

# **Report on the credibility of the Social Responsibility programme of the Pernod Ricard Group**

*(Prepared for external communication)*

Pursuant to the request made to us as independent third-party experts, we worked from June to October 2012 to draw up a report on the credibility of Pernod Ricard's Social Responsibility (SR) approach. This work was carried out on the basis of the French experimental standard XP X 30-027: "Ensuring the credibility of social responsibility approach based on ISO 26000".

## **Nature and scope of our work**

We performed an assessment and verification:

- at the holding company level, through interviews with Group senior executives as well as those in charge of the Group's Corporate Social Responsibility policy;
- at three Group affiliates level:
  - o Chivas Brothers in the UK
  - o Pernod Ricard Italia
  - o Pernod Ricard Asiathrough interviews with key managers of these subsidiaries, the CSR leaders and a selection of local stakeholders;
- with selected stakeholders representing the Group's activities and its social, environmental and corporate issues.

In our interviews with Pernod Ricard Group contacts, we sought to identify the policies currently in place, their formalisation and deployment, and their resulting practices.

In interviews with stakeholders, we sought to understand their relationship with the Pernod Ricard Group and the latter's ability to engage with them and to address their concerns.

We also analysed documents detailing the Group's SR strategy, and particularly the commitments and objectives formalised in the CSR Platform and the associated presentation materials.

We did not, however, examine data or indicators that might reflect the overall effectiveness of Pernod Ricard's SR approach for every objective of the CSR Platform since such data had not yet been consolidated into a progress report at the time of our review.

The list of people interviewed and documents examined for this assessment is provided in the appendix.

## Findings

- The scope of the SR approach appears relevant in light of the Group's structure. Its deployment, supported by a network of correspondents trained in SR issues, has reached all employees of the Group while involving a significant number of stakeholders.  
The review conducted within this scope was limited to the holding company and three affiliates, which nevertheless allowed coverage of one brand owner and two market companies: one country with production facilities and one continent, itself consisting of twenty countries.
- Pernod Ricard's key commitments concern the "promotion of responsible drinking", "respect for employees, consumers, shareholders, partners and local communities", and "respect for the environment".  
These commitments are well aligned with the most significant impacts of Pernod Ricard's activities, and are consistent with the historic commitments made by its founders, Paul Ricard and Jean Hémard.  
Other commitments concerning "sharing cultures" and "promoting entrepreneurship" are also in line with the Group's values, and its decentralisation policy in particular. These commitments could still be enhanced by the inclusion of some other ISO 26000 areas of action.
- We found the dialogue with stakeholders to be satisfactory in light of the many initiated collaborations, particularly on the issue of responsible drinking. We also found the dialogue with employees, suppliers and local authorities close to production sites to be satisfactory. Pernod Ricard's commitment to SR is perceived as sincere by stakeholders, and its positions relating to responsible drinking and environmental protection are consistent with expectations of those interviewed, although some stakeholders in the healthcare field did not wish to meet with us.  
Consistency between the Group's statements and its actions is generally recognised, but a centralised support function would help to encourage the exchange of best practices in terms of dialogue with stakeholders.
- The SR objectives on responsible drinking, respect for the environment and respect for internal and external stakeholders appear to be adequately addressed by the affiliates we examined.  
The organisation of annual events on responsible drinking is also an effective initiative involving the majority of the Group's employees through all of its affiliates.  
Conversely, objectives concerning entrepreneurship and culture are receiving much less attention from the affiliates we examined.
- Although there are indicators to measure progress, it is still difficult to evaluate the Group's continuous improvement in SR on all subjects, due to the recent formalisation of the programme and limited take-up of indicators by the affiliates.  
We nevertheless found a genuine commitment by the reviewed affiliates, and most of the interviewed stakeholders recognised the Group's efforts in Corporate Social Responsibility.

## Overall assessment of the approach's relevance and effectiveness

Our assessment highlighted the strong commitment of Pernod Ricard's leaders on the issue of Social Responsibility – a commitment based on historical values rooted in the character of its founders, Paul Ricard and Jean Hémar. The value most often mentioned in support of this programme is “respect”, a value that over time has become “the Group's DNA”.

We noted the approach's actual deployment among the entities we examined; this deployment could, however, benefit from greater adaptation to local contexts. The programme could also be strengthened by improved sharing of practices and greater coordination.

We found that the Group's SR commitments were well received by both the management and staff, who recognise its merits. The external stakeholders we interviewed also recognised the Group's commitment to SR in respect of its major impacts, with Pernod Ricard being seen as a leader on the subject of responsible drinking.

The Group should, however, better highlight its commitments, in keeping with its SR strategy, and should consider additional priorities given the main issues of the ISO 26000 standard and their fields of action. Measuring the approach's effectiveness will also be a factor for its improvement in the coming years.

Overall, and in view of our work, the Pernod Ricard Group's SR programme appeared to be relevant with respect to its leaders' involvement, the quality of the dialogue with its stakeholders, and the importance of the commitments it has formalised. Its effectiveness is satisfactory in view of the opinions voiced by the internal and external stakeholders interviewed, but this effectiveness will be confirmed by the monitoring of progress indicators.

Paris, 29 October 2012

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## Appendices:

### **List of Pernod Ricard executives interviewed:**

- Patrick Ricard – Chairman
- Pierre Pringuet – Vice-Chairman of the Board and Chief Executive Officer
- Thierry Billot – Managing Director, Brands; Member of the Executive Board
- Gilles Bogaert – Managing Director, Finance; Member of the Executive Board
- Pierre Coppéré – Chairman & CEO of Pernod Ricard Asia
- Philippe Dréano – Chairman & CEO of Pernod Ricard Americas
- Philippe Guettat – Chairman & CEO of The Absolut Company
- Laurent Lacassagne – Chairman & CEO of Pernod Ricard Europe
- Anna Malmhake – Chairman & CEO of Irish Distillers, Ireland
- Bruno Rain – Managing Director, Human Resources and CSR; Member of the Executive Board
- Alexandre Ricard - Managing Director, Distribution Network; Member of the Executive Board
- Philippe Savinel – Chairman & CEO of Ricard SA

### **List of other interviewees at the holding company:**

- Fanny Babey – CSR Manager
- André Hémar – VP Corporate Social Responsibility
- Patrice Robichon – Scientific Advisor to the Chairman

### **List of Pernod Ricard personnel interviewed for subsidiary reviews:**

- Chivas Brothers:
  - o Rick Connor, Vice-President of International Public Affairs, Pernod Ricard – Chivas Brothers Director of Public Affairs – CSR leader, Pernod Ricard UK
  - o Douglas Cruickshand, Production Manager, Chivas Brothers
  - o Hervé Fetter, Financial Director, Chivas Brothers
  - o Jack Gemmell, Public Affairs, UK, CSR leader, Chivas Brothers
  - o Scott Livingston, Human Resources Director, Chivas Brothers
  - o Alister Macintosh, Manufacturing Manager, Chivas Brothers
  - o Mary Moohan, Labour Union representative, Chivas Brothers
  - o Christian Porta, CEO, Chivas Brothers
  - o Paul Scanlon, Commercial Director, Chivas Brothers
  - o Amanda Hamilton Stanley, General Counsel, Chivas Brothers
- Pernod Ricard Italia:
  - o Gianluca Battist, QSE Manager
  - o Pierstefano Berta, Industrial Director
  - o Maurizio Bodano, HR Director
  - o Franco Bonadeo, PR and Corporate Vice President
  - o Antonio Duva, Commercial Director
  - o Michel Mauran, Managing Director
  - o Laura Mayr, Head of Communications
  - o Rodrigo Sanchez-Cespedes Mielgo, Administrative and Finance Director
  - o Andrea Sanzani, Purchasing Manager
  - o Laurent Schun, Marketing Director
- Pernod Ricard Asia:
  - o Nancy Agnihotri – Communications Manager & Responsib'All Day Leader, Pernod Ricard India
  - o Pooja Bedi – Company Secretary, Pernod Ricard India
  - o Xavier Beysecker – Managing Director, Pernod Ricard Hong Kong
  - o Glen Brasington – Vice President Marketing, Pernod Ricard Asia
  - o Michelle Chaing – Public Affairs Assistant Manager, Pernod Ricard Asia

- Adam Gagen – Public Affairs Manager, Pernod Ricard Asia
- Nitin Ghate - AVP-Manufacturing, Pernod Ricard India
- Belinda McKenzie – Duty Free and Internal Communications Manager & Responsibility All Day Leader, Pernod Ricard Japan
- Thibaut de Poutier – Managing Director Duty Free, Pernod Ricard Asia
- Cyril Sayag – Vice President Public and Legal Affairs, Pernod Ricard Asia
- Helene de Tissot – Vice President Finance, Pernod Ricard Asia
- Maria Tsang – HR Director, Pernod Ricard Asia
- Chavalit Vongsuwanlert – HR & Corporate Affairs Director & CSR leader, Pernod Ricard Thailand
- Hosung Young – Public Relations Director & Responsibility All Day Leader, Pernod Ricard Korea
- Frances Zhan – Corporate Communication Associate Director & CSR leader, Pernod Ricard China

### **List of external stakeholders interviewed at Group level:**

- Governance
  - Laurent Brugeilles, Commercial Director, Vigéo
  - Thomas Girard, Natixis, Senior SRI Analyst, Equity Markets
- Human Rights
  - Conrad Eckenschwiller, Global Compact
  - Labour relations and working conditions
  - Jean Luc Coudurier, Occupational Health Physician at Pernod Ricard
- Environment
  - Claude Bascompte, Friends of the Earth
  - Eric Brac de la Perrière, Managing Director, Eco-Emballages
  - Emmanuel Delannoy, Inspire Institute
- Good Business Practices
  - Christian Boissy, CBC Asia, POS Creative Asia
  - Valérie Touchon, Écovadis
  - Fabienne Grall, International Marketing Director, Saint Gobain
  - Jean Christophe Bugeon, Raphaëlle Simunek, Jacky Nguyen, Smurfit Kappa
  - Patrick Ryssen, Ryssen Group
  - Erik Baeksted, wheat supplier to Pernod Ricard Sweden
  - Edith Giffard, Giffard Group
- Local Involvement
  - Estelle Morange, Claire Crochemore, Planet Finance
  - Mrs Daoust, University Rector, research project on responsible drinking
- Stakeholders not wishing to participate in this assessment
  - ANPAA - Paris
  - WHO - Geneva

### **List of external stakeholders interviewed at Group level for the subsidiaries examined:**

- Chivas Brothers:
  - Alan Rettie, St Thomas Primary School Parent Council
  - George Macdonald, Grampian Police Chief Inspector (Operations) - Aberdeen Division Force
  - Jackie Baillie, Scottish Parliament
  - Douglas Meikle, Scotch Whisky Association Policy Manager
- Pernod Ricard Italia:
  - Silvia Garnerò, assessor responsible for events in the Province of Milan
  - Gian Luca Volpi, general delegate CASA - Federation Federvini
  - Gian Luca, of the UIL, and Roberto, of the CISL - labour unions
  - Paolo Gandolfo, assessor of the Town of Canelli
  - Diego Servetti, Chairman and Managing Director of Expert, services supplier

- Fabrizio Panza, Commercial Director, Robino Galandrino, supplier
  - Director of FIMER, supplier
  - Luca Deambrogio, Financial Controller, AROL, supplier
  - Chairwoman and her son, Director of Sirio Aliberti, supplier
- Pernod Ricard Asia:
- JS Ahlawat - Administrator for the Dispensaries & All Activities initiated under Charitable Funds – India
  - Brett Bivans - Senior Vice President of ICAP (International Center for Alcohol Policy) – China
  - Youngwoong Kim – Manager of KALIA (Korean Alcohol and Liquor Industry Association) – Korea
  - Ivy Ngan – Assistant Director – Hong Kong University of Science and Technology
  - Lan Huong Ngyuen – ICAP Country Manager – Vietnam
  - Trong Tai Nguyen – General Director of the National Traffic Safety Committee – Vietnam
  - Kevin Seo – Vice Labor Union Leader – Korea
  - Dr Meenakshi Shukla – Associated with the Gurgaon Dispensary for six years – India
  - Chung Tang – Director of KELY – Hong Kong Youth NGO

**List of Group documents examined:**

- CSR Platform and CSR leader training materials
- Group Environmental Roadmap
- HR policy
- Pernod Ricard Policy on Responsible Procurement - 2011
- Procurement code of ethics - March 2009
- Annual Report and Reference Document 2011
- List of stakeholders with type of working relationship with them
- SD Charter\_2006 and new draft of Pernod Ricard SD Charter 2012 v3
- Pernod Ricard Charter
- Summary of the “I Say” opinion survey
- Response Document to rating agencies’ questionnaires
- Criteria for awarding bonuses