microphone a long
time ago.**

”

GRÉGORY ALIBAUX

INTERNATIONAL BRAND DIRECTOR
HAVANA CLUB INTERNATIONAL

FERDINAND BARCKHAHN

MARKETING MANAGER
PERNOD RICARD DEUTSCHLAND

Havana Club and Germany, a duo
whose success cannot be denied.

KEY
EVENTS**1 TURKEY****ABSOLUT ELYX, ABSOLUTELY VISIBLE**

ABSOLUT ELYX was launched in Istanbul in summer 2011. To make the event happen, several pop-up shops were opened and invitation-only events were organised. The brand also developed partnerships with Premium distributors such as the W Hotel and the Angelique luxury night club. It also provided events for barmen to discover ABSOLUT ELYX.

**2 RUSSIA****ARARAT, THE HEART OF ARMENIA**

In Russia, the launch of ArArAt DVIN Brandy was celebrated at the ArtStudio Theatre in Moscow. It was an exceptional tasting evening that brought together 50 ambassadors for this brandy, which expresses the quintessential nature of Armenian culture, for a show organised by actress and philanthropist Chulpan Khamatova. This year, the brand also opened its own museum in the Russian capital within the Armenian Pavilion.

**3 SPAIN****RITUAL BY HAVANA CLUB, OPTIMISM BROUGHT TO SPAIN**

Pernod Ricard España has launched a new dark rum, Ritual by Havana Club, since spring 2012. This product, targeted at Spanish young adults, is an easy-to-drink rum to be mixed as a long drink. It is advertised with the line *Hoy quiero a todo el mundo* (Today I like everybody!), an invitation to optimism.

Turkey and the Balkans. Smartphone apps have been developed to promote consumption modes, such as making a mojito with Havana Club. What's more, digital communication projects and platforms were rolled out across Europe. For instance, the Beefeater project in Spain, the *Big Bad London Digital Project*, combines a website, two YouTube™ channels, a Facebook page and a musical presence sponsored by the brand on portals such

as MySpace and Spotify™. The videos shown on the two web TV sites were seen over a million times. In the United Kingdom, Pernod Ricard created ABSOLUT BLANK LIVE to capture the interest of trendsetters. The brand enabled consumers to make their video profile in a mobile studio, and then saw these brought together on a bottle of ABSOLUT during a concert hosted by DJ Jamie XX at Village Underground.



The Mojito Embassy of Milan.

COMMERCIAL EXCELLENCE AS THE KEY TO PERFORMANCE

In a rapidly changing economic environment, Pernod Ricard is continuously adapting its commercial strategy. In Western Europe, consumer spending today tends to be switching from “on-trade” (bars, restaurants) consumption to drinking at home. As such, discounter shops and e-commerce are the only distribution channels to record double-digit growth. To capitalise on this growth and follow new purchasing patterns, Pernod Ricard has launched a number of initiatives: online management of key account customers, category management initiatives in key countries, or further segmentation of consumer and purchasing behaviour by consumer types. This approach was also applied to Travel Retail, a channel in which Pernod Ricard conducted the most in-depth study of buyers’ behaviour. This has helped understanding the relative importance of gifting *versus* purchases for own consumption, by nationality. It has also shown the importance of promotions and impulse buying for certain categories of spirits. Furthermore, in response to the high growth of markets in Central and Eastern Europe, Pernod Ricard decided to accelerate its investments in these emerging countries, strengthening its sales structures, its know-how and commercial resources. Lastly, the Group launched a segmentation programme for the world of on-trade outlets. The goal is to achieve better targeting of its investments and optimise the time spent by its sales teams on different categories of establishments. For 2012/2013, innovation and Premiumisation remain essential challenges for Pernod Ricard in Europe. The year will be marked by the launch of Aperitivo by Ramazzotti in Italy.

Furthermore, this year will see the rollout of ABSOLUT ELYX across Europe, along with new Malibu products. In total, some 20 innovations should be brought to the market.

KEY EVENT



SPAIN

G.H.MUMM ARRIVES IN MADRID

Pernod Ricard Spain has managed to rise to the challenge of recreating the atmosphere of the House of G.H.MUMM in the heart of Madrid. The champagne brand took over a luxurious pavilion belonging to a 5-star hotel for a week, turning it into a replica of the reception House of G.H.MUMM to offer a programme based around gastronomy and champagne (Michelin-star lunches, oyster bar, professional tasting sessions, etc.). The operation, which was the subject of intense media coverage, helped increase brand awareness in the run-up to the end-of-year celebrations.

SUB-SAHARAN AFRICA

**SUB-SAHARAN AFRICA, NEW AREAS FOR GROWTH**

Sub-Saharan Africa represents a new frontier for Pernod Ricard, which consistently strengthens its footprint in the region. The Group established its first Sub-Saharan African subsidiary in South Africa in 1994. Eighteen years later, Pernod Ricard South Africa is the number 3 spirits company in the country, with 12% market share of international spirits. Jameson, the country's most popular whiskey brand, leads the Premium whiskies category (excluding Scotches).

The Group quickly expanded on its bases on the continent, with subsidiaries or representative offices in Namibia, Ivory Coast and Gabon. Today, it has high hopes for the region, as shown by the planned creation in 2012 of a new representative office in Ghana and three new subsidiaries, in Angola, Nigeria and Kenya. In order to train and federate teams from these new entities, in 2012 the Group opened a *Business and Brand Academy* in Johannesburg. The first sessions took place this year, bringing together interns from Kenya, Reunion, Angola, Ghana, Senegal and Ivory Coast.

**KEY
EVENT****SOUTH AFRICA
CHIVAS REGAL STANDS SIDE-BY-SIDE WITH THE LEADERS**

In July 2012, Chivas Regal launched the Chivas Leadership Programme in South Africa. These monthly seminars, led by external specialists in verbal communication techniques, are designed for current and future leaders of the business world. At the end of each conference, participants are invited to get together to sample Chivas and dine together.

THE MIDDLE EAST AND NORTH AFRICA

**GROWTH OF THE ICONIC BRANDS**

Over the past 15 years and through its successive acquisitions, Pernod Ricard has seen steady growth in the Middle East and North Africa, thanks to a portfolio of iconic brands that are well suited to local demand.

In 2011/2012, despite a very difficult political and economic environment, Pernod Ricard Middle East/North Africa (MENA) saw its volume sales increase by 9%, led by ABSOLUT (+18%) and Chivas Regal (+7%). ABSOLUT is the leading vodka brand in the region, this year launching the ABSOLUT BLANK campaign in Israel, in partnership with Israeli artist Nir Hod. Chivas Regal confirmed its status as number 1 challenger in the super-premium whisky category, winning market share in key countries such as Lebanon where the brand was a partner to the MENA Cristal Festival for advertising. Already the leader for imported spirits in Morocco, Pernod Ricard will strengthen its presence there in 2012 by establishing a full-fledged subsidiary.

**KEY
EVENT****LEBANON
ABSOLUT ON FACEBOOK**

In order to improve its consumer awareness in Lebanon, ABSOLUT strengthened its presence on social networks. The brand took advantage of the glamorous aura surrounding the ABSOLUT Mode limited edition to launch its Facebook page and Twitter feed. The inauguration plan also included an eagerly awaited concert event featuring Armin Van Buuren. Widely publicised in the media, the campaign was a great success: the ABSOLUT Facebook page is now the leading page in Lebanon among spirits. With nearly 40,000 new fans in five months, it is the most commented-on Facebook page for a vodka brand in the country.

CONNECTED

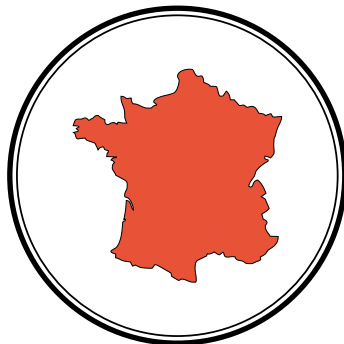
SHARING EXPERIENCES, A KEY VECTOR OF PROGRESS



Gathering the best of local know-how; optimising practices together and sharing them with the entire Group: such is the work of the Pernod Ricard Commercial Development Department (PRCD). Dedicated to strengthening Pernod Ricard's Commercial leadership, Patrick Castanier, Director of the Department, says: *"Our entrepreneurial model promotes the development of skills and good practices that bring us closer to our consumers and our customers in every market. To take it further, our approach draws on the expertise of our affiliates, so that they can feed the global know-how, which, in turn, enhances their expertise. It's a virtuous circle."*

Collaboration and a culture of sharing are the key ingredients for this winning mix. After identifying priority areas of action (such as 'Category Management', 'On-Trade Segmentation', 'Pricing Management', etc.) the Department fostered the creation and coordination of communities of experts and Sales Directors (COMAG). *"It's an effective method for staying close to the ground and promoting buy-in,"* says Patrick Castanier. Their role is to share their experiences, establish a common language, and support the widespread adoption of the optimised practices. The initial results can already be seen: a solution developed in Spain led to a shared On-Trade Segmentation model (PROS) that can classify customers (and consumers) into homogeneous groups in order to better meet their expectations. *"We used this initiative as a starting point, and enhanced it with other best practices from Europe, the Americas and Asia to create an all-purpose solution which can be tailored to the market maturity level,"* explains Patrick Castanier. It has already been adopted by 34 markets and is supported by the brand owners. The Department successfully applies this same approach to other areas, such as Category Management with 'Spirit Time', and with bartenders. For the latter, an iPad training programme has been developed based on experiences in Mexico and the United States, as well as the teamwork of a panel of experts. *"Our secret is the constant improvement of our ability to work together. By doing so, we foster the development and the adoption of our best practices. And that's what counts, because, in the end, it's not the best practice that makes the difference, but its adoption in the broadest sense. These examples are an excellent illustration of that,"* concludes Patrick Castanier.

FRANCE

KEY
EVENTS

two new brands to its portfolio for wine merchants: Augier cognac and Powers Gold Label, the oldest of Irish whiskeys.

THE IMPACT OF COLLECTIONS

Société Ricard multiplied its innovations throughout the year. Clan Campbell launched its first collection, Elements, composed of four glow-in-the dark bottles labelled Earth, Fire, Water and Air, mainly aimed at night clubs and bars. To celebrate the arrival of summer, Pacific, the non-alcoholic aperitif range, added a new strawberry flavour. Launched last year and praised by a panel of consumers, Malibu Fresh, the minty Malibu product, was named as one of the '2012 Flavours of the Year', and benefitted from a national billboard advertising campaign, particularly in coastal areas. In the on-trade, Malibu Fresh was available through the Fresh Box, a dispenser in the product's colours which allows shooters to be served at the ideal temperature.

+13%

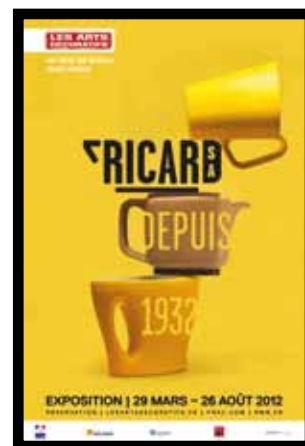
FOR ABSOLUT IN FRANCE
(ORGANIC GROWTH)

ABSOLUT VODKA VIEWED BY ARTISTS

With artistic collaborations still being a key factor in the brands' growth and image, ABSOLUT Vodka once again paired up with renowned artists in 2011-2012. Fashion designer Gareth Pugh created a thoroughly unconventional limited-edition ABSOLUT bottle which features oversized wings and a label in black leather. A poster for ABSOLUT by artist Simon Schubert, created with no ink, no chlorine, and on 100% cellulose paper using micro-folds, was displayed in December inside a bus shelter on the prestigious Avenue de l'Opéra in Paris, at the same time as the national campaign *ABSOLUT PURETÉ*.

CREATIVITY HAILED BY PROFESSIONALS

The year was rich in awards. The new Ricard bottle was honoured by the first prize at the Marketing Design Awards 2011 in the 'Packaging' category, and first prize at the Trophées LSA de l'innovation in the 'Food Design' category, while the limited edition of Chivas Regal 18 by Vivienne Westwood won two awards (Stratégies Grand Prix for Design and Stratégies Grand Prix for Luxury 2011). Several advertising campaigns also received awards, including *ABSOLUT Pureté* (Effie Gold), and the Ricard campaign *80 ans et toujours jaune* (2012 Stratégies Grand Prix in Advertising). In June 2012, the 'Place Ricard' CRM programme won the Stratégies Grand Prix in the 'Customer Relationship Management' category (CRM).



THE YELLOW BRAND TURNS 80

To celebrate the company's 80th anniversary, Ricard staged an exhibition at the Musée des Arts décoratifs in Paris which looked back on nine key moments in its history, displayed through nine blue and yellow island displays created by the architects Jakob and Macfarlane.

LILLET ROSÉ, AN APERITIF SOON
TO BE LAUNCHED IN FRANCE

As owner of the Lillet brand, Société Ricard introduced a new version of this wine-based aperitif, which is already available in white and red: successfully launched in early 2012 in the United States and Germany. Lillet Rosé will be available in France at the end of 2012.

In a difficult economic environment, the brands distributed by Market Companies Pernod and Ricard continue to drive the French market, with product innovations, new ways of consuming and artistic collaborations. They are also multiplying their digital initiatives, whether aimed at consumers, customers or employees.

HISTORY

In 1805, Henri-Louis Pernod founded the company Pernod Fils. In 1932, with pastis Ricard, Paul Ricard invented the first French-style long drink. In 1975, the two companies, Ricard and Pernod, then competitors, joined forces to conquer international markets by creating the Pernod Ricard group.

KEY POSITIONS

Société Ricard is the leader of the French spirits market with a 17.6%⁽¹⁾ market share. The Ricard brand is the **No.1** anise-based spirit, and Clan Campbell is the **No.1** Premium Scotch whisky in France. Chivas Regal, Jameson and ABSOLUT are leaders of their respective segments. In the Pernod company portfolio, the G.H.MUMM, Havana Club, Aberlour and Suze brands are the leaders of their markets and Ballantine's is the **No.2** Premium Scotch whisky. Havana Club is the **No.2** Premium rum. With the two founding companies, the Group is **No.1** in France for whiskies, anise-based spirits, bitters, Premium vodkas and Premium rums.

(1) Nielsen, CAM at end June 2012, in value.



PERNOD

For the brands in the Pernod portfolio, innovation also continued to represent an indispensable source of growth. This is reflected in new launches, as well as investments that are increasingly aimed at digital communication (new ways to launch products, new routes-to-market and new methods for engaging consumers).

INNOVATION DRIVES GROWTH

Three innovations propelled the Suze brand back to growth in 2011/2012: two flavoured products (berry and citrus) and Suze pour bière. The brand enjoys very strong awareness rate (90%) but its bitter taste profile slows the frequency of consumption. The two flavoured products, sweeter in taste, captured 220,000 new buyers in 2011. As for Suze pour bière, by enhancing the taste of beer, a new bitter has been created at an attractive price. Another initiative was the reformulation of Soho Litchi, reducing its alcohol content and introducing two new versions, Soho Caïpi Thai and Soho Gloss, for use in cocktails. Each of them targets a difference audience (respectively, buyers of cocktail bases, young adults and women aged 25-35), but they are all offered at the same price point and are covered by a cross-channel marketing activation. With these launches, the brand gained 1.3 point in market share.

+1%

GROWTH IN
THE PERNOD COMPANY'S
NET SALES

BOOM IN DIGITAL MEDIA AND SOCIAL NETWORKING

The year was also marked by a plethora of digital initiatives: acceleration of e-commerce with qualitative brand listings on 19 targeted websites (compared to just four in 2010/2011); distribution of professional smartphone apps to members of the sales force; launch of a customer portal; and creation of consumer apps with 51 Piscine and Havana Mojito. With the latter, Havana Club has created an app that shows consumers the right way to create their mojitos. The app was downloaded 15,000 times in three days and this figure continues to rise. It is part of an overall marketing strategy that covers traditional media, as well as a presence at festivals, the on-trade and supermarket retail. For its part, Pernod Absinthe was the focus of a large-scale relaunch based on an upmarket digital platform. By highlighting the connection between the brand and the world of design, it captured 1,500 Twitter followers and over 8,200 fans on Facebook.

KEY EVENTS



DIVE INTO 51 PISCINE

In a lacklustre pastis market, Pastis 51 is a challenger, but remains a flagship brand. To relaunch the category and attract a target market of trendy urban consumers and women, the brand launched the 51 Piscine ritual: a longer 51 pastis drink, mixed with more water, served well-chilled with lots of ice in a large glass goblet designed by Tabas, a Marseille artist.



RESERVED FOR WINE MERCHANTS

Wine merchants bring to champagne brands the guarantee of selling volumes and spreading a prestigious image. That's why G.H.MUMM launched its expert range exclusively for them. In its first year, the range achieved its objective of winning over 300 wine merchants.





“

– Your 80th birthday party was fantastic! You haven't aged a bit!

– Thank you, darling. It wouldn't have been the same without you...

”

HÉLÈNE DESCAMPS

CUSTOMER SERVICE MANAGER
PERNOD S.A.

GAËLLE AVELINE

AREA MANAGER
RICARD S.A.

Connected by a shared sense of customer relationship in France.



CONNECTED COMPANY



A pioneer of responsible drinking, Pernod Ricard made Corporate Social Responsibility a primary commitment at an early stage. Attentive to its employees and to concerns about public health and protecting the environment, the Group also encourages artistic creation and entrepreneurial spirit. In the field of human resources, it promotes individual development and people collaborations. In CSR, it is increasing local actions by working closely with associations representing civil society.

P.88 STRATEGY ▪ **P.94** HUMAN RESOURCES ▪ **P.103** RESPONSIBLE DRINKING
P.108 ENVIRONMENT ▪ **P.120** CULTURAL SHARING ▪ **P.124** ENTREPRENEURIAL SPIRIT

THE STRENGTH OF A SHARED COMMITMENT

BRUNO RAIN, MANAGING DIRECTOR, HUMAN RESOURCES AND
CORPORATE SOCIAL RESPONSIBILITY



Pernod Ricard has put Group Human Resources and Corporate Social Responsibility under the same management. What are the reasons behind this decision?

Three years ago, we highlighted how Corporate Social Responsibility was a key issue, as much for our business as for our employees. We naturally decided to elevate this function to the strategic level of the General Management and to attach it to the Human Resources Department. This Department is, of course, one of the main conduits for communicating information about our CSR policy to all employees. Our commitments are above all conveyed by their front-line ambassadors, the Group's employees. Pernod Ricard's priority is to promote responsible drinking and we aim to be exemplary. However, CSR naturally also applies to other concerns in line with the Group's values, such as environment protection.

Last year was marked by the launch of numerous projects in both CSR and Human Resources. What progresses have been made in this area?

All initiatives adopted in 2010/2011 have been deployed or are in the process of being deployed. In Human Resources, the projects are in line with the Group's goal of giving employees the means to manage their own careers, by offering them long-term support. To this end, the Group is implementing tools based on common standards, which ensures consistent management of Talents across all subsidiaries. The job mapping project was finalised in 2011. Since June 2012, we've been rolling out a new HR information system, DARE (Develop, Assess, Recognise, Engage), which will underpin the tools shared between managers and employees. These tools will take on greater importance with the next performance reviews, based on skills standards for each function, as well as for leadership. Employees will thus have fair and constructive feedback from their managers on their performance and their career development plans within the company. In addition to affirming the shared principles that are vital in a decentralised Group, these tools for assessing skills, leadership, managing careers and mobility ensure the uniformity of our actions. They also guarantee a very high level of transparency. Lastly, Pernod Ricard University offers employees development training programmes, designed in large part based on information gathered by these new tools. As for CSR, the system supporting the deployment of the platform launched last year is now operational. We have created a network of regional CSR leaders who act as liaisons with the subsidiaries. A 'CSR Advisory Committee' steers policy at Group level, based largely on the contributions of these CSR leaders.

For the first time, a global opinion survey (I Say) was conducted within the Group to assess the workplace atmosphere. What did you note from the results released in late 2011?

First of all, the very high participation rate of 80%. This reflects by itself the employees' commitment to the company. Next, I noted the excellent scores compared to the panel at Towers Watson, which conducted the survey. We are ranked among the best in the 'Fast Moving Consumer Goods' sector, and among the top 25 companies worldwide across all categories. Employees say they are proud to belong to the Group (93%) and strongly subscribe to Pernod Ricard's values (94%). We've shared the overall results of the survey with all employees, as well as the results at local level.

BRUNO RAIN



1987: Internal auditor at the Holding Company, later appointed Chief Financial Officer of SEGM (now Pernod Ricard Europe).
1994: Joined the Holding Company as Group Chief Financial Officer.
1997: Named Chairman and Chief Executive Officer of Pernod Ricard Argentina (Andes cluster).
March 2000: Appointed Chairman and Chief Executive Officer of Pernod Ricard España.
September 2006: Named Group Managing Director in charge of Human Resources and, since July 2010, Corporate Social Responsibility.

This allows managers to better pinpoint needs as well as areas for improvement in managing their units or teams. At Group level, one of the areas identified was the need for even greater networking to speed up innovation. As a consequence we've just launched an enterprise social network, Pernod Ricard Chatter®.

How will this enterprise social network promote greater cross-functional collaboration?

Pernod Ricard Chatter® is a key element in speeding up project development and innovation. Given the Group's size, the Brand Companies and Market Companies need to be interconnected in a very fluid way in order to test their ideas, share information and best practices. Such exchange between employees around the world is critical. The tool should allow them to query the network instantly, communicate more easily, quickly and informally.

In developing a culture of leadership and Talent, Pernod Ricard University plays a key role. What are its priorities?

Pernod Ricard University is a project launched in 2010. Its management team is in place and has begun to reshape some programmes and create new ones, particularly on leadership. The very popular Top Executive programme, run in collaboration with Insead, will be expanded to make it more accessible to a greater number of people. We are also currently reviewing our overall training approach. Previously, on the one hand we had a Global Centre that dispensed high-level training to 500 participants a year, and, on the other, training provided by the subsidiaries at their own initiative, without much overall coherence between the two. Today, the priority is to build a comprehensive and uniform policy hinging on three elements: Group programmes, some of which will be offered in the four regions that make up our network; training courses specific to our activities, also on a regional basis; and more localised training that fits within the Group's policy. Pernod Ricard University also supports Group-wide initiatives, such as Responsib'ALL Day and Pernod Ricard Chatter®.

Promoting responsible drinking is the main focus of the CSR platform. How would you assess the second Responsib'ALL Day?

For the second year in a row, the Group organised a 'Responsib'ALL Day'. The idea is that all employees join forces simultaneously, around the world, to support a common cause and to act concretely with their families or the outside world. The success of this event is growing, even though this year's theme 'Alcohol and Youth', was more complicated to address than last year's 'Drink Driving'. In the context of worrying rise of the 'binge drinking' phenomenon, the Group wanted to draw attention to this social issue. Pernod Ricard is by nature a legitimate player to lead awareness campaigns reminding the public that alcohol is not an ordinary product. All employees have thus been trained to be a *mentor*, or to be more involved as a *messenger*. The momentum created goes beyond just the dedicated day, and facilitates the development of other projects. For example, last year's Responsib'ALL Day led directly to the funding and development of the 'Safe Roads 4 Youth' initiative, in Vietnam, Argentina and South Africa. This is a key factor of our approach; we are actively working with local populations in the countries in which the Group operates.

A SUSTAINABLE COMMITMENT

With a view to long-term growth, Pernod Ricard has, from its inception, built a unifying policy of social responsibility. This policy relies on the respect of all stakeholders, and more specifically building a trustful relationship with employees. It is organised around four priorities: promoting responsible drinking; protecting the environment; sharing cultures and supporting entrepreneurial initiatives.

○ HUMAN RESOURCES

1938 ▪ Ricard introduces employee shareholding.
1986 ▪ Establishment of stock-options plans.
2006 ▪ Launch of a Sustainable Development Charter with concrete commitments to employees, consumers, shareholders, suppliers and partners.
2007 ▪ Bonus share awards introduced.
2008 ▪ New expatriation policy rolled out.
2010 ▪ Launch of iMove, the Group's internal mobility platform.
2011 ▪ Redefinition of the management model, in a combination of six key competencies.

○ RESPONSIBLE DRINKING

1971 ▪ Jean Hémard, Chairman of Pernod, founds Ireb, the Institut de Recherche sur les Boissons alcoolisées (French Institute for Scientific Research on Alcoholic Beverages).
1990 ▪ Pernod Ricard is a founding member of the EFRD (European Forum for Responsible Drinking) which promotes responsible drinking and encourages industry companies to adopt self-regulation standards on commercial communications.
2005 ▪ Pernod Ricard introduces self-regulation on the advertising campaigns for its strategic brands.
2011 ▪ The Group organises the first Responsib'ALL Day, a day of action and prevention mobilising all employees around the world.



○ ENVIRONMENT

1966 ▪ Paul Ricard creates the Oceanographic Institute on the island of Les Embiez.
1970 ▪ Martell founds Revico, a company that processes stillage from the Cognac region using anaerobic digestion.
2004 ▪ The Group adopts a comprehensive Quality Safety Environment policy.
2010/2011 ▪ Endorsement of the United Nations CEO Water Mandate and the French national strategy for biodiversity.

○ SHARE OF CULTURES

1975 ▪ Pernod Ricard initiates its collection of original artworks; a work is commissioned every year to illustrate the cover of the Annual Report.
1997 ▪ Pernod Ricard becomes a partner of the Centre Pompidou, one of the world's most important museums, holding the leading collection of modern and contemporary art in Europe.
2006 ▪ Creation of the Ricard Corporate Foundation.

○ ENTREPRENEURSHIP

2005 ▪ Beginning of partnership with L'APPEL association: launch of water-tank programme in Haiti and support for students in Vietnam and Peru.
2011/2012 ▪ Renewal of the partnership with PlaNet Finance association, to support the development of a cooperative of Armenian winemakers.

RESPECTING AND COMMUNICATING WITH STAKEHOLDERS

In 2010, Pernod Ricard reaffirmed its commitment to the concept of Corporate Social Responsibility through its new CSR platform that covers economic, social and environmental aspects. This commitment shapes a business model that respects all its stakeholders: employees, consumers, shareholders, partners and local communities. Pernod Ricard is mindful of taking their expectations into account and forging a constructive and concerted dialogue with them.

INVESTING IN ITS EMPLOYEES

Pernod Ricard's business model is based on strong values: an entrepreneurial spirit, mutual trust, a sense of ethics and a unique culture of conviviality. This model reinforces adherence as well as individual and collective performance. With a keen interest in fostering its employees' professional growth, the Group supports them through an ambitious, long-term career development path which strongly encourages mobility and promotes diversity.

PROVIDING EXCELLENCE TO CONSUMERS

Pernod Ricard is committed to providing its customers and consumers with high-quality, ever more innovative products to satisfy their changing preferences. The Group takes special care in the manufacture of its products, applying hygiene and safety standards that exceed current regulatory requirements. In addition, Pernod Ricard has made the fight against inappropriate or excessive consumption of its products an absolute priority in its CSR policy.

GOOD PRACTICE



COMMUNICATING ON THE GROUND AND THROUGH DIGITAL MEDIA

In early 2012, Société Ricard published 7,500 copies of a brochure entitled *Respect*, which summarizes its Corporate Social Responsibility policy. The aim: to inform customers, consumers and suppliers about the good CSR practices of the company, which was awarded first prize of the Trophées PACA 2011. The brochure has four sections which describe its four commitments based on the notion of respect:

- Respect for employees
- Respect for consumers
- Respect for partners
- Respect for the environment.

In February 2012, Société Ricard introduced a CSR web TV channel on its corporate website www.ricard.fr which regularly shows video reports outlining the company's good practices in CSR.

COMMUNICATING WITH SHAREHOLDERS

Pernod Ricard maintains a relationship of trust with its shareholders, based on dialogue and transparency ¹. With a focus on long-term growth, the Group strives to offer an attractive return on investment to its shareholders by increasing share value and payment of dividends. It also undertakes to keep them regularly informed about the Group's activity and results.

SHARING WITH ITS PARTNERS

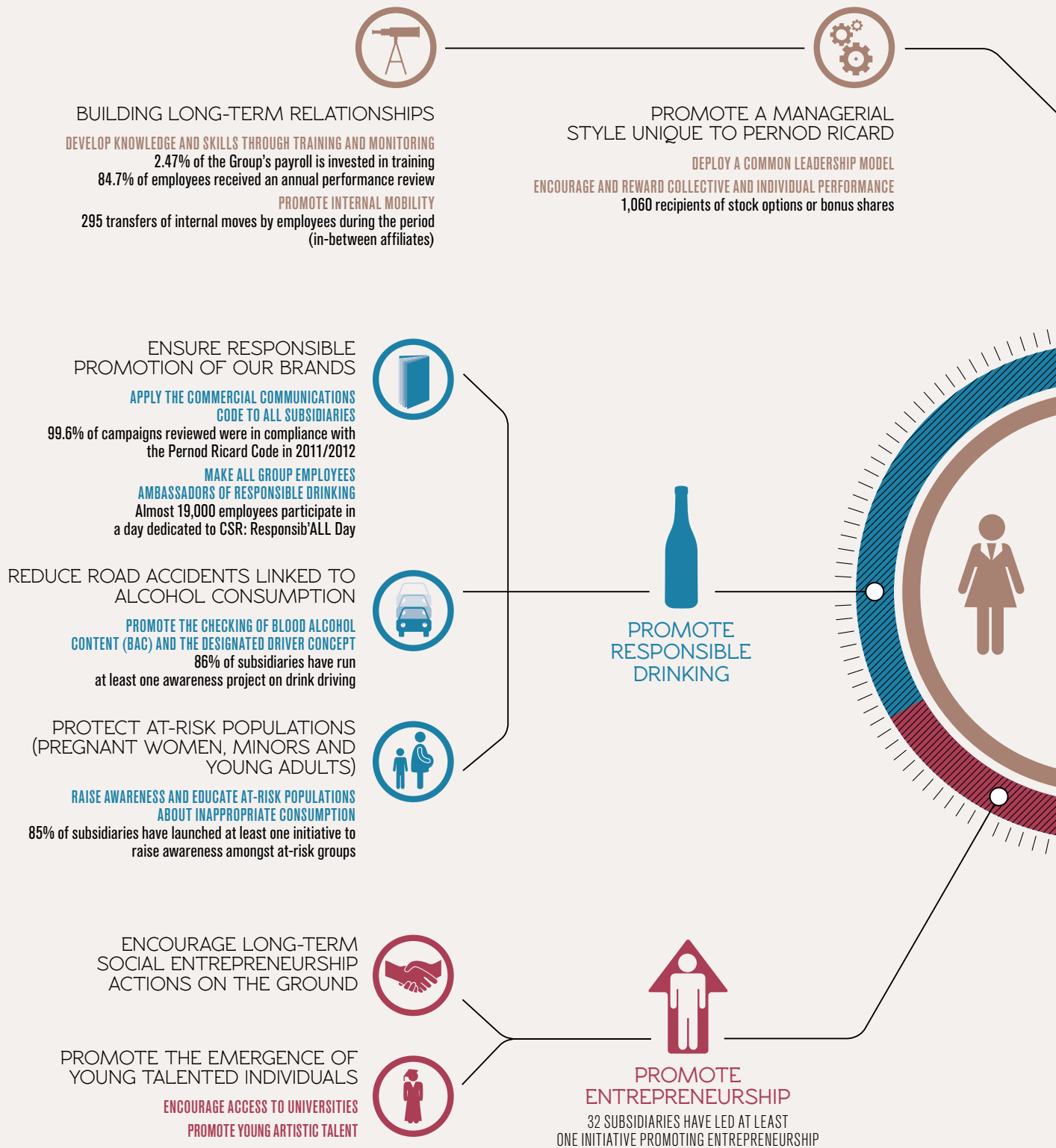
Pernod Ricard intends to share its concerns about sustainable development with all its partners. The Group is committed to integrating them into its strategy and corporate culture, and in return to ensure that its suppliers, subcontractors and customers understand and share its principles.

GETTING INVOLVED WITH COMMUNITIES

Pernod Ricard encourages the fostering of close ties with local communities by developing entrepreneurial and educational programmes ². Committed to diversity, the Group strives to respect and promote local cultures. The Group also contributes to protecting the local environment at its operating sites by reducing its environmental impact.



THE CSR PLATFORM





DEVELOPING DIVERSITY
(GENDER, AGE, ORIGIN)
41.3% of external recruits are women

RESPECT...

- ... OUR EMPLOYEES
- ... OUR CONSUMERS
- ... OUR SHAREHOLDERS
- ... OUR PARTNERS
- ... LOCAL COMMUNITIES



RESPECT OUR ENVIRONMENT



RESPONSIBLE USE OF NATURAL RESOURCES

SAVING WATER RESOURCES

- 23% reduction in water consumed per litre of distilled alcohol between 2008 and 2012

REDUCE ENERGY CONSUMPTION

- 23% reduction in energy consumed per litre of distilled alcohol between 2008 and 2012

REDUCE GREENHOUSE GAS EMISSIONS

- 35% reduction in direct and indirect CO₂ emissions linked to the consumption of fossil fuels and electricity per litre of distilled alcohol between 2008 and 2012

REDUCE THE IMPACT OF WASTE AND PACKAGING

92% of solid waste recycled



PROMOTE SUSTAINABLE AGRICULTURE AND BIODIVERSITY CONSERVATION

77% of vineyards operated by the Group are subject to environmental certification



DEPLOY AN EFFICIENT ENVIRONMENTAL MANAGEMENT SYSTEM

98% of production volumes come from certified sites



ENCOURAGE SUPPLIERS AND PARTNERS TO COMMIT TO SUSTAINABLE DEVELOPMENT

100% of strategic suppliers responded to the questionnaire created in 2006



SHARE OUR CULTURES

41 SUBSIDIARIES HAVE LED AT LEAST
ONE CULTURE-SHARING INITIATIVE



DISSEMINATE AND SHARE THE LOCAL CULTURES OF OUR BRANDS



SUPPORT THE ARTS AND CULTURE OF THE COUNTRIES WHERE WE OPERATE

ENCOURAGE CONTEMPORARY ART

MAKE ART ACCESSIBLE TO AS MANY PEOPLE AS POSSIBLE

“CONNECTING” PEOPLE TO UNITE THEM

Through its origins and its history, Pernod Ricard has forged a strong cultural identity, a tremendous lever of employee commitment. The Group’s ambition is to strengthen and maintain this model which fosters exchange, performance and innovation. Pernod Ricard is therefore committed to leading a dynamic human resources policy that supports the development of its employees and the company. This year, the launch of a common HR platform across the Group has brought a new cohesion to shared processes and tools.

CONNECTING HR PROCESSES IN A DECENTRALISED GROUP

Highly motivating, Pernod Ricard’s decentralised model is a powerful factor of employee performance and commitment. The Group has defined the main principles of this model and formalised them in the Pernod Ricard Charter. To support and optimise this model, the development of human resources management processes and tools has been ongoing since 2010, as a result of the work conducted in consultation with the Group’s companies. Their goal is to reconcile business and social performance.

DARE: THE CREATION OF A UNIFYING HR PLATFORM

This year, the Pernod Ricard group sought to go even further in optimising these tools. To this end, the Human Resources Department



|||||

“We have put in place two key mechanisms for managing talent and promoting diversity: Job Banding, which makes job positions easier to understand and identifies routes between them; and “iLead”, a process for identifying talented individuals within the Group. These schemes boost employees’ motivation by providing them with a clear view of the career opportunities available to them within the Group, by giving them the means to grow—in particular through Pernod Ricard University—and by providing them with an objective evaluation and feedback on their contribution during the year.”

JAIME JORDANA

Group Human Resources
Development Director

rolled out a platform to support the HR teams in all of the subsidiaries. Its purpose is to host and bring together all of the HR tools and processes shared throughout the Group, with a view to facilitating their dissemination and adoption by the HR function and managers. Called DARE, short for ‘Develop, Assess, Recognise, Engage’, this platform echoes the entrepreneurial spirit and seeks to convey a powerful message: while employees must play the leading role in their professional development, they can still benefit from the organisation’s involvement to help them grow. Its ambition is to become the symbol of HR development, conveying a promise and a commitment by the Group to its employees with regard to career development and possibilities.



A HUMAN RESOURCES POLICY THAT PROMOTES LEADERSHIP

As a direct outcome of the collaborative work done with the Group's companies, the Group Human Resources Department led three key projects this year to develop the business and its employees. The purpose of these schemes is two-fold: to reinforce the spread of the leadership culture inherent in the Pernod Ricard model; and to develop an inspiring human resources policy focused on promoting diversity, mobility and skills development. These tools are currently being rolled out across all of the subsidiaries.

MEASURABLE RESULTS STARTING THIS YEAR

These inseparable tools are organised around three components: jobs, skills and people. Their function is to identify Talent within the Group and offer attractive possibilities for development that are linked to the growth challenges of Pernod Ricard.

JOB BANDING

It is a process that maps all of the key positions in terms of the level of responsibility. This tool allows gateways for advancing between jobs and functions to be identified, and gives employees a clear view of possible career paths. It was broadly rolled out this year with over 2,000 positions mapped from among the Group's companies.

18,777

EMPLOYEES
AT 30 JUNE 2012

6,477

EMPLOYEES WORKING ON
COMMERCIAL DEVELOPMENT

GOOD PRACTICE



TALENT RECRUITMENT AND RETENTION IS A KEY OBJECTIVE IN OUR REGION

To achieve our goal of leadership, we must adopt a decisive position on the global talent market. My new role as Director of Recruitment and Talent Development is to attract, develop and retain them. It's a strategic challenge for our Group's growth in Asia. To meet it, we are running several programmes to develop our employees and support their growth. In collaboration with five countries in the region, we've designed a pilot Regional Management Trainee programme to target top universities to attract new graduate talents to the Group and train them as our future leaders and at the same time to promote the image of Pernod Ricard Asia as an employer of choice. We are also in the design stage of rolling out a training programme in conjunction with Martell Mumm Perrier-Jouët and Chivas Brothers to attract young Asian talents who are currently in Europe. Additionally, we are working closely with Pernod Ricard University to organise programmes to develop the leadership skills of our future managers. Great efforts have been made within the Group in recent years to develop our employees, so it's an exciting time to join Human Resources.

JENNY TO

former CEO of Pernod Ricard Hong Kong, appointed
Director of Talent Recruitment and Development, Asia region

LEADERSHIP AND PERFORMANCE

This approach aims to develop the leadership skills of the Group's managers and key talent. It is based on a framework of skills and related behaviours, as well as a performance evaluation tool shared by the whole Group, called 'iLead'. This Pernod Ricard leadership model was rolled out this year to the entire managerial community.

DIVERSITY & TALENT MANAGEMENT

This component formalises the processes required to manage a talent pool: identification of potential talent, career committees for reviewing key positions, succession plans, specific training cycles, internal mobility processes via 'iMove'. Key to motivating and retaining employees, this tool is steered by a Group Human Resources Development Director who leads a team dedicated to this task. With the same objective, the Group has also made several key appointments. For example, the former CEO of Pernod Ricard Hong Kong is now responsible for talent recruitment and retention for the entire Asia region, a strategic function given the shortage of available candidates in that part of the world.







“

– What did you say,
darling?

– I Say...
I'm engaged.

”

PEDRO LOPEZ-
CONTRERAS

HUMAN RESOURCES BUSINESS PARTNER
PERNOD RICARD ESPAÑA

JINGYU SHAO

GROUP HUMAN RESOURCES
DEVELOPMENT MANAGER
PERNOD RICARD HOLDING

Connected specialists
in human resources
management.

CONNECTED

PERNOD RICARD UNIVERSITY: SHARING KNOWLEDGE AND A CULTURE



Born from the company-wide Agility project, Pernod Ricard University's aim is to serve the Group's performance strategy. "*Pernod Ricard University has three objectives,*" explains its director, Alban Marignier. "*These are to train the Group's employees in key functional skills across all areas (finance, production, sales, human resources, and communications); to develop and strengthen leadership skills through a curriculum of long-term programmes; and to accompany the Group's major strategic projects, such as Responsib'ALL Day and Pernod Ricard Chatter®. More broadly, Pernod Ricard University's role is to convey the Group's culture and values within an environment of shared conviviality.*" Pernod Ricard University will enable the development of a comprehensive global training policy that is standardised and shared, and that takes account of the Group's overall vision and growth challenges while sharing current best practices. Depending on their nature, the programmes may be delivered locally in the major regions, or in a more widespread manner. "*In all cases, we will ensure that there is a mix of employees from a variety of career paths, occupations and backgrounds in order to promote diversity and collaborative exchange—one of the key objectives of Pernod Ricard University,*" says Alban Marignier. The Pernod Ricard University team is starting to take shape: three programme directors with highly diverse backgrounds, experiences and origins were recruited in May. Their role is to reshape existing programmes and develop new ones, such as 'Mixers', 'Blenders' and 'Shakers', three training modules created to deploy the leadership model. In terms of education, Pernod Ricard University seeks to innovate by introducing interactive formats and by making greater use of e-learning to complement 'in-life' sessions. "*Pernod Ricard University is a launch pad for simultaneously fostering exchange between employees, strengthening their commitment, and accelerating the company's performance,*" says Bruno Rain, Managing Director, Human Resources and Corporate Social Responsibility.

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MOBILITY, DIVERSITY, PROMOTING TALENT: INSPIRING COMMITMENT

MOBILITY, A PRIORITY

An accelerator of performance, mobility has drawn increasing interest over the years: 295 transfers or internal moves occurred in 2012. Internationally, 105 employee transfers between countries were reported during the course of the year. This affected managers from all regions and functions. This dynamism is explained by the creation of an effective support policy for expatriates: There is now a dedicated team which manages all of the technical aspects of employee transfers within the Group. What's more, best practices have been established locally to facilitate the welcoming and integration of new arrivals, such as the Facebook group created by The Absolut Company, Pernod Ricard Nordic, and Pernod Ricard Sweden. This initiative encourages interaction between expatriate employees and locals, and helps to create convivial moments based around informal communication.

DIVERSITY, A DRIVER OF GROWTH

Shared experiences, varied career paths, and the cross-fertilisation of skills are central to the Pernod Ricard culture. They are the key to developing a creative dynamic and maintaining the Group's competitiveness. Diversity of age, origin and gender—a factor of such creativity—is especially encouraged through international mobility and the promotion of women. Female employees now make up 21.4% of Management Committees and represent a growing share of recruitments. The percentage of women in international transfers rose slightly this year to 16%, compared to 15% in 2010/2011.

GOOD PRACTICE



FACILITATING INTERNATIONAL MOBILITY

Managing international mobility requires rather specialised knowledge. Our unit was significantly expanded this year to handle the growing number of mobility requests. Our role is to manage all the regulatory and administrative aspects of employee mobility. We act as a centre of expertise and handle all the technical aspects of job transfers: employment contracts, remuneration, taxation, healthcare coverage, pensions, etc. Our job is to inform and reassure employees about the changes made. The issues are often complex because the laws vary from one country to another and no two cases are ever alike.

GÉRALDINE NOËL

Director of International Mobility

PROMOTING TALENT, A KEY OBJECTIVE

Skills development is a driving force behind individual and collective success. Therefore, Pernod Ricard has developed competency frameworks by profession, which are used to guide recruitment, internal mobility, career development plans and individual development plans. In addition, to meet the training needs of the business and the employees, the Group created the Pernod Ricard University which, starting this year, is providing targeted, world-class programmes. A place for exchanges and encounters, the Pernod Ricard University helps to convey the Group's values and reinforce the entrepreneurial spirit.

295

INTERNAL MOVES (INTER-COMPANY)
AND 931 INTERNAL PROMOTIONS
(INTRA-COMPANY)

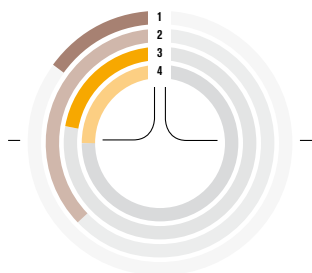
432,456

HOURS OF TRAINING PROVIDED BY
THE GROUP IN 2011/2012

2,496

JOB OFFERS CREATED ON iMOVE
SINCE ITS INCEPTION (FEBRUARY 2010)

BREAKDOWN OF THE WORKFORCE BY GEOGRAPHICAL AREA



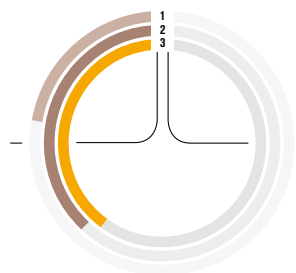
1. France
14.95%

2. Europe (including France)
37%

3. Americas
22.61%

4. Asia, Pacific
25.43%

BREAKDOWN OF PERMANENT CONTRACT RECRUITMENTS BY BUSINESS LINE



1. Production / Industrial
22%

2. Sales
38%

3. Support functions
40%

A CULTURE OF EXCHANGE

A CULTURE FOUNDED ON CONVIVIALITY, A SOURCE OF EXCHANGE

The Pernod Ricard model was built on a foundation of decentralisation, coupled with a collective attitude shared by all 18,777 employees: conviviality. By favouring proximity, decentralisation has nurtured simple and direct relationships that are open to dialogue and conducive to diversity. In line with this model, Pernod Ricard has made the exchange and sharing of knowledge an operating mode, creating the conditions for a motivating and respectful working environment.

TEAM SPIRIT ENCOURAGED: SHARING GOOD PRACTICES

Binding the Group together, the Pernod Ricard culture is one of the keys to its appeal and its performance. It connects and unifies all employees around a shared mindset, while stimulating creative ability through collaboration and the exchange of views. The Les Embiez seminar, held annually for over 30 years on the Mediterranean island of the same name, is at the forefront of this dynamic. This yearly highlight brings together 900 executives from Pernod Ricard. The objective is to allow all participants to share major projects, feedback and ideas, in a privileged and inspiring setting. It's also a time when the best initiatives are recognised, following a vote in which all employees are invited to participate. In 2012, 9 Best Practices—one per business—were honoured from among the 78 nominated, with a view to expanding their use beyond the functions and across the Group.



GOOD PRACTICE



PERNOD RICARD UNITED KINGDOM AND 'THE IDEA NURSERY'

The culture of exchange and the entrepreneurial spirit are key values of the way Pernod Ricard operates. To encourage innovation and the sharing of ideas, Pernod Ricard United Kingdom launched a project called 'The Idea Nursery'. First started by Premium Wine Brands, this initiative provides Pernod Ricard United Kingdom employees with a virtual suggestion box, where anyone can put forward new ideas in any field of the business, in order to pool knowledge, creativity and entrepreneurial ideas. For each valid idea suggested, a tree is planted—hence the name, 'The Idea Nursery'. To successfully carry out this project, Pernod Ricard United Kingdom formed a partnership with Trees for Cities, an association that promotes tree planting in urban areas.

BUILDING BRIDGES, THROUGHOUT THE GROUP

Team spirit and teamwork are sustained by the many initiatives implemented locally by the subsidiaries. In addition to sharing best practices, innovative actions have been carried out to encourage the sharing of knowledge. For example, the Human Resources Department at Pernod Ricard Italia proposes that its managers train their own staff, in order to improve the effectiveness and adoption of the programmes. Twelve training courses in the areas of finance, marketing, IT, sales, industry and human resources have been developed and led by the managers, with an average of three days of training per employee. In another example of the commitment to sharing experiences, the managers at the Holding Company meet regularly to talk about their managerial role and discuss the issues they encounter. These meetings let them benefit from targeted training, tailored tools (manager's kit, brochures, newsletter) and opportunities for sharing with experts. In addition, more informal events regularly strengthen the connections between employees, like 'Afterworks', which offers employees of the Group's various companies in Paris the opportunity to meet up outside of work.

A COMPANY WITH AN OPEN EAR FOR ITS EMPLOYEES

Over the course of its history, the Group has developed a foundation of core values: entrepreneurial spirit, mutual trust and a strong sense of ethics. Enshrined in Pernod Ricard's DNA, these values are embodied by and lived out in the Group's various companies on a



daily basis. They are supported by a responsible human resources policy, which strives to foster the individual development of its employees whilst helping to raise the collective performance of the company. In 2011, the Human Resources Department launched an opinion survey of all Group employees, in the perspective of continuous improvement. The results confirmed the great motivation of employees and strong attachment to the company.

CONSTRUCTIVE DIALOGUE WITH EMPLOYEE REPRESENTATIVES

In a spirit of cooperation that conforms to its values and convictions, the Group maintains ongoing relations with employee representatives based on dialogue and transparency. The Pernod Ricard European Committee is the essential link in this communication: established in 2000 as part of a spirit of shared progress, it plays a driving role in developing employee-management dialogue through the exchange of information and viewpoints between the General Management and

GOOD PRACTICE



AN ATTRACTIVE COMPANY

In 2011, to measure the commitment of all its employees, and for the first time in its history, Pernod Ricard launched I Say, a global opinion survey (available in 34 languages, in electronic or paper version). The objective was two-fold: to gather each employee's opinion on key subjects such as the working environment and human relations within the company, and to measure the employer's image, the feeling of belonging and adherence to the company's culture.

The participation rate was extremely high at 80%, reflecting the employees' strong commitment.

As for the results, they were excellent, and well above the 'Fast Moving Consumer Goods' benchmark of Towers Watson, the firm that conducted the survey.

The positive points included: the high level of employee commitment; their positive view of the Group; their strong adherence to the culture and values of both their subsidiary and the Group.

I Say also revealed some areas for improvement, especially regarding the management of proximity, diversity and recognition. 87% of the Group's entities have implemented an action plan in those fields.

employee representatives. The committee was very active in 2011, focusing on several key topics such as the results of the global survey on commitment, I Say, the development of a leadership model, the possible consequences of economic uncertainty over employment in Europe, the impact of lengthening the term of service on work organisation and the ratio of men to women in Europe.

WELL-BEING AT WORK, A CONSTANT CONCERN

The health, safety and well-being of employees are major concerns for Pernod Ricard. Going beyond its legal obligations, the Group's companies lead a variety of projects to promote an effective working culture that is respectful of its employees. This year, Pernod Ricard United Kingdom developed an ambitious programme on the subject of well-being at work to encourage employees to adopt a healthier lifestyle. The first phase of the programme was dedicated to educating employees about health and physical exercise. The second will focus on food and managing a budget.

84%

FEEL COMMITTED

80%

THINK THAT CONVIVIALITY IS A REALITY

80%

ADHERE TO THE CULTURE AND VALUES

84%

HAVE A GOOD IMAGE OF THE COMPANY

CONNECTED

CONNECT, A JOINT PROJECT BETWEEN BRAND AND MARKET COMPANIES



At the heart of the product distribution process, the employees of the Brand and Market Companies work together daily to ensure the resupply of goods. Starting this year, the Connect platform allows them to exchange requests and orders using the same tool. From the Americas to Asia, by way of Europe, all Companies will now have a single, comprehensive and shared view of the system. Much more than a software, Connect introduces a new way of working that is at once more efficient and more convivial. *“Before, every company had its own rules. But supply chain has changed a lot. We therefore created Connect to encourage standardisation and communication at Group level,”* says John Corrigan, then Group Supply Chain Director. Connect hinges on two components: planning and ordering. Its advantages are twofold. In terms of business performance, Connect streamlines supply, inventory, delivery and the daily activities of the Group Supply Chain teams, allowing employees to focus on value-added tasks. In the area of communication and exchange, Connect is a very significant step forward: a “Supply Chain” community with its own codes and language elements has emerged, promoting cooperation and synergies at all levels, as well as the sharing of best practices. An ambitious project involving a new way of working between the Brand and Market Companies, Connect required a concerted effort all throughout the project, to encourage appropriation and prepare the teams for change. In line with the Group’s decentralised model, correspondents representing the subsidiaries were involved in the pilot phase of the project. Their participation enabled the design of a flexible tool, tailored to the needs and specifics of each company. Now in the implementation phase, Connect is already meeting one of its desired objectives: strengthening the teams’ motivation and efficiency. Its model, whose success relies on mutual trust and exchange, appears especially well-suited to the culture and values of the Group.

RESPONSIBLE CONSUMPTION PILLAR OF THE GROUP'S COMMITMENT

Attentive to the concerns of civil society, Pernod Ricard has promoted responsible drinking ever since it was founded, with its employees as the front-line ambassadors. This strong commitment is expressed to the fullest through the Responsib'ALL Day, an annual day of awareness and actions that unites and effectively mobilises all the Group's employees around the world. Taking a leadership role, Pernod Ricard has made cooperation and dialogue with local communities, organisations and prevention associations a driver for effective action.

Its ambition? To continue to be a benchmark player in its sector.

A COLLABORATIVE APPROACH

Promoting responsible drinking is a priority for Pernod Ricard. Mindful of consumers' concerns and public health issues, the Group has played a proactive role in promoting industry-specific standards. Convinced of the importance of collaborative action, the Group sought early on to spur momentum by working alongside other players in the market. Starting in 1971, its efforts led to the foundation of the IREB (Institute for Scientific Research on Alcoholic Beverages). Pernod Ricard is also one of the first groups to forge partnerships with leading international prevention associations, like the EFRD (European Forum for Responsible Drinking) or the ICAP (International Center for Alcohol Policies).

PROMOTING INCREASINGLY STRICT STANDARDS

Aware of its responsibilities as a major player in the wines and spirits sector, Pernod Ricard has always been willing to adopt strict regulations. In 2007, the Group drew up its own Code for Commercial Communications, which is reinforced by systematic internal controls that are among the most stringent in the industry. In 2010, the Group launched an in-depth analysis, working alongside its internal and external contacts. This consultation resulted in the execution of an overall strategy that determined two action priorities: the fight against drink-driving and educating at-risk populations.



In the spirit of the global strategy adopted by WHO in May 2010⁽¹⁾, we are increasing actions—sometimes in collaboration with national and local public authorities—to prevent the abusive consumption of our products. In this respect, we want to play our preventive role by extending the display of the pregnant woman logo on our product labels to the entire world. This year, we also focused our efforts on the fight against drink-driving, notably through the launch of a three-year project called 'Safe Roads 4 Youth' in Argentina, Vietnam and South Africa, and on the theme of Alcohol and Youth. For the second edition of the Responsib'ALL Day, Pernod Ricard mobilised its 18,800 employees and urged them to take action.

JEAN RODESCH
Institutional Affairs VP

EMPLOYEES: LINCHPINS OF THE EFFORT

Pernod Ricard's commitment is based on a principle of exemplary behaviour, and a conviction that its employees should be proponents of the effort. To this end, the Group has rolled out communications and awareness programmes. Since 2011, Responsib'ALL Day has been the highlight of Pernod Ricard's commitment. This exceptional event brought together all the Group's employees again this year to share best practices in responsible drinking and to initiate concrete actions.

STRONG SYNERGIES

Pernod Ricard endeavours to work closely with all its stakeholders: public authorities, NGOs, prevention associations, scientific experts. Alongside the European Commission, Pernod Ricard signed the 'Charter establishing the European Alcohol and Health Forum', which led the Group to introduce a series of measures, including objectives and key performance indicators. Pernod Ricard also signed the 'European Road Safety Charter', once again committing to undertake concrete actions and evaluate their results. Echoing public health authorities, the Group is rallying to raise awareness about the risks linked to alcohol abuse and to relay these messages throughout the world.

(1) http://www.who.int/publications/list/alcohol_strategy_2010/fr/index.html

ETHICS: THE FOUNDATION OF OUR ACTION

Pernod Ricard's core principle is the moderate consumption of its products. This principle is based on ethical rules and rigorous communications that are deployed with the same stringency across all Brand and Market Companies.

A CODE FOR COMMERCIAL COMMUNICATIONS, SHARED BY ALL

In 2007, Pernod Ricard adopted its own Code for Commercial Communications, inspired by several industry codes of conduct, such as that of the EFRD (European Forum for Responsible Drinking). The Code was strengthened in 2010 and again in 2012 to take better account of new forms of media, and to this day it remains one of the most stringent codes in the industry. To boost the Code's adoption and ensure its effective dissemination, training courses are regularly held for employees of the marketing teams and, increasingly, to communication service providers (advertising and promotion agencies) working for the Group. In one example, the Irish Distillers subsidiary organised an interactive training course for all of its sales representatives, marketing teams and partners. Through this initiative over 100 people were simultaneously and effectively trained in February 2012.

AN EXPANDED APPROVAL COMMITTEE

To ensure strict adherence to the Code by all Group companies, Pernod Ricard has created an Internal Approval Committee whose mem-

GOOD PRACTICE



A MESSAGE ABOUT RESPONSIBLE DRINKING

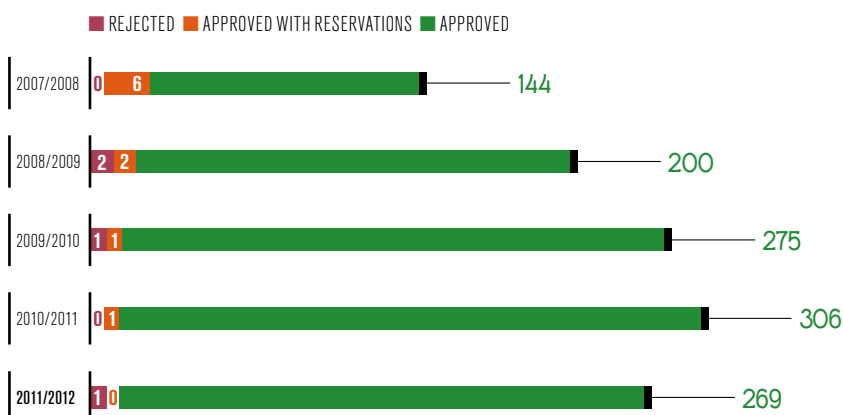
Since 2007, Pernod Ricard has stipulated that a message regarding drinking in moderation is to be included on all Group advertisements. In 2012, Pernod Ricard used the revision of its Code for Commercial Communications to take this a step further: whatever the type of campaign or medium, the message must now conform to a minimum size (proportional to the size of the advertisement) and comply with a requirement on visibility.

bers are completely independent from the Marketing function. The Committee's purpose is to ensure that all Pernod Ricard brands' commercial communications comply with the criteria laid down by the Internal Code, and to provide advice in the early stages to employees working on brand marketing by issuing opinions within a seven-day period. Each month, all of the Internal Approval Committee's decisions are presented in a report to the Group's Executive Committee. This year, in order to better address the specific features of the Asian market, the Committee added a member from Pernod Ricard Asia.

STEPPED-UP CONTROL

In 2011/2012, the Internal Approval Committee issued 270 opinions. Among the campaigns reviewed, none required changes (orange notice), and one was rejected (red notice) due to the mention of antisocial behaviour. This substantial progress is the result of awareness campaigns conducted in-house as well as among the Group's service providers. It is also linked to the increase in the Approval Committee's upstream consultations. In concrete terms, the Internal Approval Committee issued nearly 150 confidential recommendations (through the 'copy advice' procedure) on creative concepts. Nearly 15% of the projects were modified at this stage with the approval of the Brand and Market Companies, in order to ensure compliance with the Code.

EXTENDING INTERNAL CONTROL OF ADVERTISING CAMPAIGNS



FIGHTING DRINK-DRIVING: INCREASED MOBILISATION

Alcohol is a major cause of fatal road accidents. Pernod Ricard recognised this public health issue at a very early stage. For 30 years the Group, with the support of its Brand and Market Companies, has led a proactive policy that involves organisations, authorities and local prevention associations.

LOCALLY-LED ACTIONS

Pernod Ricard is one of the first groups to have signed the European Road Safety Charter in 2007. By doing so, Pernod Ricard has committed to leading awareness-raising and prevention actions in all of its companies based in Europe. Today, these actions have multiplied throughout the Group, relayed by all its subsidiaries. With their support, Pernod Ricard regularly launches awareness campaigns aimed at drivers—starting with its own employees—on the risks of drink-driving. Such campaigns have intensified in recent years, taking various forms: for example the creation of a dedicated foundation in Korea, a partnership with the Road Traffic Safety Association in China, or campaigns featuring a famous actor in Mexico. Alongside its campaigns, Pernod Ricard has become a promoter of effective ideas, such as appointing a ‘designated driver’ (the person tasked with driving the others home doesn’t drink), a practice that is becoming increasingly common.

EMPLOYEES MOBILISED THROUGH RESPONSIB’ALL DAY

The fight against drink-driving took on a new dimension with the first edition of ‘Responsib’ALL Day’, in 2011, which was ded-

GOOD PRACTICE



PERNOD RICARD MALAYSIA'S IMPACTFUL CAMPAIGN

How can you grab the attention of young adults (18 to 35 year olds) and dissuade them from getting behind the wheel after drinking alcohol? Answer: by launching an interactive campaign, based on popular multimedia platforms (social networks and blogs). Its objective: to urge young adults to publicly commit to not drink and drive. Based on a strong idea—the memory of a loved one, lost in a car accident due to alcohol abuse—the campaign made a big impression and prompted young people to share a memory of the deceased person on the campaign’s official website. Some 5,000 young consumers have already publicly made a commitment. Pernod Ricard Malaysia Managing Director indicated: “The challenge is to bring about a genuine cultural change through this campaign and to encourage good behaviour.”

icated to this issue. For 24 hours, all employees took part in awareness-raising workshops, conferences and initiatives organised by the Group. The highlight of the day was the signing by all employees of a commitment to combat drink-driving: the ‘Pernod Ricard Act’. Each commitment resulted in a donation by Pernod Ricard towards developing an innovative pilot project called ‘Safe Roads 4 Youth’.

CALL FOR ACTION: PREVENTIVE MEASURES

Pernod Ricard helps to implement groundbreaking programmes in the countries where it operates. It supports ambitious international projects in partnership with public authorities, partner associations and locally-based NGOs, such as the ‘Safe Roads 4 Youth initiative’. This three-year pilot project aims to develop, test and evaluate the effects of a drink-driving prevention programme among young adults. Conducted by PAU Education, a company specialised in educational initiatives, it targets three countries which are culturally very different: Argentina, South Africa and Vietnam. The preventive actions will be monitored and evaluated by independent scientists.

86%

OF COUNTRIES WHERE THE GROUP IS LOCATED HAVE LED AT LEAST ONE PROJECT TO RAISE AWARENESS ON ALCOHOL AND YOUTH



AT-RISK POPULATIONS: STEPPED-UP PREVENTION

Acting through education: that's the path chosen by Pernod Ricard to raise awareness among the most at-risk populations: minors, young adults and pregnant women. The Group is developing concrete and innovative approaches to effectively protect them.

MINORS: DRASTIC MEASURES

Faced with this major challenge, Pernod Ricard has three clear objectives: delay first drink and first drunkenness for minors; reduce the number of underage consumers; and reduce the quantities drunk by minors who are already consumers. To achieve these goals, the Group relies on two levers of action. Firstly, with the support of the Brand and Market Companies, the Group rolls out educational programmes aimed at minors, such as the 'Alcohol I kNOw' campaign. This campaign was launched by Pernod Ricard Thailand in a number of schools with the support of public authorities and Thailand's Public Health Ministry. Its initial results are encouraging: of the 200 students questioned after the training session, a very large majority of them (89%) said that they were committed to not drinking alcohol before they reach the legal age.

Secondly, Pernod Ricard sets out to make parents more responsible, as they are the number 1 influence on their children. The campaign led in Australia by DrinkWise, an Australian NGO supported by Premium Wine Brands, exemplifies this approach. Its objective is to make parents recognise their significant influence and the necessity of being a role model to delay the age of their children's first drink. Following the campaign, nearly one-third of parents said that they had reduced their alcohol consumption in front of their children.

YOUNG ADULTS: FOCUSING ON RESPONSIBILITY

To address the risky behaviours displayed by some young people, such as drink-driving and binge drinking (fast and heavy intoxication), Pernod Ricard has chosen to focus on responsibility. The Group is implementing ground-breaking initiatives that are specifically tailored to young adults: for example, educating them in places of consumption, by using popular forms of media among this age group, or by using their peers to raise awareness. Three examples illustrate this strategy:

GOOD PRACTICE



'NO IKKI', OR HOW TO LEAD AN EFFECTIVE FIGHT AGAINST BINGE DRINKING

In November 2011, Pernod Ricard launched a massive campaign in Japan's largest universities to spread powerful messages against binge drinking ('Ikki' in Japanese). For greater visibility, the Company increased its communication channels and media: educational materials, interactive lectures, and highly visible displays positioned around university campuses. The campaign had a strong impact: 80,000 *No Ikki* leaflets were handed out and nearly 475,000 students attended the events organised for the occasion.



in Italy, the 'Responsible Drinking Tour' programme was rolled out in bars and nightclubs. Centred on responsible drinking and designated drivers, it reached approximately 20,000 young people in regards to the dangers of excessive drinking. Société Pernod chose to communicate through media used by 18-25 year olds: alongside the association *Entreprise et Prévention*, it developed a 'serious game', played online *via* social networks. The aim of the game is to help the hero manage his alcohol consumption during a party. Finally, the 'Na Media' project, conducted by Pernod Ricard Brasil in partnership with NGOs relies on the involvement of young people themselves: 24 of them were trained to educate students about drinking responsibly through interactive workshops and role plays.

PREGNANT WOMEN: INCREASED EDUCATION

Pernod Ricard is committed to educating women and providing them with information about the risks of consuming alcohol during pregnancy. Among other things, the Group has driven the spread of the 'pregnant woman' prevention logo in Europe. In addition to the 27 countries of the European Union, the logo is now displayed on bottles in other countries, such as Australia. Furthermore, Pernod Ricard conducts targeted prevention campaigns. For example, Pernod Ricard Austria adapted 'My child doesn't want alcohol!' campaign launched by Pernod Ricard Deutschland in 2010. Orchestrated around TV adverts, it is supported by famous mothers who have agreed to be spokespersons for public health messages.

150,000

PEOPLE REACHED ON
THE ISSUE OF ALCOHOL AND
YOUTH THROUGH
THE 2012 RESPONSIB'ALL DAY

CONNECTED

RESPONSIB'ALL DAY, A GROUP-WIDE CELEBRATION FOCUSED ON A COMMON THEME



The second edition of Responsib'ALL Day, held on 7 June 2012, lived up to all expectations: for 24 hours, employees of every subsidiary, from Australia to Brazil, joined forces to promote responsible drinking. The theme chosen for this year was 'Alcohol and Youth', a complex issue to address, as numerous studies have shown. *"This subject is a core concern of ours. Because of our business, we believe that we have a responsibility to society and must therefore be part of the solution. We've been working for a long time to develop prevention programmes on this issue,"* says Bruno Rain, Managing Director in charge of Human Resources and Corporate Social Responsibility.

Responsib'ALL Day 2012 started ahead of the day of action, and continues throughout the year. *"Since January, 140 people from across the Group have been trained to educate all employees. The aim was to give to all the employees the necessary means to communicate prevention messages. They had the option of leading prevention activities in their immediate environment or, after further training, of reaching out to a wider audience of students, teachers, parents,"* explains Fanny Babey, CSR Manager. Employee participation in the programme was high: by June, 13,000 had already directly educated over 150,000 people, and their mobilisation still goes on today. The day of action featured exhibitions, initiatives and forums led in partnership with NGOs and public authorities, and was widely covered by the media as well as internally *via* an Intranet site created especially for the event. Sandrine Ricard, CSR Communications Director, concludes: *"Responsib'ALL Day is a time of celebration and sharing between the employees. It both strengthens the corporate culture and embodies the Group's commitments with regard to responsible drinking. Going beyond the one-day event, Responsib'ALL Day lives on today through employees' actions and the many peripheral projects developed on the subject of Alcohol and Youth."*

Protecting the environment is one of Pernod Ricard's key focuses. In practical terms, this is expressed through the implementation of approaches that take into account the specific characteristics of the areas in which the Group operates. The deployment of an environmental road map, accompanied by collaborative tools designed for sharing best practices on a global scale, has breathed new life into this effort. The sharing of experiences, both among the subsidiaries and between the Group and its local partners, is helping to accelerate this process.

In 2011/2012, a new dynamic was initiated with the global deployment of the environmental road map. Drawn up in 2011, it sets out the guidelines for compliance in each of the following areas of concern: organisation/cer-



JEAN-PIERRE SAVINA
Vice President,
Industrial Operations

tification, agriculture, water, energy, CO₂, waste and eco-design. Since then, the Group has initiated studies on topics identified as priorities and has strengthened awareness among employees in order to advance our environmental practices (rollout of e-learning and a corporate communication plan towards the Group's partners).

The road map's deployment has been accompanied by new work tools and processes that have promoted a dynamic of collaboration at Group level. As well as the annual Quality, Security, Environment conference focused on sharing environmental management information and best practices, a training module on the subject of environmental issues has brought together managers from across the Group (QSE, procurement, marketing, etc.). Two virtual communities hosted by My Portal, the Group's Intranet, have also been formed—one dedicated to the environment and the other to eco-design. Lastly, cross-cutting working groups have been launched which include the participation of several of Pernod Ricard's partners. These have given rise to innovative advances in areas where the Group had identified levers of progress (biodiversity and eco-design in particular).

98%

OF VOLUMES
ARE PRODUCED AT ISO 14001
CERTIFIED SITES

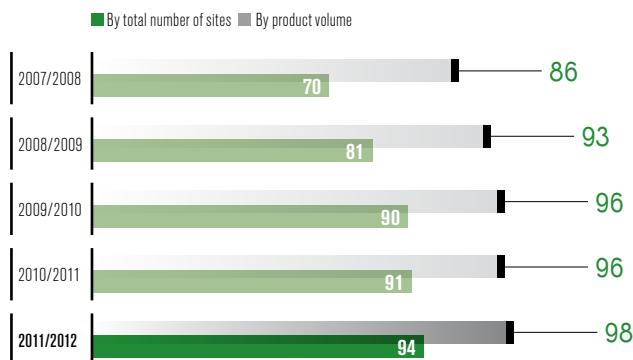
GOOD PRACTICE



PERNOD RICARD USA IS HONOURED

Organised by Westchester County Government and the Business Council of Westchester in the United States, the Westchester Green Business Challenge is an event open to all companies located in the area. Its purpose is to encourage them to take action in favour of protecting the environment, mostly by rewarding the 'greenest' among them, in respect of criteria that include their environmental footprint, performance and cost savings made. From energy, resource and water use, to waste production and recycling, as well as transport and procurement, all segments are scrutinised. Keen to see its progress recognised, Pernod Ricard USA chose this year to take on the challenge, along with 94 other companies. It was rewarded for its continuous improvement process, launched several years ago, as the Company received the Bronze Sponsor & 2012 Greatest Progress Award.

ISO 14001 CERTIFIED SITES



WELL-DEFINED PRIORITY ACTIONS

Within the Group's industrial scope, there are practical commitments⁽¹⁾ for every environmental impact.

| FIELD | COMMITMENT | ACTION |
|------------------------------|---|---|
| MANAGEMENT | Deploy an efficient environmental management system | <ul style="list-style-type: none"> • Extend ISO 14001 certification to production sites in every region of the world. • Involve all production and market subsidiaries in the Group's commitment to protect the environment. |
| AGRICULTURE AND BIODIVERSITY | Promote sustainable farming and preserve biodiversity | <ul style="list-style-type: none"> • Adopt stringent production standards for our own agricultural products and have them certified where relevant. • Through our purchases of agricultural products, help to strengthen environmental protection by our suppliers. • Encourage all the affiliates in the implementation of actions towards biodiversity protection. |
| WATER | Conserve water resources locally | <ul style="list-style-type: none"> • Measure our water usage and take actions to reduce it, with priority to regions where water resources are limited. • Control our wastewater discharge to minimise its impact on the environment. • Assess the "Water Footprint" methodologies on the Group products. |
| ENERGY AND CLIMATE | Reduce energy consumption and measure and reduce greenhouse gas emissions | <ul style="list-style-type: none"> • Take actions to reduce the consumption of electricity and fuels. • Study and promote the use of renewable energy. • Measure the carbon footprint of all production sites. • Define priorities for reducing such emissions, either by reducing energy consumption, or indirectly through services and products purchased. |
| WASTE AND ECO-DESIGN | Reduce the impact of waste and promote the eco-design | <ul style="list-style-type: none"> • Extend product eco-design and reduce the quantities of packaging materials used. • Increase on-site sorting and recycling of waste. |

(1) For more details on Pernod Ricard's environmental management, see the Reference Document, from page 50.

PROMOTING SUSTAINABLE AGRICULTURE

Preserving natural resources, landscapes, terroirs, as well as water and soil quality, are major challenges in agriculture. The Group, which cultivates about 6,100 hectares of vineyards and buys the equivalent of nearly 3 million tonnes of agricultural raw materials, is highly attuned to these issues. This year saw the launch of innovative actions to expand good practices and increase biodiversity.

VINEYARDS: SHARING ENVIRONMENTAL PRACTICES

Limiting inputs, controlling consumption, training and supporting growers: five of the Group's operating countries with vineyards implement an environmentally responsible policy, applying the highest standards of sustainable agriculture recognised in each region: 'Sustainable Wine Growing New Zealand'; 'Entwine Australia'; 'Sinergia' (Spain), 'Napa Green Business certification' (United States); and best practices defined by AOC trade associations in the Cognac and Champagne regions of France. In sustainable agriculture, the Group has stepped up its efforts: this year, it launched a programme with all its vineyard-owning subsidiaries to gather data on all of their agricultural practices and quantify their consumption (vineyard organisation, surroundings, use of energy, water and pesticides). As part of a continuous improvement process, this approach has two objectives: to measure the vineyards' overall footprint, and to pool the best initiatives. Fact sheets have been developed for this purpose and will be shared with all the vineyards.

BIODIVERSITY: IMPORTANT ADVANCES

Alongside the innovative schemes undertaken by some of its subsidiaries, Pernod Ricard has sought to promote biodiversity protection on a global scale. A diverse working group, composed of company staff and outside members (from the Institut Français de la Vigne et du Vin, Institut Inspire, Amplify Nature), was set up to test an innovative tool for assessing the environmental performance of the vineyards ¹. This tool was initially tested on the Martell vineyards, which total 670 hectares of land, including

GOOD PRACTICE



PERNOD RICARD NEW ZEALAND: A STRONG COMMITMENT TO BIODIVERSITY

Combining environmental responsibility and business performance is challenging but possible. In 2008, Pernod Ricard New Zealand began the process of obtaining organic certification for selected blocks of its Marlborough vineyard estate. Three years later, after completely revamping its practices, the vineyard's 140 hectares have been approved by BioGro, New Zealand's leading organic certifier. To date, 1,350 tonnes of grapes have either been certified or are in the process of being formally approved. Marketed under Brancott Estate's Living Land Series, these wines have been successful commercially. They are now sold in New Zealand and Australia with plans to roll them out to other export markets. As part of the project, the company created the 'Brancott Estate Living Land Fund', to which one dollar is donated for each bottle sold in New Zealand. Funds raised to date have been donated to help maintain the threatened Falcon species which is native to New Zealand, and to protect grapes and vineyards.

430 planted hectares. It enabled the establishment of a biodiversity profile, in order to eventually reduce the gaps with the target biodiversity profile. This pilot programme will be rolled out to other Group sites.

PURCHASING RAW MATERIALS: EXEMPLARY APPROACHES

As a true partner of its suppliers, the Group has always been keen to encourage them to develop best practices, striving to educate and support them in their efforts to obtain an accreditation or certification. The Absolut Company, for example, makes ABSOLUT vodka exclusively from winter wheat grown in the south of Sweden, where the distillery is located. All wheat producers practise integrated agriculture, which meets a demanding set of specifications regarding production methods, harvesting and storage. The Absolut Company has established additional standards to encourage its suppliers to improve the quality of its raw materials whilst reducing the environmental impact of its production. These standards mainly concern the varieties of wheat selected, which are highly resistant to disease, thus reducing the need to use pesticides, and efficiently absorb the available nitrogen, thus limiting the amount of fertiliser needed for them to grow.



SAVING WATER RESOURCES

Because water is a key ingredient in the products made by Pernod Ricard, the Group has made responsible water management a pillar of its environmental policy. On the ground, the subsidiaries are taking action in several areas at once: more effective water use, preventing water from being wasted and recycling waste water. To further improve performance, procedures were initiated this year to create a detailed map of water usage flows at the Group's main production sites in order to more precisely identify levers for action.

MEASURABLE PROGRESS

Following the 2011/2012 campaign, average water consumption at the production sites fell from 33.72 m³ to 31.15 m³/kL of pure distilled alcohol. In all, over the entire period from 2007/2008 to 2011/2012, the decline in this figure stands at -21%, or -13% on a like-for-like basis (after accounting for the integration of the V&S production sites in 2008). This steady reduction reflects the ongoing investments made at all these sites—especially the distilleries, which are the Group's biggest consumers. Renovation of the sites' pipeworks, systematic reuse of water and condensate recovery have allowed significant reduction of the consumption—the Behror plant in India and the Arandas plant in Mexico, for instance, managed to cut their consumption by around 25%.

WATER STRESS AND WATER FOOTPRINT

Using a tool developed by the World Resource Institute, in 2011 Pernod Ricard updated its list of water-sensitive sites. This process identi-

GOOD PRACTICE



WYBOROWA: WATER CONSUMPTION DOWN 29% AT BOTTLING PLANTS

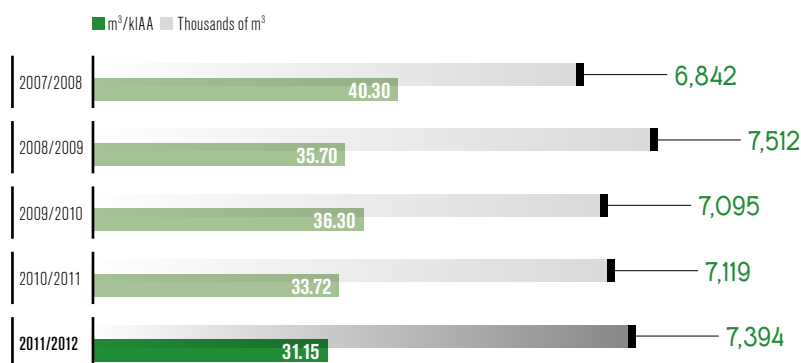
Last year, Wyborowa launched a project to reduce its water consumption in all its facilities. The project team analysed consumptions, calculated the bottling part's actual needs, and defined an action plan with the employees. The improvement plan included the following: training the employees, adapting water treatment to the needs, improving water recycling, reviewing the cleaning procedures and monitoring the consumptions days, nights and weekends at all locations. The operation resulted in a significant reduction of water consumption, by 29% per liter of finished product without significant investment.

fied 13 sites representing 7% of consumption, located in or near areas with moderate or high water stress. Located in India, Mexico, Australia, Argentina, Spain and Armenia, each of these sites has been the focus of priority actions, including waste water recycling and rainwater use. This year, the Group decided to go a step further by assessing its overall 'water footprint' for the production of whisky in India and wine in Australia. This analysis involves identifying water resources mobilised by both the direct activities of the subsidiaries, and by the products and services they use.

GLOBAL COOPERATION TO SPEED UP PROGRESS

As a member of the international association BIER (Beverage Industry Environmental Roundtable) since 2009, the Group works with major industry players to develop tools for improving the water management performance of the sector's manufacturers. After developing a method to measure its water footprint, Pernod Ricard took part in a working group formed to develop a method for economic players to evaluate the risks and opportunities associated with water management in their local environment (catchment area). The final document will be published by the end of the year.

TRENDS IN WATER CONSUMPTION



-23%

IN WATER CONSUMED
PER UNIT DISTILLED BETWEEN
2007/2008 AND 2011/2012

REDUCING ENERGY CONSUMPTION

Distillation, along with winemaking and bottling, is the largest direct consumer of energy at Pernod Ricard, which uses mainly natural gas, oil and electricity. Reducing the Group's consumption means controlling the energy efficiency of its industrial processes at the production sites.

TARGET ACHIEVED

With 6.64 MWh/kl of pure alcohol in 2011/2012, against 6.91 MWh/kl PA the previous year, the Group continued to make progress in energy efficiency. As such, it fully achieved its target of a 10% reduction in the amount of energy consumed per unit produced between 2007/2008 and 2011/2012. The distilleries of Chivas Brothers in Scotland and Irish Distillers in Ireland have, for example, launched ambitious, long-term action plans, purchasing equipment that allows energy to be recovered and reused.



GOOD PRACTICE



INDIA: INGENUOUS SOLUTIONS SAVING ON FOSSIL FUELS

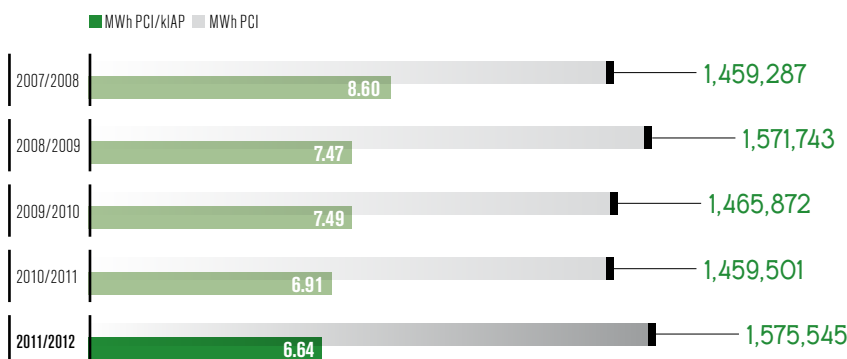
Having run for a long time on fossil fuels alone, the distilleries of Behror and Nasik, India, were determined to find renewable alternatives. Since 2011, Behror has used the husks of mustard seeds, the region's main crop, and Nasik has used rice husk, available in the region as fuel. The Behror plant has effectively run on 100% husk for seven months, while Nasik is now replacing coal to an extent of 35%. Behror also recovers the sludge from its waste water treatment plant, which, after being dried in the sun, provides an excellent source of energy that generates 320 MWh of savings. Consequently, between 2010 and 2011, the share of renewable energy rose from 17% to 46% in Behror, and from 0% to 6% in Nasik.

ACTING ON MULTIPLE LEVERS

To reduce their consumption, the production sites take a variety of actions. Some, such as Pernod, have undertaken thorough energy diagnostics in order to generate savings, while others have set up energy management systems based on performance indicators. In Canada, the Walkerville plant was the subject of a remarkable investment programme that generated great savings. It included the installation of powerful compressors for heat recovery, a controlled start-up system for heating, power and air conditioning, new rooftop HVAC systems and LED lighting.



TRENDS IN ENERGY CONSUMPTION



-23%

REDUCTION IN ENERGY CONSUMED PER UNIT DISTILLED BETWEEN 2007/2008 AND 2011/2012

REDUCING THE IMPACT OF ACTIVITIES ON THE CLIMATE

Pernod Ricard seeks to contribute to effective action against climate change. For several years, the Group has worked hard to reduce its total CO₂ emissions, including direct emissions from fossil fuels produced at its industrial sites, and indirect emissions from its purchases of power and raw materials, and from its logistics activities.

CARBON FOOTPRINT: TARGETED ACTION PLANS

To better address the challenge of climate change, Pernod Ricard measured its carbon footprint in 2009, taking into account 90% of its industrial sites. The analysis enabled the subsidiaries to assess the impact of their activities on the environment, to set priorities for action and to implement targeted plans. In Mexico, Casa Pedro Domecq even established a process that systematically analyses industrial and logistics data, enabling it to continuously measure the impact of its activities on CO₂ emissions.

INDUSTRIAL SITES: PURCHASES OF ELECTRICITY FROM RENEWABLE ENERGY SOURCES AND CARBON OFFSETS

The steps taken by the subsidiaries to improve the energy efficiency of their industrial sites have created a dynamic of continuous progress, with significant results being produced. After installing new equipment and optimising their energy consumption, the subsidiaries are turning to purchasing electricity from renewable energy sources and carbon offsets. The Campo Viejo winemaking site in Spain is a case in point: it has offset its CO₂ emissions from electricity and its employees' modes of trans-

GOOD PRACTICE



ORLANDO WINES: BOTTLING CLOSER TO THE MARKETS

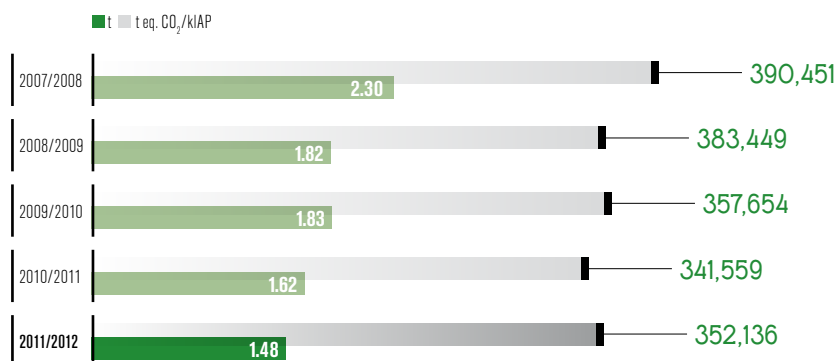
In 2011, a major project was completed by Orlando Wines, resulting in a complete review of the supply chain for shipments of Jacob's Creek to the United Kingdom. Previously these wines were bottled and packaged in the Barossa Valley in South Australia, where they are made, before being shipped as a finished product to the United Kingdom market. Today the wine is shipped in stainless steel 'ISO' tanks, then bottled and packaged in the United Kingdom before being distributed. To ensure the wine quality meets exacting standards, a winemaker has been appointed based in the United Kingdom to oversee the entire process. The project has proven to be very successful not only from a quality perspective but also for the environment with the carbon footprint from logistics reduced by 25%!

port by participating in a United Nations project to build a hydroelectric dam in China, which will supply power to the country's Gansu province. This engagement, combined with other measures such as implementing sustainable agricultural practices and reducing the weight of its bottles, earned Campo Viejo this year the CarbonNeutral® certification. It is currently the only vineyard in Spain to have obtained this accreditation.

ECO-DESIGN, SUPPLIER PURCHASES, TRANSPORT: NUMEROUS ADVANCES

Measuring the carbon footprint highlighted the impacts of upstream activities (agriculture), packaging (glass in particular) and logistics (transport). The Group has initiated comprehensive measures in conjunction with its suppliers to address these new challenges (see following sections). Meanwhile, the subsidiaries have taken concrete action, as exemplified by Pernod Ricard Brasil which has optimised transport by improving its truck-loading methods and reducing the distances travelled with empty loads when returning from deliveries (trucks having delivered to shops in Rio de Janeiro return *via* the plant to load up with new pallets). This project has saved nearly 280,000 litres of diesel and 720 tonnes of CO₂ equivalent.

A CONTINUOUS DECLINE IN CO₂ EMISSIONS (DIRECT AND INDIRECT) OF INDUSTRIAL SITES



-35%

REDUCTION IN DIRECT (COMBUSTION) AND INDIRECT (ELECTRICITY) CO₂ EMISSIONS PER UNIT DISTILLED BETWEEN 2007/2008 AND 2011/2012

ECO-DESIGN, A SHARED APPROACH TO OPTIMISATION

The Group's approach to eco-design has gained fresh impetus based on a thorough study of stakeholders' expectations. It has been accompanied by diverse initiatives led by the subsidiaries, centred on two objectives: optimising packaging volumes from the product design stage and favouring recyclable materials.

A COMPREHENSIVE APPROACH

Pernod Ricard has made eco-design a key element in its packaging design process. Since 2006, the teams in charge of development and marketing have received guidance through seminars and a dedicated handbook. To boost its strategy, the Group has provided its subsidiaries with lifecycle analysis software for packaging, which has given rise to a number of projects. To encourage innovation, Pernod Ricard has also launched a cross-functional working group involving staff from various departments (QSE, marketing, purchasing, logistics, packaging) and suppliers. This group studied the expectations of stakeholders and drew up an action plan for every stage of production, which will be rolled out over the coming years. The action plan covers topics such as project management, tools, skills acquisition, training and communication.

GOOD PRACTICE



SOCIÉTÉ RICARD: AN APPROACH THAT HAS PROVED ITS WORTH

How to introduce gift pack designs that are visually appealing while minimising their environmental impact? To respond to this challenge, Ricard worked with its designers and distributors to develop a new gift pack made of lighter-weight, fully recyclable cardboard, containing a bottle of Ricard and two glasses. The cardboard packaging did more than win over consumers, it also reduced CO₂ emissions by 85%. The company used the same approach to market a gift pack made up of a bottle of ABSOLUT and a glass. The use of cardboard from sustainably managed forests substantially reduced the environmental impact (a reduction of almost 40% in CO₂ and 30% of waste), and was very successful with consumers.

ENCOURAGING THE EXCHANGE AND SPREAD OF BEST PRACTICES

A dedicated community has been set up to spread a culture of eco-design and best practices. Its purpose is to increase knowledge of the processes and techniques related to various materials, and to share good practices, whether internal or external. Meanwhile, since reducing the production of glass has been identified as a significant factor for improvement, the Purchasing Department has developed a database on bottle weight reduction. The tool lists initiatives developed by the subsidiaries and updates related figures.

STRONG INVOLVEMENT OF ALL SUBSIDIARIES

Actions by the subsidiaries increased in scope this year. Some continued their efforts to reduce bottle weights, like Pernod Ricard Venezuela, which, by changing the relief pattern of its Regency brand bottles, reduced their weight from 480 g to 445 g per bottle, thereby generating savings of 7% in glass by weight. The subsidiaries have also worked on secondary packaging, such as Casa Pedro Domecq in Mexico, which opted for recyclable cardboard, one-colour printing and a logo on each case that reads, 'Pernod Ricard, promoting environmental care'.



REDUCING THE IMPACT OF WASTE AND PACKAGING: A CONSTANT CONCERN

Pernod Ricard's activities generate different types of waste which the Group is striving to reduce—particularly packaging waste and residues from agricultural raw materials. Success in this area relies both on comprehensive actions carried out in conjunction with the Group's partners, and more localised efforts led by the subsidiaries.

PACKAGING WASTE: TAKING ACTION AT THE SOURCE AND RECYCLING

In 2011/2012, the Group's industrial sites generated 30,983 tonnes of solid waste, mainly from packaging (glass, cardboard, plastic), compared to 43,700 tonnes in 2010/2011. Most of it—i.e. 92% of this quantity—was recycled with a view to the materials being reused. The portion disposed of by landfill or incineration came to 2,406 tonnes. As such, waste represented 2.03 grams per litre of finished product, a 68% reduction compared to last year. Packaging waste is also generated after consumption of the products in the markets

GOOD PRACTICE



MEXICO: AGAVE RESIDUES, AN EXCELLENT FERTILISER

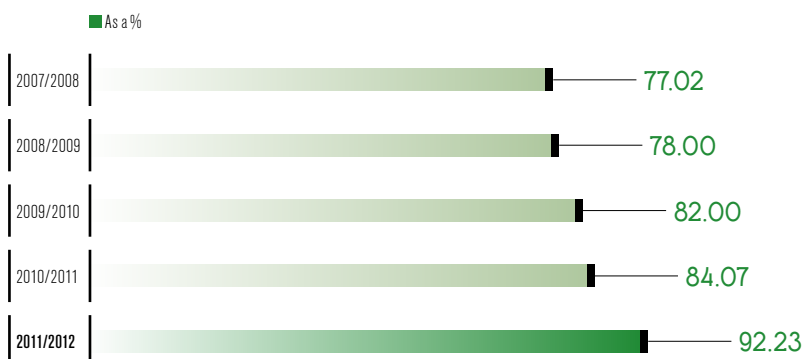
Pernod Ricard México has developed an original process for treating agave residues (left over from milling and distillation), turning it into 100% natural compost which avoids both waste and the use of chemical fertilisers. The subsidiary has invested in compost production processes, set up a drying surface of 2.7 hectares, built a warehouse and installed a bagging system. Here's how it works: the bagasse from agave is filtered and kept in high humidity, allowing biological degradation, and finally dried. After 120 days, the compost obtained can be packaged and distributed as agave fertiliser. This innovation earned the subsidiary the 'Award for Recognition of Natural Conservation', presented by the Mexican State.

(end-of-life waste of products sold). That's why for 20 years, Pernod Ricard has funded a recycling scheme in France to enable consumers to recycle their packaging. Thanks to 'Eco-Emballages Green dots', 67% of packaging is recycled in the country. To achieve 100% of recycled glass—an ambitious target—, Pernod Ricard and companies in the sector will further enhance the Eco-Emballages scheme by 2016.

ORGANIC PRODUCTS: PRIORITISING RECOVERY

Compost, livestock feed, energy production... 99% of organic products from the transformation of raw materials are now recovered through innovative technical processes and original initiatives carried out with communities and local industries.

CONTINUED PROGRESS IN THE RECYCLING RATE FOR SOLID WASTE



92.23 %

THE RECYCLING RATE FOR SOLID WASTE





“

– It’s always sad
to see our products go.

– Especially
when they’re going to
Rio de Janeiro...
Shall we board?

”

ALEXANDER PASHIN

CUSTOMS CLEARANCE SPECIALIST
PERNOD RICARD ROUSS

JOHN GONZALEZ

IMPORTS AND BRAND SECURITY ASSISTANT
PERNOD RICARD COLOMBIA

A highly specialised expertise in
logistics brings them together,
from one side of the world to
the other.

RESPONSIBLE PURCHASING: A COORDINATED APPROACH

As a result of increased involvement with suppliers, a Group-wide responsible purchasing policy has been developed. In late 2011, Pernod Ricard published its 'Policy on Responsible Procurement', which defines its principles and sets out a common framework. Later, a new milestone was achieved, with the creation of a Supplier Commitment Charter and the development of a CSR (Corporate Social Responsibility) assessment tool for suppliers and subcontractors.

SHARED TOOLS AND PROCESSES

At Pernod Ricard, the Responsible Purchasing policy was until recently led by the subsidiaries, some of which implemented efficient, coordinated processes to select their suppliers, with the common objective of controlling costs as well as environmental and social impacts. For instance, Pernod Ricard Nordic has established a means for assessing suppliers' environmental and social practices, in order to anticipate local regulatory requirements and guide those suppliers who need to make progress in this area. In total, 86% of suppliers meet all of the CSR criteria defined by the subsidiary, while this rate reaches 93% for direct suppliers.



100%

OF STRATEGIC SUPPLIERS
RESPONDED TO THE QUESTIONNAIRE
CREATED IN 2006

GOOD PRACTICE



PERNOD: A COLLABORATIVE STRATEGY TO DEVELOP INNOVATION

To help suppliers to progress and encourage them to consolidate their quality procedures, the Pernod SA Purchasing Department has implemented a new way of working based on stepped-up cooperation between its employees belonging to the packaging and promotional items departments. This involved pairing up buyers who usually work on different purchasing categories. The point of this approach is to work more constructively and in a more varied fashion with suppliers, whilst strengthening team spirit. In concrete terms, each pair of buyers has been assigned to work with a given number of suppliers and to identify, after a visit and mini-audit, areas for improvement and innovation. Six suppliers were 'audited' under this scheme in 2011 and six more in 2012. The ideas gathered lead to ways of helping suppliers to progress. At the same time, they also provide further food for thought to the Marketing Department. They have led to proposals made to this Department, some of which are already being implemented.

GROUP-WIDE ROLL-OUT

Pernod Ricard's Responsible Purchasing approach is based on an increasingly close level of collaboration with suppliers, for which the Group conducted a pilot on a CSR assessment tool. Its purpose is to create a basis for discussion and exchanges with suppliers in order to identify, where applicable, areas for improvement. The assessment has been initially tested on 76 suppliers from various categories of direct and indirect purchases. If the results are conclusive, it will be conducted next year on 100 to 200 suppliers of promotional items. The aim is to extend it to other purchasing categories over the next two years.

THE CREATION OF 'COMMUNITIES'

Sharing best practices in Responsible Purchasing is made possible by greater exchanges within the Group. These have been multiplied with the formation of a virtual community called 'Buy Responsibly!'. Accessible *via* the Intranet and open to all Pernod Ricard group employees, it gives access to all the rules and tools in force in the Group, creating synergies between employees from different areas and affiliates. In addition, buyers also have their own dedicated 'communities' for sharing information and tools specific to the Purchasing function.



CSR

2011/2012 ENVIRONMENTAL REPORT

2011/2012 environment reporting scope

Pernod Ricard's environmental reporting covers the financial year (1 July to 30 June) and concerns all 98 of its industrial production sites under operational control as at 30 June 2012. Only industrial sites are taken into account (farmlands, head offices and logistics sites are excluded from the environmental reporting scope).

| CATEGORY | DEFINITION | UNIT | TOTAL PERNOD RICARD | | | UNIT | RATIO ⁽³⁾ | | | | | G3 GRI INDEX |
|-----------------------------|--|--------------------|--------------------------|--------------------------|-----------|------------------------|----------------------|----------------------|----------------------|-------|-----------------------|--------------|
| | | | 07/08 | 10/11 | 11/12 | | a or b | 07/08 | 10/11 | 11/12 | VARIATION 07/08-11/12 | |
| NUMBER OF SITES | • Number of reporting sites | | 103 | 99 | 98 | — | — | — | — | — | — | — |
| ISO 14001 (AT 30 JUNE 2011) | • Number of ISO 14001 certified sites | % | 70 | 91 | 94 | — | — | — | — | — | — | — |
| | • Proportion of ISO 14001 certified sites in total production | % | 86 | 96 | 98 | — | — | — | — | — | — | — |
| INVESTMENTS | • Amount of investment for environmental protection | €M | 5.60 | 8.32 | 12.60 | — | — | — | — | — | — | EN30 |
| COMPLIANCE OF ACTIVITY | • Fines or penalties related to environment | Number | 0 | 0 | 1 | — | — | — | — | — | — | EN28 |
| PRODUCTION VOLUMES | • Total production of a) distilled alcohol ⁽¹⁾ | kIPA | 169,778 | 211,106 | 237,371 | | — | — | — | — | — | — |
| | b) finished product | kl | 1,166,177 | 1,176,385 | 1,182,446 | | — | — | — | — | — | — |
| WATER | • Total volume consumed | m³ | 6,842,349 ⁽¹⁾ | 7,118,930 ⁽¹⁾ | 7,393,874 | m³/kl | a) | 40.30 ⁽¹⁾ | 33.72 ⁽¹⁾ | 31.15 | –22.71% | EN8 |
| | | | | | | | b) | 5.87 | 6.05 | 6.25 | 6.57% | |
| WASTEWATER | • Total volume of wastewater | m³ | 5,063,494 | 4,931,666 | 4,993,818 | m³/kl | a) | 29.82 | 23.36 | 21.04 | –29.46% | EN21 |
| | | | | | | | b) | 4.34 | 4.19 | 4.22 | –2.73% | |
| ENERGY | • Total energy consumed | MWhNCV | 1,459,287 | 1,459,501 | 1,575,545 | MWh/kl | a) | 8.60 | 6.91 | 6.64 | –22.78% | EN3 |
| | | | | | | | b) | 1.25 | 1.24 | 1.33 | 6.48% | EN4 |
| | of which: natural gas | MWhNCV | 818,595 | 823,031 | 911,387 | MWh/kl | a) | — | — | — | — | |
| | | | | | | | b) | — | — | — | — | |
| | of which: electricity | MWhNCV | 218,929 | 258,976 | 262,606 | MWh/kl | a) | — | — | — | — | |
| | | | | | | | b) | — | — | — | — | |
| CO ₂ EMISSIONS | • Direct emissions (Scope 1) | tCO ₂ e | 280,947 | 264,481 | 280,470 | CO ₂ teq/kl | a) | 1.65 | 1.25 | 1.18 | –28.60% | EN16 |
| | • Indirect emissions associated with electricity consumption (Scope 2) | tCO ₂ e | 109,504 | 77,078 | 71,590 | CO ₂ teq/kl | a) | 0.64 | 0.37 | 0.30 | –53.24% | |
| REFRIGERANT GASES | • Quantity of fluorinated gases installed | kg | 20,249 | 18,022 | 18,056 | — | — | — | — | — | — | EN19 |
| | • % of HFC fluorinated gases installed | % | 23.7 | 46.9 | 49.45 | — | — | — | — | — | — | |
| | • Quantity of fluorinated gases released into the atmosphere | kg | 2,297 | 1,628 | 1,629 | — | — | — | — | — | — | |
| | • % of fluorinated gases released into the atmosphere | % | 11.34 | 9.04 | 9.03 | — | — | — | — | — | — | |
| PACKAGING MATERIALS | • Glass consumption | t | — | 661,746 | 682,576 | g/l | b) | — | 563 | 577 | — | EN1 |
| | • Cardboard consumption | t | — | 67,537 ⁽²⁾ | 75,576 | | b) | — | 57 ⁽²⁾ | 64 | — | |
| ORGANIC WASTE | • Quantity of organic waste landfilled or incinerated | t | 11,631 | 4,875 | 2,601 | g/l | a) | 68.51 | 23.09 | 10.96 | –84.01% | EN22 |
| | | | | | | | b) | 9.97 | 4.14 | 2.20 | –77.95% | |
| SOLID WASTE | • Total quantity of solid waste | t | 32,202 | 43,721 | 30,983 | g/l | b) | 27.61 | 37.17 | 26.20 | –5.11% | EN22 |
| | • Quantity of solid waste landfilled or incinerated | t | 7,400 | 6,966 | 2,406 | | b) | 6.35 | 5.92 | 2.03 | –67.93% | |
| | • % of solid waste recycled or recovered | % | 77 | 84 | 92 | — | — | — | — | — | — | |
| HAZARDOUS WASTE | • Quantity of hazardous waste treated externally | t | 349.8 | 541 | 545 | g/l | b) | 0.30 | 0.46 | 0.46 | 53.59% | EN24 |

(1) The water volumes for the Walkerville site have been modified following a misapplication of the definition of water consumption. Those water volumes are estimated. (2) Following a counting mistake on the Fox and Geese site in Ireland, the consumption of cardboard for 2010/2011 has been modified. (3) a) ratio for 1,000 litres of absolute alcohol (klAA); b) ratio for 1,000 litres of finished product (kl).

CULTURAL SHARING, THE FOUNDATION OF THE GROUP'S IDENTITY

With its rich territorial heritage—the Group creates and distributes products that are rooted in their terroirs—, Pernod Ricard has forged 'connections' with the communities that surround it, supporting local initiatives to promote art and culture wherever it operates.

PROMOTING CREATION AND THE EXCHANGE OF IDEAS

The commitment to art, and to contemporary art in particular, is an integral part of the Group's identity. It all started with Paul Ricard who, in the 1960s, set up a foundation to foster young talent, with the aim of creating a genuine forum for exchange—a crossroads for ideas—about contemporary art. Since then, the Group has continuously sought to promote creation in all its forms and the sharing of all artistic cultures. Its actions are in line with the values, vision and entrepreneurial culture at the heart of the Pernod Ricard model: supporting artistic creativity fuels the spirit of innovation.

A LONG TRADITION OF SPONSORSHIP

Pernod Ricard's ambition is to encourage access to culture for as many people as possible, and to highlight cultural heritages by supporting major institutions. This is the backbone for the Group's cultural and artistic sponsorship activities. Pernod Ricard began this tradition of sponsorship in 1997 with the Centre Pompidou of Paris, now the leading European centre for contemporary art. The partnership, which began by making improvements to the Centre's outdoor spaces (Paul Ricard terraces) is now entering a new phase with the support provided to certain flagship projects, such as the Virtual Centre Pompidou. Making all of the Centre's documentary



More than a corporate tagline, 'Createurs de convivialité' epitomises the commitments made by Pernod Ricard's employees. True ambassadors of our values, our 18,800 'creators' contribute to our policy of supporting contemporary art by, for example, being the focus of the annual photographic campaign. Carried out by Eugenio Recuenco in 2012, this series of photos shows all the complicity developed between our 'models': employees 'connected', brought together by this unique, magical moment—that of an encounter and a shared moment. A true moment of aesthetic conviviality.

OLIVIER CAVIL

Vice President, Communications

and artistic resources available online provides access to the institution's works throughout the world, thereby promoting cultural sharing on a global level. In 2004, Pernod Ricard also became the first major sponsor (*Grand Mécène*) of the Quai Branly Museum of Paris, which is both a museum of tribal art and a symbol of cultural diversity. More specifically, Pernod Ricard chose to support artist Charles Sandison's video installation, *The River*.

AN ATTACHMENT TO THE WORLD OF CONTEMPORARY CREATION

In line with its corporate sponsorship strategy, and with all of the artistic collaborations developed by the brands in its portfolio, the Group continued this year to strengthen its partnerships with leading museums at the cutting edge of contemporary art. After Domecq Bodegas in Spain, which in the past decade has developed close ties with the Guggenheim Museum in Bilbao, Pernod Ricard UK has teamed up with the Saatchi Gallery, a major contemporary art centre that welcomes highly innovative artists. In New York, Pernod Ricard USA is now a partner of the New Museum, the Manhattan centre dedicated to contemporary art and emerging artists. In Italy, Pernod Ricard Italia has joined forces with the Castello di Rivoli Museum, the leading Italian museum for contemporary art, located on the

outskirts of Turin. This support enabled collections that were previously not accessible to the public to be showcased ¹.

Meanwhile, certain brands, led by ABSOLUT, continued to support *avant-garde* artists. Every year, the brand increases its collaborations with renowned creators, like the project developed in India in 2012, backing an installation by Indian artist Bharti Kher. To spur on this creative movement, the brand launched the ABSOLUT Art Award in 2009, which recognises one cutting-edge artist each year. In 2012, the award was given to Anri Sala ², an Albanian visual artist, who creates remarkable installations combining sound, images, sculpture, video and performance. Keen to highlight creative artists from all disciplines, the brand is currently working on giving the award additional dimensions (introducing two categories, Art Work and Art Writing, new selection process of candidates, etc.).

PRESERVING HERITAGE AND SHARING LOCAL CULTURES

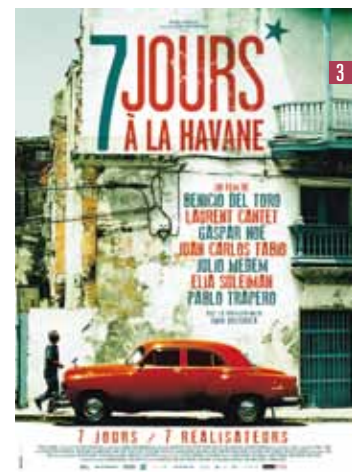
The Group and its subsidiaries regularly organise events aimed at preserving and sharing the culture of the countries where it operates. A case in point is Havana Club International, which promotes Cuban culture through a multitude of projects under the 'Havana Cultura' banner. These include the launch of a new album of Cuban music in collaboration with world-famous DJ Gilles Peterson, and the establishment of a partnership at the 11th Havana Art Biennial. This commitment took on a new dimension this year through the brand's participation in the film, *7 Days in Havana*, selected at the 2012 Cannes Film Festival ³. In New Zealand, staying true to the pioneering spirit of its founders, Brancott Estate has been the main sponsor of one of the country's most spectacular events, the 'World of WearableArt Awards' for the past 14 years. This show, which takes place in Wellington and attracts some 50,000 spectators

GOOD PRACTICE



THE SAATCHI GALLERY AND THE NEW MUSEUM: LINKING THE WORLD AROUND CONTEMPORARY ART

In London, famous for its bold and sometimes controversial choices, the Saatchi Gallery has had a major influence on British art, backing a generation of young artists who were previously little known to the public. It has given exposure to many talented artists who have since become internationally renowned, such as Damien Hirst. In New York, initially formed as a non-profit association for staging temporary exhibitions, the New Museum presented in 1981 its first retrospective of the artist John Baldessari, for which it earned strong recognition. Since then, it has served as a springboard for many contemporary artists. In partnering with these two institutions, Pernod Ricard shows that it is keen to continue its support for contemporary art and emerging artists, a programme first started with the Centre Pompidou sponsorship. Such cooperation reflects the creative vitality of Pernod Ricard which has made innovation a centrepiece of its growth model. The Group will sponsor various events in these museums (exhibition openings, performances, etc.), and will give its employees the opportunity to visit them. *"Innovation is at the heart of our business model and every day we encourage our employees to be more creative. The partnership with the New Museum is a fantastic platform for new ideas that we want to share with our employees in order to motivate them,"* says Paul Duffy, then CEO of Pernod Ricard USA.





every year, combines dance, music, theatre and visual arts. It showcases extraordinary costumes created by designers from around the world, selected at the World of Wearable-Art Awards ⁴. In Australia, Premium Wine Brands, keen to help preserve the local heritage, supported the restoration of the Dalwood House ⁵. This home, located on the grounds of the famous Wyndham Estate winery, is a local landmark that exemplifies the architectural heritage of the early 19th century. It was built by George Wyndham, the distinguished pioneering wine grower.

PROMOTING YOUNG ARTISTIC TALENT

In line with its policy of promoting the entrepreneurial spirit, the Group and its subsidiaries encourage young artistic talent in all areas: cinema, music, visual arts. For several years, the Group has supported the French Ostinato Orchestra-Workshop, comprised of young, high-level musicians who wish to embark upon a professional career.

As part of its 'Havana Cultura' initiative, Havana Club International launched a project to support emerging young visual artists, from their initial training to promoting their talent on the Cuban art scene. The award-winning artists' works were featured in a highly acclaimed exhibition this year such as the ones of Alejandro Gonzalez ⁶.

Another highlight, in Vienna, Austria, was the original event staged by the ABSOLUT brand dedicated to fashion lovers: the ABSOLUT Special Edition Day. Its basis: an auction of Collectors' editions—i.e., 16 bottles of ABSOLUT, one-of-a-kind creations by Austrian designers such as Rafaela Proell ⁷. The auction, which took place in a renowned contemporary art gallery, was a resounding success. The funds raised were awarded to young Austrian fashion designers.

GOOD PRACTICE



THE ABSOLUT COMPANY AND THE SPRIT MUSEUM

New name, new location, new architecture: in Sweden, the historical museum of Wine and Spirits reopened in May, having been completely redesigned with the support of The Absolut Company. Called the Sprit museum, it offers several unique approaches that are intended to be both entertaining and thought-provoking, based on the theme of Wines and Spirits. For example, the permanent exhibition, entitled *Sweden: Spirit of a Nation*, uses sounds, smells and tastes to explore the long history that Swedes have with spirits. The museum also houses all of the works of the ABSOLUT collection, featuring contributions by great artists such as Andy Warhol, Keith Haring, Jean-Michel Basquiat, Louise Bourgeois, Damien Hirst, and many more. For its opening, the museum chose to focus on works from the period from 1986 to 2004 with the "Face it!" exhibition.

CONNECTED

EMPLOYEES CONNECTED THROUGH THE EYES OF EUGENIO RECUENCO



For the last 35 years, Pernod Ricard has commissioned a piece by a contemporary artist to illustrate the cover of its Annual Report. Over the years, the Group has built up a rich and varied Art collection, by big names such as César, alongside young talents. Art connects nations, and for the Group it represents a link between the various cultures that comprise it. Thus, a real aesthetic connection.

For the past three years, Pernod Ricard has given *carte blanche* to a prominent contemporary photographer to create portraits of its employees, the chief source of the company's success and creativity.

Following in the footsteps of Marcos Lopez and Denis Rouvre, Eugenio Recuenco was chosen for this year. A Spanish artist, his work lies at an artistic crossroads, with his photographs being peppered by many references to cinema. A 'storyteller' of modern times, he likes to portray his models in masterful compositions that suggest a story, or a scenario. For Pernod Ricard, the Madrid native takes the viewer into a sophisticated dream world that evokes the 1920s, the "swinging twenties" using expressive, retro colours and inhabiting a terrain midway between reality and fantasy.

The 10 photographs that comprise his work build a compelling narrative about human connections. Under Eugenio Recuenco's direction, nine "couples" of employees were chosen to figure in the photographs of this report's inside pages. Sharing the same function, the same passion for a job or a brand at Pernod Ricard, these 'models' were bold in participating in this adventure for a baroque and off-beat result. The main piece of this photo series brings them together in a giant fresco, telling a story that weaves links between each of them. Through the photographer's lens, we discover complicity; in this special, shared moment, connections are made visible. The intense sessions were a unique and magical experience for the employees, and a great moment of conviviality captured by the eye of a talented photographer.

ENTREPRENEURIAL SPIRIT, A PILLAR OF THE “PERNOD RICARD CULTURE”

Embracing its social responsibility means contributing to the development of the communities in which the Group operates, particularly from an economic standpoint. Pernod Ricard and its employees do this through many CSR initiatives intended to foster social ties and give local populations the means to increase their autonomy. These actions help to stimulate entrepreneurial spirit, a core value shared throughout the Group.

GOOD PRACTICE

ENTREPRENEURS: CREATORS OF VALUE

For Pernod Ricard, entrepreneurs are visionaries, creative self-starters, known for their ability to take initiatives, to dare to think differently and to seize opportunities. Their goal is to create value—for themselves, for local communities, and for society in general. Entrepreneurial spirit is the strength and the distinguishing feature of the Pernod Ricard model. The Group has always sought to promote and encourage this value, both internally and externally, through charitable actions and the funding of projects, whilst ensuring that the initiatives are backed by its employees. The Group gets involved on two levels: Either it acts with local communities to support their economic and social development through training or the contribution of skills. Or else helps to fund organisations and institutions whose projects enable individuals to achieve their goals.

DEVELOPING THE SKILLS OF LOCAL COMMUNITIES

Pernod Ricard takes care to support the economic growth of the areas in which it operates. To do so, the Group and its subsidiaries conduct programmes aimed at developing the skills of local populations. In Armenia, the Yerevan Brandy Company launched an ambitious pilot project in July 2011 to allow wine growers in the Tavush region, faced with a lack of equipment and low-yielding plots, to develop and safeguard their production. This initiative, launched in partnership with PlaNet Finance, aims to bring wine growers together in cooperatives to help them increase their revenues. It is accompanied by



CHIVAS REGAL AND FILMAID: A SUCCESSFUL COLLABORATION CONTINUES

For the past year, Chivas Regal has supported FilmAid International. This very active association does remarkable work in the field: it sets up film workshops, stages evening film screenings in refugee camps and provides technical and financial support to young directors. The \$250,000 in financial support provided by Chivas Regal allowed projects to be undertaken in a number of countries. The first year of partnership received praise at the 2012 Cannes Film Festival, where a documentary about FilmAid's impressive work in Kenya was screened ¹ in the presence of the famous American actor Cuba Gooding, Jr., a passionate supporter of the association ².



training in the areas of organisation, management, legal affairs, finance, IT and access to microcredit. In time it will be evaluated with a view to replicating it.

In another model initiative in Marlborough, New Zealand, the subsidiary became involved in leading a training course for jobs within the wine trade to help fight unemployment. Created in conjunction with the Ministry of Social Development and other partners, the course is held on the premises with equipment provided by the subsidiary. Pernod Ricard New Zealand also contributes through the skills of its employees, who act as trainers for the course. Since the launch of this initiative, 15 jobseekers have been trained and 11 have received job offers.

CONTRIBUTING TO SOCIAL DEVELOPMENT THROUGH CHARITABLE ACTIONS

At Pernod Ricard, entrepreneurship also entails social actions and charitable projects to help communities to develop, with employees supporting these initiatives and leading them locally. For example, in Asia, Pernod Ricard actively works to improve sanitary conditions. In India, where there are few healthcare facilities, Pernod Ricard has set up three local clinics run by seven doctors near its distilleries. The clinics have seen over 180,000 patients (at an average of 400 patients per day) ¹. Pernod Ricard India also takes action by coordinating prevention campaigns. In 2012, the subsidiary launched an information and eyesight testing programme for drivers and their families. A total of 450 people benefitted from this programme, in which the subsidiary also provided free spectacles. It also contributes to educating the visually impaired (Braille training) and the disabled, to increase their employability ².



GOOD PRACTICE



TRAINING AND FUNDING YOUNG ENTREPRENEURS, STARTING IN UNIVERSITY

Promoting access to universities and developing the entrepreneurial spirit there: such is the ambition of Pernod Ricard, which supports the projects of young students on entrepreneurial courses, particularly in the Da Lat region of Vietnam. In connection with the association L'APPEL, Pernod Ricard leads a project that monitors around 40 student entrepreneurs throughout their courses, providing them with three-year scholarships. Once their training is complete, a call for proposals is issued. A panel ³ selects four or five students and awards them the 'Entrepreneur - Pernod Ricard' prize, which includes an entrepreneurship grant to help them to turn their projects into reality. This year's winner used the grant to open a training center on 3D software dedicated to architects. The winner of the second prize opened a guest-house aimed at foreigners in Da Lat. Through this scheme, Pernod Ricard is continuing its humanitarian commitment alongside L'APPEL and encouraging the spirit of initiative and innovation.

Lastly, the Group acts in response to emergencies in certain situations. When floods hit in November 2011, Pernod Ricard Thailand had to face up to a two-fold challenge: safely evacuating local staff and their families, and keeping the business running. Two crisis units were therefore set up very quickly. Thanks to these teams, all 176 employees and their families were evacuated and relocated to safe areas. A support system for certain key functions (finance, customer relations, logistics, IT) was quickly established.





CONNECTED WITH ITS STAKEHOLDERS



In 2011/2012, Pernod Ricard demonstrated its ability to boost its growth and strengthen its balance sheet. Most notably, the Group refinanced its debt on very attractive terms and achieved its highest share price ever. Thanks to fair and transparent communications with all stakeholders in the financial community, Pernod Ricard has built a long-term relationship of trust, as illustrated today by investor interest and shareholder loyalty.

P.128 STRATEGY ▪ P.130 FINANCIAL OVERVIEW
P.136 SHARE OVERVIEW ▪ P.140 SHAREHOLDER COMMUNICATIONS

OUR BEST GROWTH SINCE 2007/2008

GILLES BOGAERT, MANAGING DIRECTOR, FINANCE



What is your assessment of Pernod Ricard's financial performance for the year?

Despite a mixed economic environment, Pernod Ricard recorded its strongest growth since 2007/2008. The Group exceeded all of its targets, with net sales up 8%⁽¹⁾ and profit from recurring operations up 9%⁽¹⁾. These results were driven by our Premium brands and emerging markets. Pernod Ricard also improved its operating margin, thanks to Premiumisation and cost control. We also completed the refinancing of the acquisition debt for Vin&Sprit under excellent terms, and continued our rapid deleveraging. In four years, we've reduced our leverage to a level comparable to what it was at the time of the Vin&Sprit acquisition. The net debt/Ebitda ratio⁽²⁾ stood at 3.8 at the end of June 2012, whereas the pro forma ratio after the Vin&Sprit acquisition was 6.2. Our efforts were rewarded during the year, as our credit rating was upgraded to 'Investment Grade' by both Standard & Poor's and Moody's.

How did the Group reduce its debt so quickly?

In 2009 we had accelerated debt reduction after the financial crisis began through extraordinary means (capital increase, launch of a €1 billion asset disposal programme). Since 2010 our deleveraging has been entirely organic: two-thirds of it by Ebitda growth, driven by business growth, and one-third by cash generation. This performance is all the more remarkable given that the Group continued to invest for the future, in support of its brands, its sales network, its strategic inventories and its production capacity.

What were these investments?

Our advertising and promotional expenditure was €1,571m for the year, an increase of 7%. This was mainly allocated to our strategic priorities: Premium brands (3/4 of expenditure for the Top 14), emerging markets and innovation. We also invested in our sales teams in high-potential markets (China, Russia, India, etc.) and created new subsidiaries (Vietnam, Africa). That's why our structure costs rose by 8%. Lastly, in 2011/2012 we stepped up our strategic inventory building (cognac, whiskies, etc.) and boosted our investments to a total of €260m. To support future growth, industrial investment rose by €52m. This reflects our confidence in the future and our long-term vision.

Debt refinancing was completed this year. What was your strategy, and with what objectives?

For several years, in a climate of financial market volatility and the drying up of bank credit, we've aimed to strike a judicious balance between bank and bond financing. After successfully completing two new bond issues in the United States, in October 2011 and January 2012, for a total of USD4 billion, bond financing now accounts for 80% of our debt. We wanted to retain 20% bank financing in order to diversify our funding sources and to

ensure flexibility, especially in respect of redemptions. Therefore, last April we renegotiated a multi-currency revolving line of credit for €2.5 billion. Through these transactions we've lengthened the maturity of our debt, with due dates extended to more than seven years, and smoothed out over time. With 57% of the debt denominated in US dollars, we are maintaining our strategy of natural hedging against foreign exchange movements, since over half of our earnings are generated in dollar-linked currencies.

Your debt level has dropped considerably; your debt is refinanced. Are you ready to make new acquisitions?

Since the acquisition of ABSOLUT, we have had a complete portfolio of strong brands covering all categories of international spirits. In addition, our geographical exposure is global, with a strong presence in emerging markets.

GILLES BOGAERT



1995: Joins Pernod Ricard as an internal auditor.
1998: Named Finance and Administration Director of Pernod Ricard Argentina.
2002: Becomes Finance and Administration Director of Pernod Ricard Central and South America.
2003: Joins the Holding Company as Audit and Business Development Director.
2008: Named Chairman and Chief Executive Officer of Pernod Ricard Brasil.
July 2009: Appointed Managing Director, Finance.

For several years, this has allowed us to generate business growth that outperforms the market. Under these circumstances, our priority remains organic growth. Nevertheless, we are open to targeted, tactical acquisitions, like the joint venture created last year to distribute the Ultra-Premium tequila brand, Avión. Potential targets include growth-oriented Premium brands, principally in the United States and emerging markets. But our approach to any acquisition opportunity will be subject to strict financial discipline: we want to keep our 'Investment Grade' credit rating.

What's your view of the rise in Pernod Ricard's share price?

The share turned in outstanding stock market performances in 2011/2012, far surpassing the main market indices, including the CAC 40 (+24% vs -19.7%). These were in line with our business and financial

performances, which were excellent in spite of the financial crisis. Continued deleveraging, obtaining the Investment Grade rating, and completing the debt refinancing also eliminated the risk premium that had penalised us during the financial crisis of summer 2011.

On a fundamental level, our strong stock market performance reflects investors' appetite for a global Group, co-leader in its market, with a very attractive growth profile (Premiumisation, emerging markets). Our reference shareholder, the Ricard family, is clearly an asset: it provides visibility through its commitment and long-term vision, and ensures the durability of our business model and corporate culture. Lastly, our confidence in the future is illustrated by our proposed dividend: €1.58 per share, a 10% increase.

What has been the impact of the euro/dollar exchange rate on the financial statements?

The strengthening of the dollar against the euro is a good thing for the Group: it has a positive effect on our operating profits (a 1% change in the €/USD rate has a €16 million impact on our operating profit), given our global presence and the importance of our exports from the eurozone. Naturally, the stronger US dollar also generates an unfavourable translation adjustment on the debt, 57% of which is USD-denominated. The effect of our natural hedging against foreign exchange movements allows us to hedge our results expressed in foreign currencies by structuring our debt by currency.

What are your priorities now?

The priority is to continue to grow in a less favourable economic environment. To do so, we will rely on the pillars of our strategy that have shown their effectiveness: our Premium brands, the continued strengthening of our presence in emerging markets and our future investments (innovation, sales force, strategic inventories and production capacity). The proper allocation of resources has become a key issue: global growth is currently very uneven, with growth opportunities to be seized as well as difficult areas where profit sources must be protected. One of the success factors will be the ability to invest in the right place, at the right level, and at the right time in order to capture new growth opportunities.

(1) Organic growth. (2) Net debt calculated by converting the share not denominated in euro using the average exchange rates for the year.

2011/2012 KEY FIGURES

Pernod Ricard achieved its strongest growth since 2007/2008, exceeding its stated financial objectives. The Group's growth accelerated significantly, both in terms of sales and operating profit. At the same time, the Group continued its rapid deleveraging and completed its debt refinancing.

€8,215m

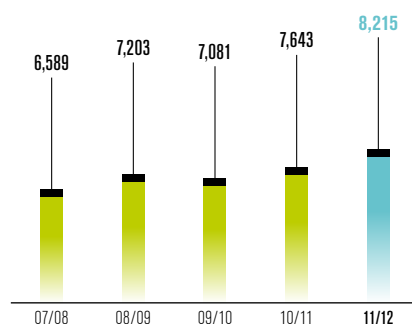
NET SALES

€2,114m

PROFIT FROM RECURRING OPERATIONS

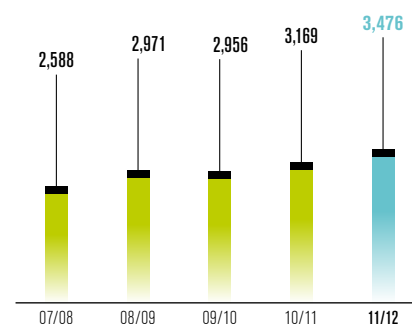
NET SALES

IN EURO MILLIONS



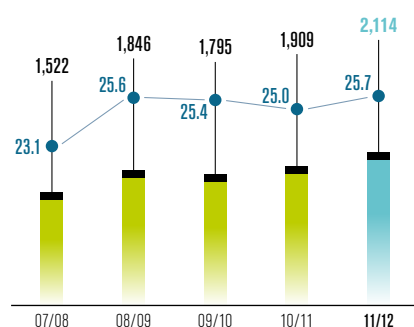
CONTRIBUTION AFTER ADVERTISING AND PROMOTION EXPENSES

IN EURO MILLIONS



PROFIT FROM RECURRING OPERATIONS, OPERATING MARGIN

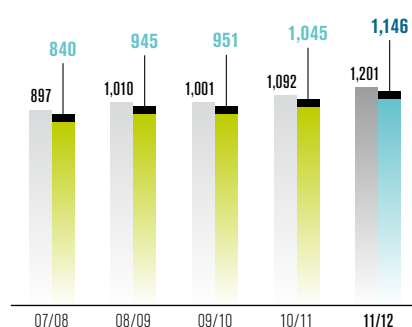
IN EURO MILLIONS AND AS A % OF NET SALES



GROUP NET PROFIT FROM RECURRING OPERATIONS, GROUP NET PROFIT

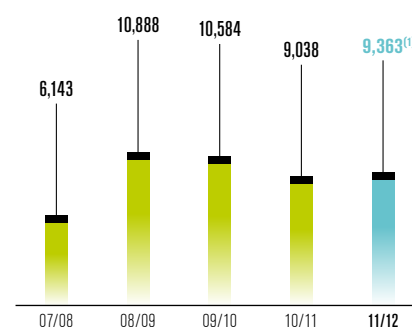
IN EURO MILLIONS

■ Group net profit from recurring operations ■ Group net profit



CHANGE IN NET FINANCIAL DEBT

IN EURO MILLIONS



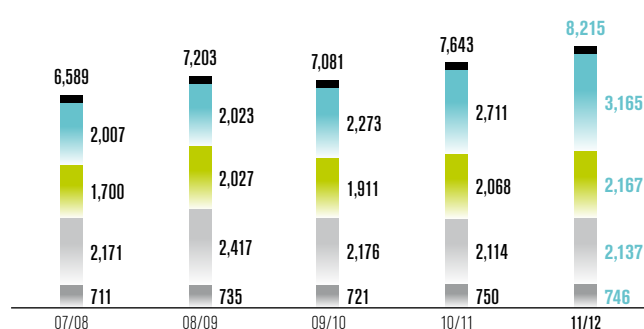
(1) Net debt before translation adjustment: €8,653m



SALES BY REGION

IN EURO MILLIONS

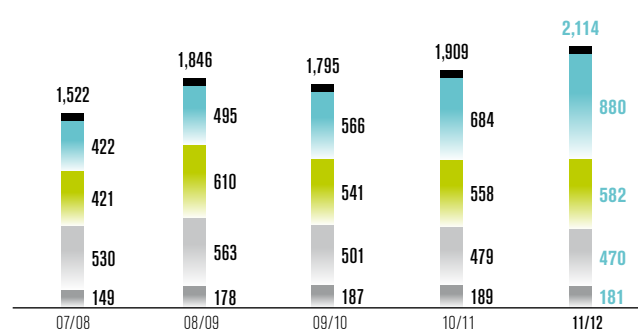
■ Asia/Rest of the World ■ Americas ■ Europe (excluding France) ■ France



PROFIT FROM RECURRING OPERATIONS BY REGION

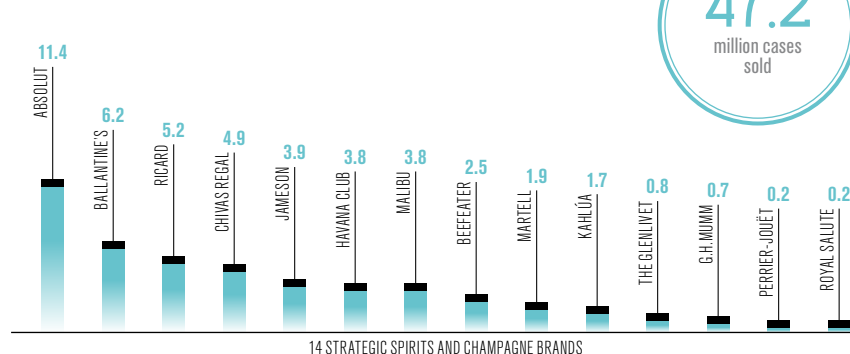
IN EURO MILLIONS

■ Asia/Rest of the World ■ Americas ■ Europe (excluding France) ■ France



VOLUMES PER BRAND

IN MILLIONS OF 9-LITRE CASES

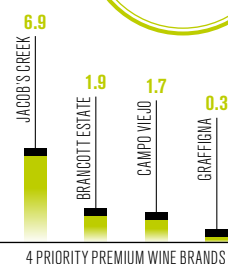


47.2

million cases sold

10.8

million cases sold



14 STRATEGIC SPIRITS AND CHAMPAGNE BRANDS

4 PRIORITY PREMIUM WINE BRANDS

ANNUAL CONSOLIDATED BALANCE SHEET (in euro millions)

| ASSETS | 30.06.2011 | 30.06.2012 |
|---|---------------|---------------|
| Net amounts | | |
| NON-CURRENT ASSETS | | |
| Intangible assets | 11,291 | 12,234 |
| Goodwill | 4,746 | 5,126 |
| Property, plant and equipment | 1,805 | 1,923 |
| Biological assets | 111 | 126 |
| Non-current financial assets | 178 | 294 |
| Investments in associates | 6 | 18 |
| Deferred tax assets | 1,459 | 1,965 |
| Non-current derivative instruments | 56 | 116 |
| NON-CURRENT ASSETS | 19,652 | 21,802 |
| CURRENT ASSETS | | |
| Inventories and work in progress | 3,875 | 4,295 |
| Trade receivable | 1,222 | 1,289 |
| Income taxes receivable | 40 | 29 |
| Other current assets | 136 | 87 |
| Current derivative instruments | 19 | 34 |
| Cash and cash equivalent | 774 | 787 |
| CURRENT ASSETS | 6,066 | 6,522 |
| Assets held for sale | 4 | 52 |
| TOTAL ASSETS | 25,722 | 28,375 |
| | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | 30.06.2011 | 30.06.2012 |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 410 | 411 |
| Share premium | 3,034 | 3,049 |
| Retained earnings and currency translation adjustments | 4,817 | 6,197 |
| Group net profit | 1,045 | 1,146 |
| GROUP SHAREHOLDER'S EQUITY | 9,306 | 10,803 |
| Non controlling interests | 190 | 169 |
| TOTAL SHAREHOLDERS' EQUITY | 9,497 | 10,972 |
| NON-CURRENT LIABILITIES | | |
| Non-current provisions | 607 | 641 |
| Provisions for pensions and other long-term employee benefits | 348 | 367 |
| Deferred tax liabilities | 2,657 | 3,126 |
| Bonds—non-current | 4,657 | 8,044 |
| Other non-current financial liabilities | 4,729 | 1,252 |
| Non-current derivative instruments | 275 | 259 |
| TOTAL NON-CURRENT LIABILITIES | 13,272 | 13,689 |
| CURRENT LIABILITIES | | |
| Current provisions | 265 | 178 |
| Trade payable | 1,884 | 2,130 |
| Income taxes payable | 91 | 129 |
| Other current liabilities | 293 | 293 |
| Other current financial liabilities | 323 | 727 |
| Bonds—current | 82 | 153 |
| Current derivative instruments | 14 | 97 |
| TOTAL CURRENT LIABILITIES | 2,953 | 3,707 |
| Liabilities held for sale | 0 | 7 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 25,722 | 28,375 |

FINANCIAL OVERVIEW

ANNUAL CONSOLIDATED INCOME STATEMENT (in euro millions)

| | 30.06.2011 | 30.06.2012 |
|---|--------------|--------------|
| Net sales | 7,643 | 8,215 |
| Cost of sales | (3,033) | (3,169) |
| Gross margin after logistics expenses | 4,610 | 5,047 |
| Advertising and promotional expenses | (1,441) | (1,571) |
| Contribution after advertising and promotional expenses | 3,169 | 3,476 |
| Structure costs | (1,260) | (1,362) |
| Profit from recurring operations | 1,909 | 2,114 |
| Other operating income | 121 | 45 |
| Other operating expenses | (177) | (190) |
| Operating profit | 1,852 | 1,969 |
| Financial expenses | (531) | (570) |
| Financial income | 72 | 22 |
| Interest (expense) income | (459) | (548) |
| Corporate income tax | (318) | (247) |
| Share of net profit/(loss) of associates | 2 | 0 |
| Net profit from continuing operations | 1,077 | 1,174 |
| Net profit from discontinued operations | - | - |
| NET PROFIT | 1,077 | 1,174 |
| Including: | | |
| • Attributable to minority interests | 32 | 27 |
| • Attributable to equity holders of the Parent | 1,045 | 1,146 |
| Earnings per share—basic (in euro) | 3.98 | 4.36 |
| Earnings per share—diluted (in euro) | 3.94 | 4.32 |
| Net earnings per share from continuing operations (excluding discontinued operations)—basic (in euro) | 3.98 | 4.36 |
| Net earnings per share from continuing operations (excluding discontinued operations)—diluted (in euro) | 3.94 | 4.32 |

ANALYSIS OF BUSINESS ACTIVITY BY GEOGRAPHIC AREA (in euro millions)

| | 30.06.2011 | 30.06.2012 | Organic growth | |
|---|------------|------------|----------------|-----|
| ASIA/REST OF THE WORLD | | | | |
| Net sales | 2,711 | 3,165 | 412 | 15% |
| Gross margin after logistics costs | 1,559 | 1,898 | 262 | 17% |
| Advertising and promotion | (531) | (625) | (79) | 15% |
| Contribution after advertising and promotional expenses | 1,029 | 1,272 | 184 | 18% |
| Profit from recurring operations | 684 | 880 | 143 | 21% |
| AMERICAS | | | | |
| Net sales | 2,068 | 2,167 | 121 | 6% |
| Gross margin after logistics costs | 1,277 | 1,362 | 72 | 6% |
| Advertising and promotion | (379) | (405) | (20) | 5% |
| Contribution after advertising and promotional expenses | 898 | 958 | 52 | 6% |
| Profit from recurring operations | 558 | 582 | 20 | 4% |
| EUROPE (EXCLUDING FRANCE) | | | | |
| Net sales | 2,114 | 2,137 | 52 | 2% |
| Gross margin after logistics costs | 1,228 | 1,245 | 45 | 4% |
| Advertising and promotion | (343) | (347) | (5) | 2% |
| Contribution after advertising and promotional expenses | 886 | 898 | 39 | 4% |
| Profit from recurring operations | 479 | 470 | 17 | 4% |
| FRANCE | | | | |
| Net sales | 750 | 746 | (4) | -1% |
| Gross margin after logistics costs | 546 | 541 | (3) | -1% |
| Advertising and promotion | (189) | (193) | (4) | 2% |
| Contribution after advertising and promotional expenses | 356 | 348 | (7) | -2% |
| Profit from recurring operations | 189 | 181 | (6) | -3% |
| TOTAL | 30.06.2011 | 30.06.2012 | Organic growth | |
| Net sales | 7,643 | 8,215 | 581 | 8% |
| Gross margin after logistics costs | 4,610 | 5,047 | 376 | 8% |
| Advertising and promotion | (1,441) | (1,571) | (108) | 7% |
| Contribution after advertising and promotional expenses | 3,169 | 3,476 | 268 | 8% |
| Profit from recurring operations | 1,909 | 2,114 | 174 | 9% |





“

– Come on love, you can let me in for free!

– No way. But I do accept shares and bonds...

”

RANJAN DAS

FINANCE DIRECTOR
PERNOD RICARD SINGAPORE

CLAUDIA ESTELLA YIP

FINANCIAL CONTROLLER
PERNOD RICARD INDONESIA, PHILIPPINES

Working in the same office,
these financial experts
are 'connected' every day.

2011/2012 SHARE PERFORMANCE

Pernod Ricard's share price accelerated its pace of growth in 2011/2012, after two years of solid recovery.

Amid a climate of uncertainty about the consequences of the sovereign debt crisis which caused another sharp drop in the CAC 40 (-19.7% over the period), Pernod Ricard's share price performance was quite remarkable (+24% over the period), ending the year at an all-time high.

THE PERNOD RICARD SHARE ENDS THE YEAR AT AN ALL-TIME HIGH

By JEAN TOUBOUL

Vice President, Financial Communications and Investor Relations

After two years of recovery following the global financial and economic crisis, the markets were again affected by a multitude of concerns in 2011/2012, led by the sovereign debt crisis and questioning over the eurozone's future. Given the macroeconomic outlook, many investors reduced their exposure to the equity markets. These concerns generated high volatility throughout the year, which drove the CAC 40 down and led to a 19.7% fall being recorded for the index over 2011/2012.

Despite this difficult environment, Pernod Ricard's share price closed at €84.26 on 29 June 2012 (the last trading day of the 2011/2012 financial year). It thus posted the second-best performance of the CAC 40 index, up by over 24% for the year to reach an all-time high. Moreover, this excellent

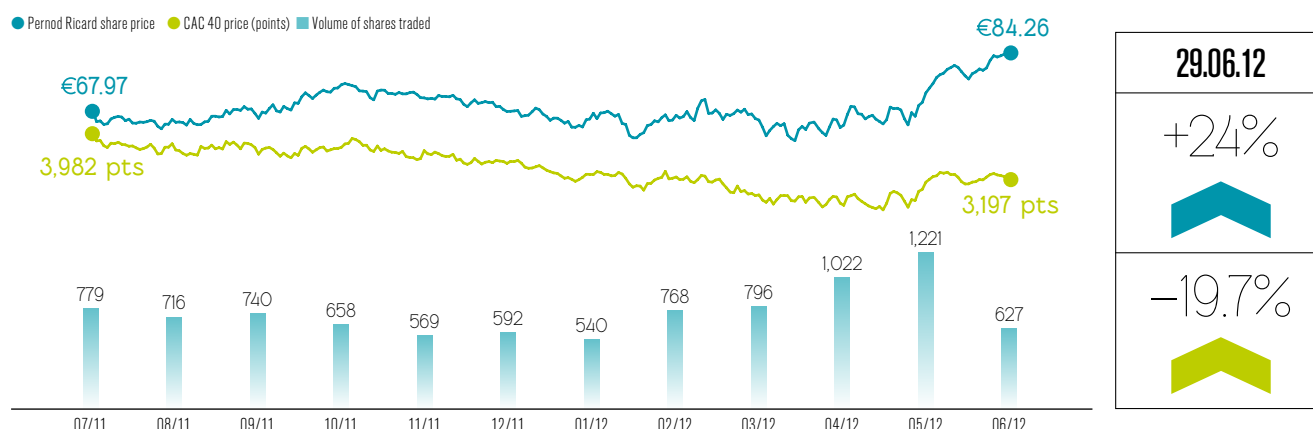


performance is not just limited to 2011/2012, but on the contrary reflects a long-term trend. Over the last three financial years, Pernod Ricard's share price has continued to rise by an annual average of more than 24%, whereas the CAC 40 has remained virtually unchanged over the same period (+0.6% per year).

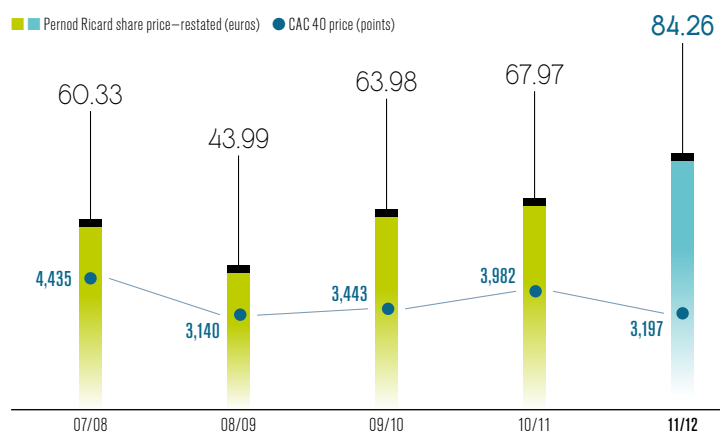
The performance of Pernod Ricard's share price attests to the markets' confidence in the Group's strategy, which is based on sustained investment in strategic brands and a strong presence in emerging markets. Significant growth in profits and rapid reduction of debt ratios have made us the preferred share of beverages industry analysts. This strategy has also been recognised by the rating agencies, as Standard & Poor's and Moody's both upgraded the Pernod Ricard Group's credit rating to 'Investment Grade' in late 2011.

SHARE OVERVIEW

CHANGE IN THE SHARE PRICE OVER ONE YEAR IN COMPARISON WITH THE CAC 40 INDEX AND TRADING VOLUMES

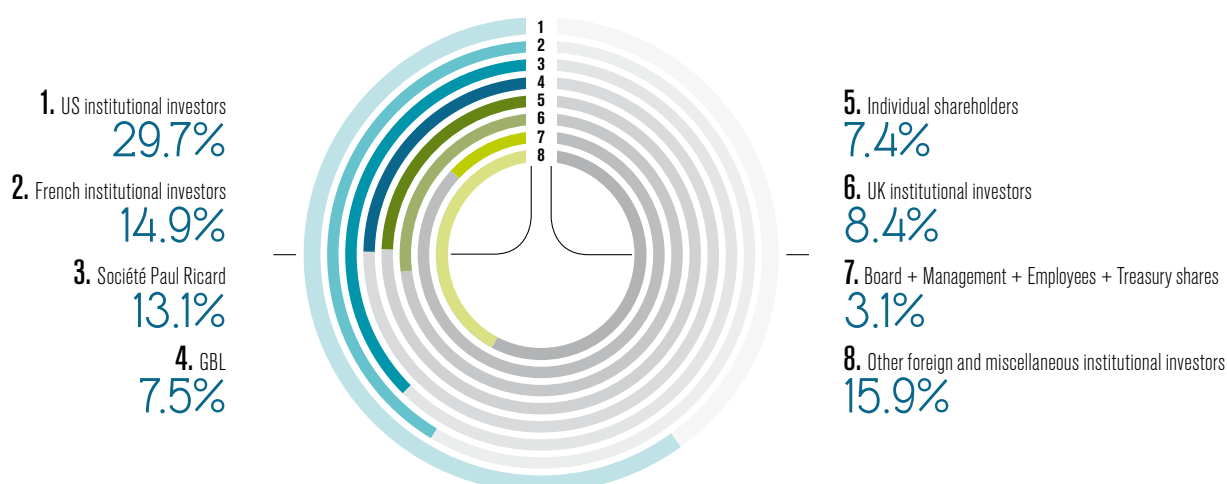


VALUE OF THE PERNOD RICARD SHARE OVER FIVE YEARS (PRICE AS 30 JUNE)



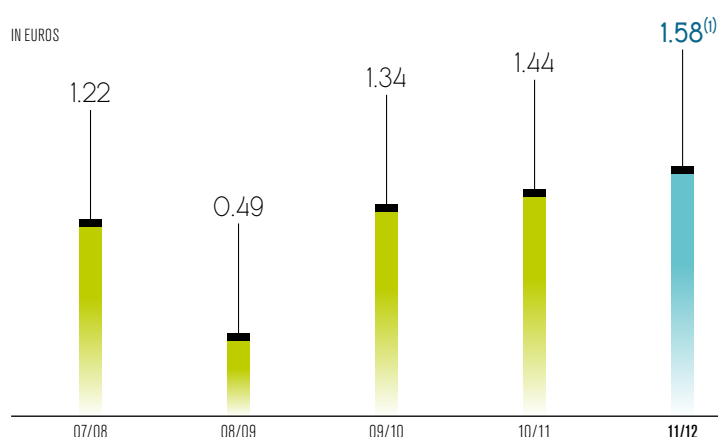
Pernod Ricard is traded on the Paris stock exchange on NYSE Euronext SA Paris Eurolist (compartment A) SRD (deferred settlement service). The Group is included in the CAC 40 index, accounting for 2.6% of total market capitalisation at 30 June 2012. The Pernod Ricard share is eligible for inclusion in French 'PEA' share savings plan (*plan d'épargne en actions*) and for deferred settlement service.

BREAKDOWN OF SHARE CAPITAL AT 30 JUNE 2012





NET DIVIDEND (RESTATED) OVER THE LAST FIVE YEARS



2012 DIVIDEND

A dividend of €1.58 per share for the 2011/2012 financial year (up 10% in relation to the previous year) will be submitted for the approval of the Shareholders' Meeting of 9 November 2012. This dividend is in line with the customary policy of cash distribution of approximately one-third of the net profit from recurring operations (distribution rate: 35%).

Taking into account the interim dividend of €0.72 per share paid on 5 July 2012, the final dividend to be paid stands at €0.86 per share.

Subject to the approval of the Shareholders' Meeting, the ex-date of this balance will be 14 November 2012 and the payment date 19 November 2012.

| SUMMARY OF STOCK MARKET DATA | 2009/2010 | 2010/2011 | 2011/2012 |
|---|-------------|-------------|-------------|
| Number of listed shares at 30 June | 264,232,313 | 264,721,803 | 265,310,605 |
| Average number shares (except Treasury shares) – diluted ⁽²⁾ | 264,856,425 | 265,032,464 | 265,147,554 |
| Stock market capitalisation at 30 June (€m) | 16,906 | 17,993 | 22,355 |
| Group net profit per share from recurring operations – diluted | 3.78 | 4.12 | 4.53 |
| Dividend per share | 1.34 | 1.44 | 1.58 |
| Average monthly volume of trades | 19,258 | 17,506 | 16,451 |
| Average monthly volume of trades after restatement ⁽²⁾ | 19,351 | NA | NA |
| Highest share price for the financial year | 67.51 | 72.78 | 84.26 |
| Highest share price for the financial year after restatement ⁽²⁾ | 67.51 | NA | NA |
| Lowest share price for the financial year | 35.89 | 58.32 | 56.82 |
| Lowest share price for the financial year after restatement ⁽²⁾ | 35.19 | NA | NA |
| Average share price for the financial year | 58.17 | 65.54 | 71.18 |
| Average share price for the financial year after restatement ⁽²⁾ | 57.32 | NA | NA |
| Share price at 30 June | 63.98 | 67.97 | 84.26 |

(1) Subject to the Shareholders' approval at 9 November 2012.

(2) Historical data were restated to take into account the allocation of one bonus share for 50 shares carried out 18 November 2009.

CONNECTED

OPTIMISING SOURCES OF FINANCING



In a difficult macroeconomic environment, refinancing is a major challenge. Pernod Ricard was nonetheless able to refinance under attractive terms the debt the Group had incurred during the Vin&Sprit acquisition. This success was made possible through maintaining constant connection with the financial markets, in order to optimise the debt structure.

To reduce its dependence on bank credit—made scarce by the recession and new regulatory constraints—the Group conducted several refinancing operations in 2011/2012, including two bond issues in the United States. Following the issue of April 2011, these new programmes involved private placements in October 2011 and January 2012 of USD1.5 billion and USD2.5 billion, respectively. The January 2012 issue consisted of three tranches of 5, 10 and 30 years, with the latter significantly extending the debt maturity. Demand was high, with an order book exceeding USD6 billion. For the last stage of refinancing, in April 2012 Pernod Ricard signed a new multi-currency revolving credit facility for USD2.5 billion with a pool of 25 international banks. As a result of these operations, the Group's debt maturity exceeded 7 years at the end of June 2012, with less than 20% originating from bank financing, compared to over 50% at the end of June 2011.

The success of the refinancing attests to the market's confidence in Pernod Ricard's ability to repay its debt in line with the predetermined schedule. Thanks to the Group's continuous debt reduction, in October 2011 the Moody's and Standard & Poor's rating agencies raised its long-term senior debt rating to Baa3 and BBB-, respectively, i.e. to 'Investment Grade' level. From a net debt/Ebitda ratio of 6.2 in July 2008, Pernod Ricard has steadily reduced this figure: to 4.4 in June 2011, and to 3.8 on 30 June 2012.

SHAREHOLDERS: A PRIVILEGED DIALOGUE

Pernod Ricard seeks to establish close ties with its shareholders, based on trust and open dialogue.

With this in mind, the Group increasingly uses digital communications to share its plans and news in real time. Pernod Ricard also continues to host regular gatherings, inviting its shareholders to discover the Group's products, production facilities and historical assets.

NEW MEDIA TO STRENGTHEN CLOSE TIES WITH SHAREHOLDERS

To establish an on-going connection with its various audiences, the Group has shifted its communications towards modern digital media, enriched with content focused on news and events.

The Annual Report, the starting point for a yearly philanthropic initiative to commission a work from a contemporary artist, gives an account of the past year while creatively conveying the Group's culture and values. Once again this year, an iPad application rounds it off, providing access to both an interactive version of the Annual Report and all the latest content: news, press releases, images, Twitter feed. The app is designed to enable users to follow Pernod Ricard on a daily basis, through continuously updated information.

Another cornerstone of the communications platform, the Pernod Ricard website www.pernod-ricard.com, was completely redesigned this year with two objectives: to highlight the brand portfolio, and to reflect the Group's ambition for leadership. The website thus puts the emphasis on the brands' world and news, with significantly enriched content. It also illustrates the definition of 'leader' according to Pernod Ricard—its steady growth as well as strong commitment to social responsibility—by adding new content focused on noteworthy initiatives. Innovative and user-friendly, the site features an 'inspiration engine' inviting users to explore the site in an interactive and personalised way. To encourage dialogue, Pernod Ricard has a Twitter feed which is updated daily with the Group's latest news.

Published once or twice a year in three languages, *Entreprendre* magazine dissects topics related to Pernod Ricard's business environment, giving a voice to experts on the theme, be they employees or people from outside of the Group. This year, the subject is 'Innovation', one of the Group's strategic pillars, analysed through the prism of the Pernod Ricard model. An interview with the architectural duo of Jacob + MacFarlane sheds new light on the creative process, echoing the Group's culture and the many artistic collaborations that are its hallmark.

GOOD PRACTICE



A PRIVILEGED DISCOVERY OF THE PREMIUM WINES RANGE

To gain a better understanding of the variety of products, terroirs and know-how behind the Group's priority wine brands by pairing them with food: such was the aim of the Wine & Cheese party reserved for shareholders at the Pavillon Royal in the Bois de Boulogne on 9 February 2012. Attendees had the opportunity to sample a range of wines from Australia, New Zealand, Spain and Argentina, paired with a selection of cheeses chosen by a Master Cheesemaker.

CLUB PREMIUM, CREATING CONNECTIONS

The fruit of the Group's special relationship with its shareholders, Club Premium boasts 10,500 members. All are provided with a free-phone number, an email address and access to a dedicated website, in addition to three issues of the *Lettre Premium* newsletter per year. They also benefit from a year-end offer of exceptional products. This year, the offer will also be available through an online ordering website. Lastly, Club membership gives access to many events and encounters with experts on the Group's business and products. During the past year, in addition to the traditional tours of the cellars of G.H.MUMM, Martell and Perrier-Jouët, members were invited to cross the English Channel to discover the Beefeater distillery in London. The trip was combined with a visit of the Saatchi Gallery, a temple of contemporary art supported by Pernod Ricard through its subsidiary, Pernod Ricard United Kingdom. Other events were arranged in Paris, all linked to the Group's sponsorship activities: private tours of the *Matisse, Paires et séries* exhibition at the Pompidou Centre and of *Ricard SA depuis 1932* at the Museum of Decorative Arts; a symphony concert given by the Ostinato orchestra at the Musée Dapper; and a Premium champagne tasting at the Maison Baccarat. Members could also attend a conference to better understand the Group's financial communications.





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At a glance on pages 13, 14 and 15, and pages 4, 8, 12, 15, 56, 62, 88, 94, 103, 108, 120, 128, 136 in the Annual Report: Stéphan Gladieu, Blossom.
Page 121: Saatchi gallery in London, Stephen White photographer, 2011.

At a glance on page 7, and page 41 in the Annual Report: Luc Castel, Marcadé Event (centenaire cordon bleu).

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