

**Grant of Performance-related stock options and Performance-related shares
to Mr. Alexandre Ricard, Chairman & CEO
- November 9th 2017 -**

I – Annual Long Term Incentive Plan

At its meeting held on November 9th, 2017, the Board of Directors, as per the authorizations given by the Annual Shareholders' Meeting dated November 6th, 2015 (resolutions n. 22 and 23), approved a Long Term Incentive Plan benefiting to 1,000 employees within the Group.

Under this Plan and following the recommendation of the Compensation Committee, the Board of Directors decided to grant performance-related stock options and performance-related shares to Mr. Alexandre Ricard, Chairman & CEO, as presented hereafter, and in accordance with the commitment taken last year that, throughout the current term of office, the maximum annual allocation granted, in value, may not represent more than 150% of his gross fixed annual compensation.

▪ **STOCK OPTIONS WITH EXTERNAL PERFORMANCE CONDITION:**

- Amount: 25,050 stock options, all of them subject to an external performance condition;
- Exercise price: €126.53 i.e. the average of the closing share prices for the last 20 days prior to the date of grant, with no discount;
- External performance condition:
The number of options which can be exercised will depend on the performance of the Pernod Ricard Total Shareholder Return (TSR) compared to the TSR of a Panel over a period of 3 years starting from 9th November 2017 until 9th November 2020 inclusive:
 - ✓ If below the median (8th to 13th position), no option can be exercised;
 - ✓ if equal to the median (7th position), 66% of the options can be exercised;
 - ✓ if in 6th, 5th or 4th position, 83% of the options can be exercised; and
 - ✓ if in 3rd, 2nd or 1st position, 100% of the options can be exercised.

At the grant date, the Board of Directors decided that the Panel was composed of Pernod Ricard plus 12 peer companies, as follows: Diageo, Brown Forman, Remy Cointreau, Campari, Constellation Brands, AB InBev, LVMH, Heineken, Carlsberg, Coca-Cola, PepsiCo and Danone.

It is specified that the Panel may be modified in the event of a change affecting one or several members of the Panel. The Board of Directors could, by fully reasoned decision and following the recommendation of the Compensation Committee, decide to add or exclude a member to or from the Panel in cases such as purchase, absorption, dissolution, splitting, merger or change in activity, provided this does not affect the overall consistency of the Panel and still allows the assessment of the external performance condition as determined at the time of the initial grant.

- The vesting period will be 4 years and will be followed by a 4-year exercise period.

▪ **PERFORMANCE-RELATED SHARES WITH INTERNAL CONDITION:**

- Amount: 4,000 performance-related shares, all subject to an internal performance condition;
- Internal performance condition:
The number of performance-related shares finally transferred shall be determined by the following ratios of achieved Group Organic profit from recurring operations as compared to the Group's budgeted Organic profit from recurring operations (restated for the effects of foreign exchange rates and scope of consolidation), for 3 consecutive financial years (2017/18, 2018/19 and 2019/20).

The number of performance-related shares is determined as follows:
 - ✓ If the average is lower than or equal to 0.95: no performance-related share shall vest;
 - ✓ If the average is between 0.95 and 1: the number of performance-related shares having vested shall be determined by applying the percentage of linear progress between 0 and 100%; and
 - ✓ If the actual average is equal to or higher than 1: 100% of the performance-related shares will vest.
- The vesting period of the performance-related shares is 4 years, without any further holding obligation.

▪ **PERFORMANCE-RELATED SHARES WITH INTERNAL AND EXTERNAL CONDITIONS:**

- Amount: 6,600 performance-related shares, all of them subject to both internal and external performance conditions;
- Performance conditions: the number of performance-related shares definitively transferred will be determined by applying the two performance conditions (first internal then second external) identical to those specified above.
 - ↳ Application of the internal performance condition determined by the ratios of the Group actual Organic profit from recurring operations as compared to the Group's budgeted Organic profit from recurring operations (restated for the effects of foreign exchange rates and scope of consolidation), for 3 consecutive financial years (2017/18, 2018/19 and 2019/20).

The number of performance-related shares confirmed after application of the internal condition shall then be subject to the external condition.
 - ↳ Then, application of the external performance condition determined by the performance of the Pernod Ricard Total Shareholder Return (TSR) over the period starting from 9th November 2017 until 9th November 2020 (inclusive) (3 years) compared to the TSR of the Panel (e.g. same as for the stock options).
- The vesting period of the performance-related shares is 4 years, without any further holding obligation.

Compliance with the caps applicable:

At its meeting held on November 9th, 2017, the Board of Directors ensured that the quantity of shares and options granted to the Executive Director was in line with the 0.06% (for performance shares) and 0.21% (for stock options) of the share capital specific cap indicated in the 22nd and 23rd resolutions as approved by the Shareholders' Meeting of November 6th 2015. The grants to the Executive Director

respectively represent 0.004% (for performance shares) and 0.01% (for stock-options) of the share capital.

Holding and acquisition requirements applicable to the Executive Director, relating to stock options and performance-related shares:

Moreover, as for previous grants, following the recommendation of the Compensation Committee, the Board of Directors set the following requirements on November 9th, 2017:

- **Requirement to hold stock-options and performance-related shares:**
The Executive Director shall retain in a registered form and until the end of his term of office a number of shares corresponding to (i) in respect of stock options, 30% of the capital gain since acquisition, net of social security contributions and taxes, resulting from the exercise of the stock options, and (ii) in respect of performance-related shares, 20% of the volume of performance-related shares that will be actually transferred to him.
- **Requirement to acquire additional shares:**
The Executive Director shall undertake to buy a number of shares equal to 10% of the performance-related shares transferred, at the time that the performance-related shares are effectively transferred to him.

Once the Executive Director holds a number of registered shares that correspond to more than three times his gross fixed annual compensation at that time, the above-mentioned obligation will be reduced to 10% for both stock options and performance-related shares and the Executive Director will no longer be required to acquire additional shares. If, in the future, his registered holdings fall below the ratio of three, the lock-in and acquisition requirements mentioned above will apply anew.

II – ADDITIONAL GRANT OF PERFORMANCE-RELATED SHARES (COMPONENT OF THE ALTERNATIVE PENSION SCHEME)

In order to compensate the cancellation of the defined-benefit supplementary pension scheme, the Board of Directors held on August 31st 2016 decided to grant to Mr Alexandre Ricard an additional annual compensation equal to 5% of his fixed and variable annual compensation in the form of the allocation of performance-related shares, paid each year from 2017. This decision has been approved by the Shareholders' Meeting held on November 17th 2016 (16th resolution).

Thus, considering the IFRS value of the performance-related shares at the date of the grant, an additional allocation for Mr. Alexandre Ricard has been granted, composed of:

- 460 performance-related shares with internal condition,
- 760 performance-related shares with internal and external conditions.

The conditions relating to performance, presence and holding that will apply to these allocations will be the same as those outlined under the allocation of Group performance-related shares plan in effect on the grant date (see above).

Please note that since 2017, Mr. Alexandre Ricard also benefit from a cash component representing 5% of his fixed and variable annual compensation that he undertakes to invest, net of social security contributions and tax, in investment vehicles dedicated to financing his supplementary pension.

Compliance with the caps applicable:

At its meeting held on November 9th, 2017, the Board of Directors ensured that the quantity of shares granted to the Executive Director was in line with the specific cap indicated in the 22nd resolution as approved by the Shareholders' Meeting of November 6th 2015. This grant to the Executive Director respectively represent 0.0005% of the share capital.