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EDITED TRANSCRIPT

Pernod Ricard SA Annual Shareholders Meeting

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PRESENTATION

Alexandre Ricard *Pernod Ricard SA - Chairman, CEO & Member of Executive Board*

[Interpreted] Good afternoon, ladies and gentlemen. Dear shareholders, I'm delighted -- in fact, we're all delighted to see you here. And on behalf of the whole Group, on behalf of every single employee of the Group, I'd like to wish you a very warm welcome to today's Annual General Meeting of Shareholders, your AGM.

As I'm sure you'll understand, a year ago, when our last AGM took place, it was unfortunately impossible to have you here in person. I asked our people to do everything possible to try and reestablish a certain conviviality about our so-called virtual AGM, but there is no replacing human presence. So, it's with great pleasure that we are here with you here today. And of course, we have to abide by all the various precautions, health precautions we need to take. Unfortunately, we couldn't organize a cup of coffee for you arriving. But if the smiles that I can guess behind your masks are anything to go by, I expect that you too are delighted to be here at this AGM, which is almost a normal AGM.

Just in case you ask yourselves, and I will have a few questions later on, some have mentioned this to me, but there was no way we could possibly ask for proof of vaccination for today's AGM. Now by law, proof of vaccination is reserved for so-called cultural, sporting, entertainment or festive events.

Now our AGM, which I hope will be entertaining or even festive given the results that we will be presenting in a few minutes' time, unfortunately, does not come within the scope of the law. And it would have been, in fact, illegal for us to demand any kind of proof of vaccination at the entrance to the AGM, which would have -- the whole idea of having a coffee together.

So this AGM has been convened in compliance with legal provisions in force. Nobody has requested the description of an item on the agenda or any other resolution since the notice of meeting was published in the official gazette last October 6. We have drawn up an attendance sheet, which has been signed by shareholders in presence in pursuance of the legal arrangements. I can now, therefore, declare this Annual General Meeting underway.

As President of this AGM, I propose to set up the bureau as follows. I'm going to ask Paul-Charles Ricard who is representing Societe Paul Ricard and Priscilla Maters, who is representing the Groupe Bruxelles Lambert to act as tellers for today's AGM. I'd like to appoint Anne-Marie Poliquin as Secretary for today's AGM. This is Anne-Marie's first AGM. She is Head of Legal Affairs and joined us last April. Welcome Anne-Marie.

We also have at today's bureau Patricia Barbizet, who is the Lead Independent Director; and Helene de Tissot who is Chief Financial Officer in charge of IT and Operations, whom you also know. Our statutory auditors in the room on the first row, by the way, are represented by Eric Ropert from KPMG; and Marc de Villartay from Deloitte -- Deloitte and Associates.

I see that the temporary quorum is 69.2%, over 69.2%, representing over 205 million shares for 7,242 shareholders in attendance or represented. The final call will be given to you before we start voting on the resolutions. This combined AGM, which is a combined ordinary and extraordinary AGM, has the required quorum required by law, I should say.

On the desk here, I'm putting and I've made available to people in attendance all the various legal documents. These documents have been sent out or made available to shareholders who requested them in the fullness of time. This AGM is therefore duly constituted and can conduct its business accordingly for all the resolutions on the agenda.

I'd like to remind you that this AGM has been convened to deliberate on the resolutions mentioned on Page 42 of the notice of meeting, which you will have received when you signed in on the attendance sheet. We are now going to give you the Group's business report.

But before that, I wanted to share with you a short video, which gives you some idea of the ambitions we have. Our vision as the creators of conviviality has never been so relevant. Our goal is very simple, to accelerate this mission through digital because a world with conviviality is quite simply a better world. Please video.

(presentation)

Alexandre Ricard *Pernod Ricard SA - Chairman, CEO & Member of Executive Board*

[Interpreted] So nearly 2 years ago when we started this unthinkable global crisis, we set ourselves 2 goals: Firstly, to demonstrate the Pernod Ricard Group's resilience -- resilience of our business model; and secondly, over and beyond our resilience, more importantly, to exit the crisis stronger than ever before. And this is what we've achieved.

Let's take a look at our financial performance to begin with. It's already higher than the pre-crisis level. In the middle of the pandemic, a year ago, our sales were down 9.5%. Over the last financial year, our sales grew almost 10%. Likewise, with our profit from recurring operations over the last year, our PROs, we call it, grew by 18.3%. If I add to that the first quarter where the organic growth of our sales was 20%, that means an additional 15% more than the first quarter 2 years ago before COVID became a reality. So we are stronger than before the crisis.

In fact, all our regions are posting growth. You see here that the Americas, that's North America and Latin America, is posting strong growth, 14% and 16% in the U.S.A., whether it's U.S. or Canada, but also very good growth in Latin America. This, of course, offsets Travel Retail in the North Americas.

And in Europe, a good score of plus 4%. This is good strong momentum with the U.K., which posted strong growth. Germany and Western Europe, which also posted good growth, which, this offsets declines in Spain, Ireland and Travel Retail. Of course, here in France, France recorded 1% growth over the last financial year. Then Asia and the rest of the world, which accounts for about 40% of our business, grew by a very satisfactory 11%. This is a good reflection of good performance in China, Korea, Turkey and India.

I'd like to say a few words briefly about our key markets. The U.S. recorded an extraordinary level of growth at plus 16%, 1-6 percent. I should stress that this is a record level of sales. For the very first time, we broke through the \$2 billion mark in sales. Now on the other side of the world, China with 44% growth also beat a record by breaking through a new barrier, that is the symbolic barrier, the first of hopefully many symbolic barriers, of EUR 1 billion. India has recorded its second best growth ever in terms of sales. And I think we're on the right track for another record in India. Certainly, last year, the growth in India was 9%.

Of course, Global Travel Retail, which is one of our four key markets, dropped 40%. I think we can see the light at the end of the tunnel for Travel Retail because sales have picked up well in the first quarter. Of course, the quarter as compared with was a very weak one, needless to say. All this due to our continued premiumisation policy. If you look at the -- through the prism of what we call the brand's house. We have, first of all, our international strategic brands, which grew 11%. Good substantial growth at brands like Martell up 24% or Jameson up 15%. Martell, driven by China mainly, but not only. But Jameson driven by the U.S., but not only by the U.S. In fact, Jameson performed well in all its markets. I might also mention Malibu up 24% or Glenlivet up 19%. Then there's the local strategic brands, which grew 7%, largely driven by our Indian whiskies but also by other brands, Kahlua, Passport or Ramazzotti.

This brings me to our Specialty Brands. These are very often artisan brands or craft brands, growth of 28%. Bearing in mind that this particular portfolio or this particular segment has never weakened even during the pandemic on account -- resist telling you that this is mainly driven by a little nugget called Lillet, for those of you who know it, but also our, American whiskeys, our tequilas or an Irish whiskey, a niche whiskey, very higher-end whiskey called Redbreast. And of course, the wines segment, which was stable, largely buoyed up by the very good performance of the Spanish brand, Campo Viejo. All our regions posted growth with continued premiumisation. And of course, we have laid ground on all our social priorities.

You have a strategic road map for SG&A. I'd like to show you that in a video. If you would please start the video.

(presentation)

Alexandre Ricard *Pernod Ricard SA - Chairman, CEO & Member of Executive Board*

[Interpreted] So in practice, we have these SG figures here. We set ourselves one of -- some of our bigger targets, but we have about 30 in all. But you have much more detail on the website. But if I take the 4 pillars of our road map in SG&A beginning with preserving our terroirs.

We've already undertaken 10 regenerative agricultural programs, including 2 in our own vineyards in conjunction with our wine growers and farmers. Secondly, we have the risk map, which is 86% complete. This is the risk map for our natural ingredients. I'll tell you more about this, we have got 100 natural ingredients in all. Here, the idea is to obtain certification for our sources, acting in a circular manner.

Well, since 2010 up to last June, we reduced our carbon emissions, what we call our carbon intensity by 34%. I'll tell you about our future objectives a little bit later on. We've also reduced the intensity of our water consumption by approximately 27% between 2010 and June of this year.

Let's now look at enhancing human beings or the importance of human beings. We currently have 29% of our top management who are women. This is up from 19% 5 years ago. That's a 10-percentage point increase over the last 5 years, which is quite significant, and we still have plans to go further. As for the pay gap between men and women, that has been reduced to 1.8%.

The fourth pillar, which is very specific to our business in Pernod Ricard, which is being responsible or acting responsibly. We have raised awareness almost 0.5 million young people in the field, thanks to our program called Responsible Party. This is a reference program in the industry, including for our NGO partners. We also reached out to no less than 42 million people this year alone, 2021, by means of our digital campaign called Drink More... Water, which is all about responsible drinking for young adults.

I'd also like to point out and I'll tell much more of this later on that we've set up a CSR committee. We talked about this last year at AGM. This is made up of directors on our Board. So these are the -- this is the progress we've made in SG&A, but we've also beefed up our brand portfolio. This is part and parcel of our strategic road map under dynamic management of our portfolio.

I think dynamic is the right word. I know we use a lot in French. But here you have the acquisitions we've made or the stakes we've acquired over the last 2 years. In the field of gin, I think we've bought quite a lot with the addition of Malfy or Inverroche, Ki No Bi which is the first Japanese gin produced in Tokyo and even the alcohol-free gin with the acquisition of Ceder's. So that's the snapshot of our American bourbon called Rabbit Hole another American Bourbon called Jefferson's. We have a Texan whiskey, not a bourbon but called TX. And as for whiskey as well, we also made acquisitions outside of the U.S. because we acquired a stake in a Mexican whiskey, which is very good by the way. We have other brands Ojo de Tigre, [St. Petroni vermouth] Hechicera rum. And of course, Italicus, which is liqueur. But I can't but mention -- but say, I can't really say what category it belongs to because we have a drink called Horse With No Name. We're not 100% sure what it is, but it's very good. But it's whiskey based. Let me reassure you, it's whiskey-based.

Not only have we reinforced our brand portfolio, we have also reinforced various forms of cooperation. We have signed into a cooperation with a company in the U.S. called Lafayette. Lafayette is what we call a route to market. It's a distribution network, which is very good at incubating small brands. We like big brands at Pernod Ricard. We are a big ship. We know how to look after large brands, but sometimes smaller brands need to be incubated before they can be passed on to the flagship. So we've signed a partnership with Lafayette for that purpose.

We also made a recent acquisition, some of you may have read this in the press, of a wonderful, high-end, specialized platform called the Whiskey Exchange. Whiskey Exchange is the leader in specialized e-commerce in Europe, and this platform is going to remain 100% independent.

Furthermore, we have made various acquisitions to sign into a partnership with an American company called Sovereign Brands. They have know-how that we haven't got. They know how to make brands out of nothing, starting from scratch, just like a sparkling wine called Luc Belaire which is really soaring in the U.S., but not just in the U.S., a rum called Bumbu. You can see the photograph there or a brandy called Villon.

So this is a partnership aimed at co-creation with this expert company over and beyond the acquisitions and various cooperation partnerships. We have our own innovation strategy, which is really at the very heart of our strategic road map. Remember that we are aiming at between 1/4 and 1/3 of our growth through innovation.

Here, you have a number of recent examples between the no/low alcohol at the level, the launch of Ballantine's Light in Spain, particularly this is a 20% whiskey, whereas whiskey is usually 40 degrees proof, the base of traditional Ballantine's. We also launched Beefeater Light, again, in Spain. We've been very active in ready-to-go beverages, which is a category with a very strong momentum and that picked up, particularly during the pandemic, quite simply because as the American say, can be because it's convenient. This ready-to-go category is convenient.

And of course, in France, we also launched [Bewiz] and more, recently Suze Tonic Zero on the right-hand side. Of course, all of these innovations are around our major brands throughout the world. Of course, all that has enabled us to create a considerable amount of value for our shareholders, for all of you here.

You can see the share price on this. The total shareholder return, or TSR as we call it, by comparison with the 1st of July 2014, including dividends as dividends reinvested, this was the year I took over as Chairman and CEO. Since then, the share price has raised 165%. The share price TSR included over the last 4 years has risen by 69%.

This is the period during which we've been carrying out our famous strategic plan that I had the great honour of telling you about exactly 4 years ago. So this strategic plan has produced its results. And finally, the total shareholder return over the last 12 months has risen by 45%. So very strong creation of value for our shareholders.

We've achieved this by working on very strong fundamentals. The first and foremost of these and by far is the commitment of our employees, the commitment of our 18,500 employees throughout the world. I'd like to take this opportunity to thank them wholeheartedly because throughout the pandemic, our employees were simply nothing short of remarkable.

Over and beyond our employees, we have a global footprint. We are present throughout the world, thanks to 73 markets in which we operate directly. And more generally, we have products in over 160 countries. Of course, finally, we have the most extensive portfolio in the whole industry. Now I said the best most and beautiful portfolio, but it's actually the most extensive. I may be biased when I say the most beautiful, but that's my opinion.

Anyway, we've done this while reinforcing our agility. To my mind, this is one of the real lessons of the pandemic is just how agile we have become. Of course, through better resource allocation, we were much more energetic and dynamic than we've been in the past because a large number of local realities caused by the pandemic, which affected the world in so many different ways. And of course, with a different time sheet in so many different parts of the world, we had to set up a highly reactive governance to manage our resources very reactively. Now we've proved just how resilient our business model is in that way.

We've also improved in the way that we prioritise what we call the brand market combinations. Where do we invest? Where will this investment produce the best results given the prevailing environment? And of course, we also set up organizations in the board that are much more agile than in the past. We do this throughout the world using new working methods, more about that later on, and new tools, in particular, digital tools.

But before going any further, I want to come back a few seconds to the wonderful commitment of our employees. Just one example. Les Embiez is our annual seminar, which usually brings together about 1,000 employees in person, 1,000 people from all over the world on the island called Les Embiez to talk about our strategic challenges, resource allocation, the budget, and we all come together. This year,

of course, we weren't able to be at Les Embiez in person, but we did hold a digital seminar. And you'll see this just one figure. Everybody was invited to take part in the Embiez digital seminar. Out of 18,500, we had over 15,000 participants, 15,003 people connected to our virtual seminar. This is something we have every reason to be very proud of and clear evidence of the commitment of our employees. Video, please.

(presentation)

Alexandre Ricard *Pernod Ricard SA - Chairman, CEO & Member of Executive Board*

[Interpreted] It's a remarkable commitment, and I would like to emphasize the remarkable commitment of our teams. It is thanks to them and to the comms teams that the digital version of the Embiez has taken place.

Now without this idea, the event would never happened. The team could have decided, okay, well, you know if we can't meet in person, let's just not do it at all. But some people would call this masochism. No, I think it's a remarkable commitment. So many thanks to the teams. Many thanks to the IT teams, in particular. You've seen the numbers.

So talking about the past is always good. But what I like about the past is that we get to learn from it. But I much prefer to talk about the future. So what about the future? What is going to happen in the future? What happens tomorrow? More than ever, we will continue to fast track our transformation in order to achieve our vision as creators of conviviality. Now to this end, there are trends that we have already identified and that were just fast-tracked by the crisis and that we need to embrace, that we need to take onboard. So we had a 3-year strategic plan. It's been 4 years now. We carried out a thorough analysis of what happened, the ramifications of the COVID crisis and all the emerging trends that we had identified previously. This took a lot of work, a lot of work done by 800 people across the world for 6 months period. And the crisis simply fast tracked the existing trends.

Now let me review those trends quickly, if I may. There are 5 top trends. Number one, and obviously, as a consumer-centric -- as a consumer-obsessed organization, obviously, our key priority is to satisfy the needs of consumers. But those consumers are changing. They're more versatile. They're much more demanding. They're more responsible. 61% of global consumers have changed their shopping habits. They make more environmentally friendly purchases, purchases that are more sustainable and more ethical.

So when people ask me, how do you reconcile the costs of CSR and performance? Well, this is simply in line with the wishes of our consumers and they're willing to pay the price for it. And our consumers are much more engaged. 65% of them report that the way that a brand responds to the pandemic will have significant impact on their likelihood of buying that brand in the future.

And lastly, consumers are much more connected. The numbers have gone up during the health crisis. The estimated increase in consumer spending on social media by 2025 is up 216%. So much for these new consumers that we're dealing with. But over and beyond them, what we're seeing is the outstanding expansion of the middle and affluent classes. So in 2021, they numbered just 3.6 billion people. And according to the Brookings Institute, this will ramp-up to 5.6 billion people in 2030. If we look at our second- or third-leading market, China or India, the emergence of the middle class in those countries is at the very heart of what is happening in those 2 countries.

So a quick figure, if I may. In India, every single year, we have between 15 million and 20 million individuals joining the share of the population that is old enough to drink. So in India, between age 20 and 25. So over and beyond the middle and affluent classes, well, there are new ways of working that have emerged. And obviously, it's the talk of the town. Remote working is on the rise. Now this is something that we had anticipated, we at Pernod Ricard. This was already an emerging trend. And we factored that into our plans to move our headquarters. So we put into place a remote working policy. In France, obviously, a maximum of 2 days per week of working remotely.

Also, office space and the use of office space is changing. And the reason for office space is changing as well. Office space is becoming a place where people work together, where they talk, where they engage in dialogue. So trend #4, which ties in with the previous trends, new technologies have to be taken on board. The digital transformation has to be embraced.

In 2019, just 2 years ago, 3,000 -- there were 3,000 active monthly Microsoft Teams users at Pernod Ricard. So Microsoft Teams is a virtual platform. So we switch between Zoom and Microsoft Teams. Pernod Ricard had adopted MS Teams before the crisis even broke out. And that's a good thing because overnight, we ended up spending our lives on Microsoft Teams. So 3,000 in 2019, up to 17,500 active monthly Microsoft Teams users at Pernod Ricard in 2021. That's remarkable.

And the digital transformation also means a ramp-up in online sales. So look at the past fiscal year, the share of online sales of e-commerce has increased by 63%. And we expect a sustained pace of growth for this distribution channel in the coming years.

Now earlier, I talked about new working habits and now the digital transformation. I do believe that the best example of our transformation in terms of our new ways of working, our new tools, and more generally speaking, our strategy, the best example of that transformation is what happens in the field.

Look at The Island. The Island is our head office. It brings together 7 different entities. And there's a quick video I'd like to show you by way of illustration.

(presentation)

Alexandre Ricard Pernod Ricard SA - Chairman, CEO & Member of Executive Board

[Interpreted] So we talked about the new consumers. We talked about the expansion of the middle and affluent classes. We talked about new ways of working and also the technological revolution. So the fifth and major trend is about understanding the new global challenges, whether the rise in political tensions. There's good news actually that came in last week. The European Union made a decision to put an end to customs tariffs in terms of importing U.S. whiskeys in Europe.

Now obviously, we need to bear in mind, currency volatility, this has cost us a lot of money as we will see later when Helene de Tissant speaks. There are new environmental issues as well. I don't think I need to dwell on that very much. This is something that we're completely aware of. And we also need to embrace the uneven post-COVID growth recovery. And this is why we need dynamic resource management. So 5 main trends, and therefore, 5 key priorities have been identified in order to build our future.

So key priority #1. We need to fast track our S&R roadmap. So we have on the screen a number of examples. Take the IUCN, for example. I was involved in the IUCN convention in Marseille. That was the perfect place for it really. And this event took place in September last year. And we are the first company to support the IUCN in their global initiative for sustainable agriculture.

Now I was very fortunate to be working with Patricia Ricard, Chairwoman of the Pernod Ricard Oceanographic Institute. You got to understand the Pernod Ricard products are comprised of hundreds of different ingredients, agave, fennel and sugarcane. I'm not going to review the entire list. That's not why we're here today. We have other fish to fry.

So 325,000 hectares held directly or indirectly with our partners. So thanks to this partnership, with help from a lot of experts -- well, this is a public-private partnership. We get to carry out in-depth analysis work on regenerative agriculture, on biodiversity. And I think this will enable us to have a tremendous impact. Now you could also see our new internal campaign called Live Without Labels. It's a new road map, an internal campaign to develop a diverse and inclusive working environment. Earlier, I referenced our environmental outcomes to date. But obviously, we have longer-term objectives. For example, we have a target of net zero carbon emissions in our direct operations by 2030 at the latest. Obviously, we're trying to see whether it's possible to achieve that target sooner. But also across our entire value chain, this includes glass makers or other partners, our friends or farmers, et cetera. So by 2050, at the latest, once again.

And lastly, we need to be responsible. We have an increased ambition to raise consumer awareness via our brand campaigns, and there's going to be more and more of those brand campaigns. But also our brand homes, which are visitor centres for all of our brands, and the goal is to target 10 million visitors by 2030. So like I said, our key priority #1 is to accelerate our S&R roadmap.

Priority number two, which is very, very important. We need to invest in order to grow our talents. There's a true war, a global war on talent. We need to attract talented people. Obviously, talents come to us because we have a lovely roadmap, a lively CSR road map

because we behave responsibly -- And that's all candidates talk about when we conduct job interviews.

So for senior and pre-senior workers, we have a unique leadership model. Ex Com has done the work with external partners, and we do our best to promote this culture based on collaboration and performance. Conviviality is a driver for performance. It is there to serve performance.

What does it mean to be convivial? To be direct, to be -- to keep things simple, to be efficient and to keep a smile on your face. And also, we have the Pernod Ricard University to support talent development. And so we have developed Coursera and 100% of Pernod Ricard staff members have access to online training courses. And I mean it, 100% of our staff across the world get to learn online. We have hundreds and hundreds of online courses available.

Priority number three, we need to create the right conditions for a dynamic resource allocation. So we need to manage resources dynamically. In today's world, there's always going to be a crisis emerging somewhere. So we need to be dynamic in terms of how we manage our resources across the entire value chain.

Obviously, we need to keep our structure costs under control while maintaining our industrial investments and also our strategic inventories. As you well know, this is a true competitive advantage to develop financial information and modelling systems that are increasingly effective. So what we need is -- we need to do is scenario analysis. We need to do simulations. We're really good at that since the crisis. And this helps us stay ahead of the curve and better prioritize in terms of our dynamic resource management policy. Now I'm not saying that we're doing this in real time, but we are doing this as we go along.

So priority number four, we need to make our organization even more agile, even more efficient. We need to manage our resources according to every growth opportunity that arises. So we are back to a dynamic growth trend. So let's make the most of it. Obviously, we need to innovate. I've referenced our innovation road map so that we can continue to manage our portfolio as dynamically as possible. And lastly, we need to pool our skills through the creation of centres of excellence. This is something that we've done. This is something that we will continue to do. This goes from IT and HR to innovation and consumer research.

Priority number five, this is the last key priority for Pernod Ricard. And here again, I'm referencing our first movie, the opening movie. We seek to become a conviviality platform in order to fast track our transformation. So what do we find at the heart of this policy? Data, consumer data. Thanks to that data, thanks to what we do with it, we'll be able to target and provide each consumer with the right product, the right service, the experience you expect at the right time, in the right place and at the right price on a very large scale. So that's priority #5.

So I'd like to remind you of our strategic road map, called Transform & Accelerate. What is our medium-term ambition assuming we're back to normal? We're not there yet. But in terms of business as usual, this means we're targeting a top line growth between 4% and 7%. We do this by leveraging key competitive advantages and consistent investments behind our key priorities, which I referenced earlier. We need to pay special attention, particularly right now, place specific attention to pricing and also to building new initiatives for operational excellence.

Another critical aspect is we need to maintain significant A&P, advertising and promotion, investment to support our brands, so about 16% of sales. In other words, 16% of sales generated is invested into our brands across the world. And obviously, it's invested into our innovation efforts as well. We need to maintain our discipline in terms of structure costs, so we can invest into our priorities while maintaining the agility of our organization. And we need to keep growth of structural costs below top line growth rates. And this means improving our operating leverage of 50 to 60 bps per annum, providing the top line remains between 4% to 7% growth.

So here's a quick reminder of our financial policy priorities. Number one, we want to maintain our investment-grade ratings. And these are the top priorities, in the right order. Number one, in terms of resource allocation, we want to continue to invest in our future organic growth. Obviously, we will continue to invest in our brands, our marketing strategy, but also our strategic inventories as well as our CapEx, particularly in our plants. For example, we will continue an active portfolio management policy. And this includes value-creating M&As across the world. If you find markets across the world, we will buy them, assuming they create value; a dividend payout of about

50% of our net profit from recurring operations; and lastly, last priority our share buyback program, which resumed last September.

If I were to take away 3 key messages, now this is what I would tell you. Never, never has our purpose been more relevant. This is something that I believe 200%. Never has Pernod Ricard been more ready to face the future. And lastly, never has Pernod Ricard been more confident about achieving our vision as creators of conviviality.

Obviously, we would not be here today if we didn't have all of these amazing brands. And before I hand over to Helene de Tisot, there's a quick movie I would like to share with you. A 'best of' what we're doing on the ground, what the teams have been doing in the field to build the attractiveness and desirability of our brands. So you have a few examples of activation efforts and also excerpts from our campaigns over the past 12 months. Roll video.

(presentation)

Helene de Tisot Pernod Ricard SA - Executive VP of Finance, IT & Operations and Member of Executive Board

[Interpreted] Thank you, Alexandre. Good afternoon. I'm going to continue about the consolidated financial statements for the period '19-'20 to 2020-2021. And I'm going to begin with a brief synopsis. First of all, the pickup in business was very strong and financial performance was outstanding. Growth was very strong and diversified. The U.S.A. and China reached records, that Alexandre already mentioned, the \$2 billion mark in the U.S.A. and EUR 1 billion in China. Premiumisation was strong, thanks to the good growth of international strategic brands and specialty brands. Our operating margin improved quite substantially by 213 basis points. Our cash performance was exceptional with current cash flow at the record level. Given the circumstances, we proposed a dividend at the same record level as in 2018, 2019, namely EUR 3.12 per share.

Finally, we've announced the share buyback program that we'll continue. For EUR 500 million, about half of that is already underway in the first half of the period '21-'22.

The key figures now. Sales totaled EUR 8.824 billion. That's organic growth of 9.7% and nominal growth of 4.3%. The profit from recurring operations of EUR 2.423 billion was up 18.3% in organic terms, and we reported 7.2% nominal growth. The pure margin was also very strong. Net income was EUR 1.3 billion, up very sharply by almost 300%, by comparison with last year, because of the very -- basis of comparison, which was very easy to be depreciate. Total assets for EUR 1 billion, by the way. Free cash flow finally was EUR 1.628 billion, up 96% by comparison with the previous period, thanks to very strong cash generation and the reduction of financial expenses.

Now the breakdown of sales by region. Sales grew in all of our regions and has achieved a pre-COVID levels. The Americas posted 14% growth for the period, with Canada and South America, which all offset the decline in Travel Retail. Asia and the rest of the world was up sharply 11%, mainly driven by China. China, Korea and Turkey, but also India, to a lesser extent. Europe saw its sales grow 4%, which is a good growth, thanks to the U.K., Germany and Eastern Europe. France was stable. Spain, Ireland and the Travel Retail were all down.

Now the breakdown of sales by category. First of all, strong premiumisation, and the performance was very good at plus 22%. Now the strategic -- international strategic brands picked up very strongly, growing 11%, largely driven by Martell in China and Jameson in the U.S. Our local strategic brands grew 7%, driven by the pickup of Seagram in India, Kahlua, Passport and Ramazzoti. Specialty Brands again posted strong growth of 28%, largely due to Lillet, Aberlour, Malfy, the American whiskeys, the Avion tequila and Irish whiskey called Redbreast. Our strategic wines were stable, with good growth for Campo Viejo and the decline of Jacobs Creek and Kenwood. The price/mix impact was solid at plus 4%.

Now a rundown of the income statement. I've already mentioned our EUR 8.448 billion sales. Gross margin was up 11% on last year, with a gross margin -- a percentage gross margin of 60.2%, which is up 64 bps. A&P expenditure up 9%, at a ratio of 15.8% of sales. Structure costs were virtually stable, plus 1%, which is a good reflection of our cost discipline. As a result, the profit from recurring operations of EUR 2.26 billion was actually organic growth of 18.3%, have given us a PRO margin of 27.5%, up very sharply by 213 basis points by comparison with the corresponding period the previous year.

Let me come back very quickly to the different items. The improvement of our gross margin, first of all, which rose 64 basis points. This

was mainly due to improved absorption of our fixed costs. Price effect being stable. The ratio of A&P over sales was 16% of sale -- or 16%, with good reinvestment in the markets and categories posting growth. Structure costs, this is evidence of good resource management. And all these various items together led to a very good improvement of our PRO margin by comparison with the corresponding period of the previous year.

Let's move on to net results attributable to the group. PRO for the year of EUR 2.26 billion was up 142% -- that's operating income, sorry. And net income of EUR 329 million was up very sharply by 297%, mainly driven by the fact that the corresponding period the previous year was weak.

A few words now about our net debt. Net debt at the end of June this year was a total of EUR 7.452 billion, in other words, down close to EUR 1 billion, more precisely, down EUR 972 million over the period, thanks to the excellent generation of free cash flow.

This enables us to fund M&A for a total of EUR 122 million. So we've been actively managing our portfolio. We also paid dividends amounting to EUR 704 million. And we reduced net debt, which comprised a number of other positive effects of currency translation due to the depreciation of the U.S. dollar or the weakening of the dollar against the euro, plus the negative impact, the EUR 95 million impact of rental costs. This is IFRS 16 for those of you of the more technical bent.

Moving on to the parent company accounts for Pernod Ricard SA. Pernod Ricard's net income was a profit of EUR 657 million, that's EUR 522 million less than the previous year because of the fact that the previous period was a very strong period due to the sharp increase in intergroup dividends during that period.

Let's now look at the proposed dividend. Today, we are asking you to approve the payout of a dividend of EUR 3.12 per share for 2020-2021, which is very much in line with our 30% payout policy. This corresponds to a 17% increase by comparison with the previous year, and will bring us back to the record level, we achieved for our dividend in 2018-2019. We've also resumed our share buyback plan for approximately EUR 500 million. About half of which is already underway. Finally, we've proposed to set up a second employee share ownership program, the second ESOP, for the period '21-'22, subject to approval from the AMF, the market regulator, and this AGM.

Let's now take a look at the first quarter of the current year, that's 2021-2022. We have presented these figures just a few weeks ago. But to sum up for the first quarter, our sales totaled EUR 2.718 billion. That's organic growth of over 20% and over 20%, 22% nominal. The pickup has been very sharp in all our regions, with strong demand and a good shipment before the festive period. This is what happens in October, November and December. Off-trade is still resilient. And markets are buoyed up by the reopening of on-trade, the on-trade sector. Finally, Travel Retail is still very limited, but of course, is compared to a weaker premium period last year.

I'm going to give you the floor Alexandre, for the outlook for the coming year.

Alexandre Ricard Pernod Ricard SA - Chairman, CEO & Member of Executive Board

Thank you, Helene.

For the period '21-'22, this is the current year, we expect strong sales momentum, let's say, not as strong as in the first quarter. Over 20% was particularly strong. We also expect significant investments in A&P and the structure to shore up our future growth. I think really the theme this year is the theme of growth. We will continue with our strategic goal, our strategic program called Transform and Accelerate, particularly in terms of digital transformation. And as Helene said, we will resume our share buyback plan, with a total layout of EUR 500 million. Half of which is already committed in the first half year.

I'm now going to call on Patricia Barbizet to tell us about the Group's governance.

Patricia Barbizet Pernod Ricard SA - Lead Independent Director

Thank you, Alexandre.

Dear shareholders, I too am very pleased to be with you today. And I'm speaking to you as Lead Independent Director on the Board, but

also as a Chair of the Nominations and Governance Committee, but also Chair of Corporate Social Responsibility. In that respect, the role of the Lead Independent Director is defined in the Board's bylaws, which can be found on our website.

I propose to show you our Board of Directors, the 13 members, the 13 directors are on the screen. 2 of these represent staff that is Stéphane Emery and Maria Jesus Carrasco Lopez. At the end of the financial period, the Board had 54.5% independent directors, which is above the 50% mark recommended by the French regulator AFEP-MEDEF. This is our reference. The proportion of women was 45.4%, here again, above the 40% recommendation or required by law, I should say. By the way, it's the proposed nomination of Namita Shah, that if you approve, will bring us to a perfect balance, gender balance with 6 women and 6 men. Finally, 4 of our directors are of foreign nationality.

On average, the Board meets 8 to 9 times a year. This year, it met 9 times, and the attendance rate was 100%. We also met quite a few times by Teams. We meet in The Island, which as you would have heard, is where we discuss matters among the Board members. I'm not saying that of the 100%, we were all on the Embiez digital platform to participate in this wonderful experience.

In the course of the period, we followed the impact of the pandemic with regular discussions with the Company's senior management. The Board also closed the interim and annual accounts, examine the budgets. The Board prepared this Annual General Meeting and agreed on the resolutions put before you. We reviewed the Group's strategy. We assessed the variable compensation of the Chairman and CEO for the period 2020-2021 and defined the CEO's compensation policy for the coming period, that's '21-'22, obviously, without the Chairman and CEO being in attendance, that goes without saying.

The Board also took part in an executive session aimed at reviewing how the Board operates, the Board and its committees operate, but also reviewing the Chairman and CEO's performance and the succession plan. This also took place without Alexandre Ricard being in attendance. And indeed, it was also -- it involves the senior management of the group.

We also reviewed governance and the composition of the Board and its committees. And we reviewed how the Board operated this year as we do every 3 years. We were assisted by an independent firm.

I want to report to you as a Lead Independent Director. This year, I met with our main investors to talk about the group's governance. I chaired the executive session that was held after the Board meeting on the September -- 1st of September. And I organized the independent formalized assessment of the Board and it's -- how it works with this independent expert firm. A detailed report on this assessment was then submitted to the Board of Directors. And a synopsis can be found on Page 50 -- Pages 57 and 58 our universal registration document, the French version that is for those pages.

I'm now going to tell you about the Board's 5 committees: the Audit Committee; the Nominations and Governance Committee; the Compensation Committee; Strategy Committee; and CSR Committee.

The Board delegates through these specialised committee. preparation, special subjects, which are then put before the Board for approval. I'm going to tell you about the composition of each of these committees, pointing out that the proportion of independence is always at least or better than the recommendations of the AFEP-MEDEF Code. At the closing of the year, the Audit Committee was comprised of 3 directors, 2 of whom are independent, as you can see on the screen. This committee met 4 times. The attendance rate was 100%.

The main tasks were to examine the interim and annual accounts, parent company and consolidated, the follow-up of the group's cash and debt, risk management, and particularly the updated mapping of the group's risks, assessment of internal control and the examination of the internal audit reports, approval of the Group's internal audit program and follow-up of the compliance program, particularly in terms of fighting against corruption and misuse of influence.

The Nominations and Governance Committee comprises 3 directors, that you can see on the screen. 2 of whom are independent. This committee convened 4 times. And here again, the attendance rate was 100%. In particular, the committee provided recommendations on the Group's governance. They also examined the independence of the members of the Board, reviewed the Group's talent

management policy and the succession plans for the main senior executives. It reviewed the Group's policy in terms of diversity and professional equality. It also followed up and reported on the triennial operation of the Board and its committees. And finally, it's proposed areas for improvements in the way the Board conduct its business.

The Compensation Committee has 4 members. You can see them on the screen. One of whom represents the employees. The members of this committee, that's not including the -- the employee representative, are all independent. The committee met 6 times during the period, with an attendance rate of 96.43%. Its main activities consisted in examining the rules of governance and market practices, particularly regarding the compensation of the executive directors. It then reviewed the long-term investment plan, the LTIP, as we call it, introducing a CSR criterion in the performance criteria. It also oversaw the plan to reduce all gaps based upon gender. As you saw -- as you heard earlier on, we have done very well in this area, too.

The Strategy Committee has 5 directors, 3 of whom are independent. This committee met twice during the year. The attendance rate was once again 100%. This committee reviewed the key strategic challenges facing the Group, in particular, the progress made in terms of digital transformation. It also paid great attention to the way our consumers are consuming, particularly in the light of the consequences of the pandemic. It also tracked the Group's key markets and brands.

As you heard during the management report, CSR is really at the heart of the group's concerns, as the Chairman stressed earlier on. Our CSR road map is part and parcel of all our activities. In fact, our CSR strategy is a great lever, not just for performance, but also in terms of transforming the group. It emphasizes the importance of innovation. It places -- attracts a lot of attention on talent and works makes for a more convivial world. This is why last year, at the same AGM, we decided to create a CSR Committee, totally devoted to this particular strategic focus. So the committee was set up at the end of last year and has 3 lady directors, on the screen. One of whom represents the employees of the Group.

During the period, the committee met once. Attendance rate was 100%. And its main activities during the period were the review of the group's CSR strategy and the achievement of our goals in each of the CSR road map targets. Secondly, they introduced our CSR criterion in the LTIP. We discussed the CSR commitments given to our various stakeholders and worked on the CSR reporting system in this context.

I'd now like to call on Kory Sorenson, Chair of the Compensation Committee, to join me here to talk to you about the compensation policy for our CEO. Thank you.

Kory Sorenson *Pernod Ricard SA - Independent Director*

Hello. In my capacity as Chairwoman of the Compensation Committee, I'd like to introduce to you the compensation policy for the Executive Director. And I will detail the expressed vote referenced on Resolution 8 and so the ex ante vote in resolution 10. You will find this information in the universal registration document on Pages 63 to 81.

The compensation items for Alexandre Ricard for FY '21, referenced in Resolution 8, include: a fixed annual compensation of EUR 1.1 million, which is unchanged from the previous financial year; a variable compensation of EUR 1.98 million, that is 180% of its fixed compensation for a target of 110% and a maximum of 180%. Details of the achievement of each criterion are given in the universal registration document. In addition, Mr. Alexandre Ricard's compensation for FY '21 also includes the granting of 9,739 performance-based shares and 23,374 stock options. All of these shares and stock options are subject to achieving certain targets. Lastly, under the supplementary pension plan, Alexandre Ricard received an allocation of 619 performance shares and a cash payment of EUR 69,850 before tax. I would like to point out that Alexandre Ricard does not receive any compensation in his capacity as Chairman of the Board of Directors.

Let us now turn to the compensation policy for executive directors, which is the subject of Resolution #10.

The changes in compensation proposed below are made in the context of a second term of office for the Executive Director. Changes in Alexandre Ricard's compensation policy were initially considered at the time of the renewal of his term of office in November 2020. But the Board of Directors prefer to postpone any changes until this year in view of the health situation and economic ramifications of

COVID-19. The objective of the Board of Directors is that the total compensation of Alexandre Ricard be competitive and motivating while being consistent with market practices. It also considers the financial performance of the Pernod Ricard Group, which has accelerated significantly. By way of example, the share price has doubled since 2015, as well as the very good management to the COVID crisis.

Accordingly, the Board of Directors decided on August 31, 2021, to retain the following elements for FY 2022, which will remain stable until the end of its mandate: a fixed compensation of EUR 1.25 million. The annual variable compensation target remains unchanged, representing 110% of the fixed compensation subject to the achievement of targets, kept at 180%. The granting of performance-based shares and stock options, all subject to performance conditions. And those are unchanged and may not exceed 150% of his fixed annual compensation.

In addition, in terms of deferred commitments, the Board of Directors recommends maintaining the following provisions: a non-compete clause; a forced exit clause subject to performance criteria. The aggregate of the 2 clauses may not exceed 24 months of fixed and variable compensation.

Lastly, the Executive Director benefits from a supplementary pension scheme. The annual allocation of which is proposed to be 20% of his fixed and variable annual compensation. Half of which is made up of performance-based shares and the other half of which is paid in cash.

In view of the above, we propose that you approve Resolutions 8 and 10.

Alexandre Ricard *Pernod Ricard SA - Chairman, CEO & Member of Executive Board*

Patricia, Kory, thank you very much for your presentations.

Now, I would like to invite Marc De Villartay from Deloitte to present to you on behalf of the statutory auditors the reports submitted to the General Meeting of Shareholders.

Unidentified Participant

Thank you, Chair. Ladies and gentlemen, dear shareholders, hello. It is on behalf of the board of the statutory auditors of Deloitte and KPMG that I have the pleasure of reporting on our assignment.

We have issued a number of reports to help you exercise good judgment while voting on the resolutions. And in line with our regulations, I suggest, we do not review this exhaustively.

Let me just highlight the main points and express our conclusions, our findings.

Please bear with me. Our reports on the consolidated financial statements and on the annual financial statements have been made available to you as part of this AGM. And respectively, they can be found in Pages 240 to 243 and 267 to 269 of the Universal Registration Document. We'd like to remind you that the goal of our work is to obtain reasonable assurance that the financial statements did not contain any material misstatements, that they are in accordance with accounting principles, that they are accurate and fair, and give a true and fair view of the assets and liabilities, financial position and results of operations.

So we have worked both in France and internationally in every significant entity that is part of the Group. And we have implemented an auditing approach that takes into account your specific features in terms of activities, geographic footprint, organization, information systems as well as internal control.

Our findings and how we have organised our work was submitted to senior management, to the financial division, the auditing committee as well as the Board of Directors of your company.

Our reports on the consolidated financial statements and the annual financial statements that contain the key highlights of our audit as well as the work carried out in order to achieve that outcome.

In terms of the consolidated financial statements, we have evaluated the brands as well as a tax risk. With regard to the annual financial statements, the key highlight of the audit was about evaluating the equity investments. Both the finance -- the financial statements are free and fair. They are accurate. They give a true and fair view of the assets and liabilities, the financial position as well as the results of operations. We have issued a certification of reports without any reservations. We have also verified the accuracy and the fair presentation of disclosures in the management report as well as the other documents sent to the shareholders.

We also attest to the accuracy and fair presentation of disclosures regarding compensation and benefits paid to corporate officers. We also attest to the fair presentation and consistency with the financial statements of the information relating to payment deadlines.

Lastly, in line with the new ESEF, European Single Electronic Format, legislation, our conclusion is a positive regarding to compliance with the ESEF electronic format when it comes to the group's consolidated financial statements and the parent company's financial statements included in the annual financial report.

Now moving on to a special report on regulated party agreement, which you can find on Page 270 of the Universal Registration Document. No new regulated -- or rather no new related party agreements have been submitted to the approval of the shareholders' meeting. In addition, there is a reference to the related party agreement previously approved by the shareholders' meeting. They remain in force during the financial year, a credit of EUR 2.5 billion under the multicurrency revolving facility agreement.

Now regarding the resolutions having to do with the share capital of the company, those are extraordinary resolutions. We have issued 6 special reports, which are presented on Pages 299 to 301 of the Universal Registration Document.

There's a report on the reduction in capital by cancellation of treasury shares purchased up to a maximum 10% of the share capital, a report on the issue of ordinary shares and/or various securities, with a retention and/or cancellation and preferential subscription rights; a report on the authorization to grant bonus performance-based shares existing or to be issued to employees and executive officers; a report on the authorization to grant bonus shares, existing or to be issued to group employees; a report on the issuance of ordinary shares or securities; granting access to the share capital reserved for employee members of company savings plans; and lastly, a report on the issuance of ordinary shares or securities, granting access to share capital with cancellation of preferential subscription rights, under Resolution #25.

For all of these resolutions, our reports did not contain any specific observations. It's being specified that the proposed transactions to which they relate comply with the provisions set out by law. All necessary disclosures are meant to enable you to assess the proposed cancellation of the PSRs have been brought to your attention. The Board of Directors' report does not specify the methods for determining the issue price of future securities issued pursuant to Resolutions 15, 19 and 20. Therefore, we cannot express our opinions on the items used to calculate the issue price. As the final terms and conditions of the issuances have not yet been determined, we do not express an opinion on those and on the proposed cancellation of preferential subscription rights. Lastly, I'd like to inform you that we will issue an additional report, if necessary -- if and when your Board of Directors uses the authorisation to issue ordinary shares or securities.

Ladies and gentlemen, dear shareholders, this is a summary of our reports. Thank you very much for your attention.

Alexandre Ricard Pernod Ricard SA - Chairman, CEO & Member of Executive Board

Many thanks for this quick presentation.

Now, I'd like to hand over to Anne-Marie Poliquin, Secretary of our AGM. She will now present the resolutions. Thank you very much.

Anne-Marie Poliquin Pernod Ricard SA - Group General Counsel, Chief Compliance Officer & Member of the Executive Board

Let me begin with the presentation of the resolutions under the authority of the ordinary shareholder meeting.

The first resolution concerns the approval of the parent company financial statements for the financial year ended June 30, 2021. And the second resolution, we're asking you to approve the consolidated financial statements for the same period. The purpose of the third

resolution is to allocate net profit for the financial year. As Helene said earlier on, you will be asked to set the dividend for the period at EUR 3.12 per share. An interim dividend of EUR 1.33 was paid on the 7th of July, and the remainder, which is EUR 1.79, would then be paid on November 22, with a recorded date of November 23 and actually paid on the 24th. So detached on 22nd, paid on 24th.

On the fourth resolution, we propose to renew the directorship of Anne Lange for a 4-year term of office. And the fifth resolution, we are asking you to renew the directorship of Societe Paul Ricard, represented here by Paul-Charles Ricard, for a 4-year term of office. The sixth resolution, we're asking you to renew the directorship of Veronica Vargas, also for a 4-year term of office. And the seventh resolution, we propose that Namita Shah be appointed as a Director for a 4-year term of office.

By the way, I'd like to ask Namita Shah to introduce herself to the shareholders. Madam?

Namita Shah

Thank you. Good afternoon. My name is Namita Shah. I'm Indian. I'm married, I have 2 children, aged 20 and 22. I also forgot to say that I'm 53 years of age. I'm in legal affairs, I did my studies in India and the U.S.A. And then, I worked in law firms in New York for 9 years before arriving in France in 2002, where I began -- the company now known as Total Energies. At the time, it was Total Fina Elf, where I began as a lawyer. I was in M&A, merger and acquisitions, then involved in business developments. Before moving into operations, I was COO of the subsidiary in Burma, in Myanmar. Then I joined the head office, finance, HR. And in 2016, I became a member of the Executive Committee at the head of an organization known as People and Social Responsibility. I was Group Head of HR.

And I also managed a team called Engagement Societe Civile, which is the group's CSR policy, and the discussions with our stakeholders in the field of safety, health -- health and safety of our employees. I am now in charge of a team called OneTech, 3,400 engineers in the group. And we work on the transformation of Total Energies.

I would be very happy, very pleased to join Pernod Ricard's Board of Directors. Well, why?

First of all, because Pernod Ricard is a company that has great ambitions, a road map and a global footprint. Pernod Ricard is a modern company and a company which products put it in contact with what's happening in people's daily lives. These products mean that we see what's happening throughout the world on a daily basis. I would bring my experience, my knowledge of India, the United States, and quite a number of other countries where I've lived and worked, but also of corporate social responsibility. I would hope to help your growth and in -- within the confines of your ambitions. Thank you.

Alexandre Ricard *Pernod Ricard SA - Chairman, CEO & Member of Executive Board*

Thank you, Namita. I'll now give the floor back to Anne-Marie, who will continue to tell us about the resolutions.

Anne-Marie Poliquin *Pernod Ricard SA - Group General Counsel, Chief Compliance Officer & Member of the Executive Board*

In the eighth resolution, we are asking you to approve the fixed and variable components of the total compensation and benefits paid or granted in respect of fiscal 2021 to Alexandre Ricard, Chairman and CEO. The various components are presented in the Universal Registration Document on Page 64 to 82 of the French version.

In the ninth resolution, we are asking you to approve information concerning the compensation in respect of 2021, the compensation of each of the corporate officers. All this information is found in the Universal Registration Document on Pages 72 and 74 to 82.

In the 10th resolution, we are asking you to approve the compensation policy applicable to Alexandre Ricard, our Chairman and CEO. These policy items are found on Pages 65 to 72 of the French version of the Universal Registration Document.

The 11th resolution, we are asking you to approve the compensation policy applicable to the directors, members of the Board. This information is on Page 64 of the URD, Universal Registration Document.

In the 12th resolution, we're asking you to authorize the Board of Directors to trade in the company's shares up to a maximum of 10% of the stated capital. This authorization will be for a period of 18 months, with the maximum purchase price set at EUR 280 per share.

In the 13th resolution, we're asking you to approve the related party agreements referred to by the statutory auditors, bearing in mind that no new related party agreement was approved during the 21, 20 -- 2020-2021 financial period.

This brings me to the resolutions under the authority of the Extraordinary Shareholders' Meeting.

In the 14th resolution, we are asking you to authorize the Board of Directors to reduce the share capital by canceling treasury shares up to a limit of 10% of the share capital. This authorization will be for a period of 26 months.

The purpose of the 15th resolution is to ask you to authorize the Board to decide on share capital increases with maintenance of preferential subscription rights for a maximum nominal amount of EUR 134 million or approximately 33% of the share capital. This is a total combined maximum for all resolutions concerning the capital increase. This authorisation will be for a period of 26 months.

The 16th resolution asks you to authorize the Board to decide on the share capital increase without preferential subscription rights for a maximum of EUR 41 million or approximately 10% of the share capital. This authorisation will be granted for a period of 26 months.

The 17th resolution, we are asking you to authorise the Board to increase the number of shares to be issued in the event of a share capital increase with or without preferential subscription rights in the case of additional shares being requested. This will be granted for a period of 26 months.

The 18th resolution would authorise the Board to issue ordinary shares or equity securities within a limited circle of investors without preferential subscription rights for a maximum nominal amount of EUR 41 million or approximately 10% of the share capital. This delegation authority would also be for a period of 26 months.

In the 19th resolution, we're asking you to authorise the Board to increase share capital by a way of remuneration of contributions in kind granted to the company. And this would be for a period of 26 months.

In the 20th resolution, the Board will be authorised, subject to a limit of 10% of the share capital, to carry out share capital increases in the event of a public exchange offer initiated by the Company. This would be for a period of 26 months.

The 21st resolution would authorise the Board of Directors to decide on share capital increases by capitalization of premiums, reserves, profits or other items up to a nominal -- maximum nominal amount of EUR 134 million. This would be for a period of 26 months.

In the 22nd resolution, we are asking you to authorise the Board to allocate performance-based shares to employees and executive directors of the Company and Group companies up to a total limit of 1.5% of the share capital and a sub capital of 0.08% of the share capital in the case of executive directors. The final attribution of shares will be subject to conditions of presence and performance. And this authorisation will be for a period of 38 months.

The 23rd resolution asks you to grant the Board of Directors the right to allocate shares to existing or issue free of charge to employees of the group up to 0.5% of the share capital. Final attribution of shares will be subject the to conditions of presence. This authorisation will be for a period of 38 months. Only 4 left, only 4 to go.

In the 24th resolution, we're asking you to authorise the Board to decide to increase the share capital for the benefit of ESOP members up to a limit of 2% of the share capital. This maximum is common with the 25th resolution. And the authorisation will be for a period of 26 months.

In the 25th resolution, we're asking you to authorise the Board to increase the share capital reserved for certain categories of beneficiaries subject to a limit of 2% of the share capital. Bearing in mind that this maximum amount is common to Resolutions 24 and 25. Again, this delegation of authority will be for a period of 26 months.

The 26th resolution, we're asking you to amend the Articles of Incorporation to bring them into line with legal requirements, because a new commerce -- a new chapter in the French commercial code concerning listed companies. This amendment would simply change the numbering of certain articles, as specified in the Articles of Incorporation.

Finally, the 27th resolution asks you to grant powers to carry out the necessary legal formalities.

This presentation of the resolutions is now complete. And I'm giving the floor back to our Chairman, Alexandre Ricard.

Alexandre Ricard *Pernod Ricard SA - Chairman, CEO & Member of Executive Board*

Thank you, Anne-Marie.

We've had 13 written questions sent to us by a shareholder with one share. We've received these questions. And in compliance with regulations in force, Anne-Marie Poliquin is going to read the answers that we have prepared.

I didn't touch a thing. Just a few words beforehand. We are legally obliged to review our replies to these questions. We have timed, Anne-Marie. This is going to last approximately 5 minutes. We have summed up our answers to these questions in 11 points. And I'm asking you as of now to bear with me. We will not be reducing the time allotted for questions and answers because of these replies. So we're asking you to be patient for 5 minutes. That said, what Anne-Marie is going to say is also very interesting.

So may I ask Anne-Marie Poliquin to read our answers to these written questions.

Anne-Marie Poliquin *Pernod Ricard SA - Group General Counsel, Chief Compliance Officer & Member of the Executive Board*

Thank you, Alexandre.

The questions that Alexandre has referred to concern our CSR commitments, particularly investments required and the risk of loss of biodiversity, our purchasing policies, our compensation, our fiscal and social reporting, our lobbying practices and our relations with our social partners, broadly speaking.

We are going to give you very brief answers, I promise. In our Universal Registration Document, you will find all additional information you could possibly require.

So as presented in the management report, Pernod Ricard has accelerated its road map called Good Times in a Good Place 2030. However, we would like to underline a certain number of the main points. They were 11 in all.

First of all, we have a target of net zero emissions Scope 1 and 2 by 2030 at the very latest. Our objectives now -- our current objectives of carbon reduction are in line with the scenario that is well below 2 degrees. And we're trying to align them with the scenario based on 1.5 degrees. We have decarbonation projects, particularly for our distilleries, including in Ireland, the U.K. or Canada, for instance.

Secondly, our core business is directly linked to nature. This is why we have committed to preserve each and every terroir; and its biodiversity to guarantee the quality of our ingredients, not just now, but for future generations. We have mapped out our priority terroirs and developed biodiversity and sustainable and regenerative agriculture programs.

Thirdly, we have taken a variety of initiatives to help our partners who have been weakened by the pandemic, particularly by adjusting terms of payment, including off-trade -- or on-trade, I should say, and by supplying hydro-alcoholic gels as we call it.

Health and security at the very heart of our concerns and are -- in taking care of each other policy. Since the very start of the pandemic, we have organised reinforced support measures for our employees with the -- not just psychological support, but also physical support, providing equipment, online learning, sports classes, relaxation online.

Fifthly, the Group's compensation is in line with local market practices, based on an external benchmark. Incidentally, the Group's

suppliers also have to abide by standards, following the clause, I quote, "compensation programs must abide by or exceed minimum legal requirements or appropriate standards enforced in the industry."

Sixthly, the profit-sharing agreements at Pernod include SGE criteria, such as water consumption, recycling and so on. Some ESOPs also have a responsible label. We have one called CIES, [SFD 09], which is fully invested in SGE, for instance.

Seventhly, we have rolled out an employee share ownership program or ESOP, which is open to 75% of our employees. As a second addition, which would involve even more of our employees, is due to be set up this year, subject to approval from the relevant administrative authorities. In fact, this is what we are aiming at in Resolutions 24 and 25.

Eighth point, gender balance is, of course, one of the Group's key strategic objectives. We expect it to reach a ratio of at least 40-60 by 2030 as far as our management is concerned. We have made a lot of progress since 2016 by increasing the number of women in the top 500 from 19% to 27%, 27% increase on the ExCo and 40% of the executive bureau. We publish the equity ratio for Pernod Ricard SA also this year for the broader scope of France. This is taking into account emerging compensation to ensure that we have full fairness.

Ninthly, the Group's governance tax fiscal policy is part of our ethical practices. We apply GRI 207. We publish in particular the total amount of tax paid by the Group. And we abide by the country-by-country reporting obligations in pursuance of local tax laws.

10th point, all our lobbying is carried out openly, transparently and ethically. Our commitments can be found on our website, and indeed, in the declaration that we have signed alongside other companies involved in transparency international fronts.

Finally, one last point. We have and have always had throughout the Group's history a whole culture of constant ongoing dialogue with our social partners, sharing regularly our plans of action in the subsidiaries, including at Group works council level and European works council level. In fact, I refer you to the Universal Registration Document, which we publish all the aspects of our vigilance plan as well as all the aspects of our nonfinancial performance.

I will now give the floor back to Alexandre Ricard.

Alexandre Ricard *Pernod Ricard SA - Chairman, CEO & Member of Executive Board*

There you are. Thank you very much, Anne-Marie. And I can now declare the Q&A session finally underway.

QUESTIONS AND ANSWERS

Unidentified Shareholder

Good afternoon. I missed being here. I missed attending Pernod Ricard's Annual General Meeting of Shareholders. It's such a pleasure to be back. If we look at France's medieval history, remember the knights of old who received accolades for being brave. Well, you are one such knight, kind sir. I have a couple of questions.

What about Havana? Does it belong to Pernod Ricard? Or does it belong to someone else? What about the Cuban exports? Is there a conflict there? Is there a competition there? And my second question. I understand there is trouble in India and there is trouble in Colombia. Can you tell us more about that. And #3, China. Are you worried about the latest statements from the Chinese leadership? I am concerned, who knows what will happen one day. The media keeps saying that one day China will go back to sleep. Do you believe that will happen, do you think that one day China will indeed go back to sleep?

Unidentified Company Representative

First of all thank you for your questions. And secondly, thank you so much for your kind words of introduction. You are too kind.

Regarding -- I will answer regarding Havana Club and China and Anne-Marie will take your second question.

The Havana Club brand as part of a joint venture, a 50-50 JV, so held by Pernod-Ricard held also by Cuba Ròn, company based in Cuba.

So we own 50% of Havana Club.

There is nothing exclusive with our partners, and you may have read in the media that some of our competitors are starting to develop Cuban rum brands as well. Likewise, as I showed earlier, while presenting the management report, we have bought quite a beautiful nugget, La Hechicera. It's a Colombian rum brand.

In the meantime, Havana Club is a brand that sells 5 million crates approximately. And the U.S. is the largest rum market. And unfortunately, we don't have access to it at the moment. Who knows? Maybe one day, we will.

Before handing over to Anne-Marie, let me discuss China briefly. While China is our second leading market just after the U.S. and just before India. In the course of our presentation, you may have noticed that the U.S. market just beat record highs, \$2 billion in sales. China accounts for about EUR 1 billion in sales. So the record has been broken too. So how do I feel about China? Well, from a business point of view, because you may have noticed that in the environment in which we operate, we have identified the geopolitical risks as a potential problem. But from a business perspective, we have a clear strategy when it comes to China. And this is a strategy that we introduced in 2018 to all of our investors. And our goal is to double our penetration rate in China.

Now the ratio, the percentage represented by a premium spirits of brands importing into China, we want to double it. So 0.8% of the total amount of alcohols sold in China, we want to jump to 2% in 2025. So that was back in 2018. We're now in 2021. We've already reached 1.5%. So we are well in line with our strategic plan in China.

Obviously, this is based on the expansion of the middle class in China. So the latest statements of intent from Chinese authorities, while speaking to their own domestic market, speaking to the rest of the world as well, is about sharing prosperity. The goal being to promote the rise of the Chinese middle class. So from a purely business perspective, the bigger the middle class and the higher the purchasing power, and this is something the Chinese authorities seem to pursue well, the better for business. Now obviously, there are geopolitical risks. And as far as that's concerned, my take on things is as good as yours. Unfortunately, we do not have a crystal ball. We can't tell the future. In the meantime, China is one of our top markets, and it drives much of the group's growth.

Now remember that this is something we experienced during the health crisis in 2020. Pernod Ricard's business model is its balance. 1/3 in Europe, 1/3 in the Americas, 1/3 in Asia, we have a very broad portfolio of brands. We are well balanced geographically, but also in terms of our brand portfolio. We manage things dynamically, and we will avail ourselves of any opportunity that arises, bearing in mind existing risks. Anne-Marie, why don't you talk about Colombia?

Anne-Marie Poliquin *Pernod Ricard SA - Group General Counsel, Chief Compliance Officer & Member of the Executive Board*

Yes, we do have a litigation. We do you have a dispute in Colombia since 2017. It was in 2017 that two complaints were filed with the competition authorities against Pernod Ricard SA and Pernod Ricard Colombia as well as one of our competitors. These two complaints alleged that we violated Colombian anti-competition legislation and they alleged that this has given us an unfair advantage over local producers. And of course, we strongly protest those allegations. So the litigation is still underway. Things are moving very slowly. What about question number one? Do you remember what it was?

Unidentified Shareholder

Yes. More than ever, Chairman Claude (inaudible) I have two questions. Question number one has to do with the head office of the new Pernod Ricard France company on the Docks in Marseille. My second question has to do with the new global headquarters of Pernod Ricard called The Island. But before I ask my two questions, I would like to remind you that you recently initiated a global campaign to encourage young consumers to drink more water. Along the same lines earlier this year, you confirmed that all of your products would in the future display on the labels, the following reference, forbidden for miners in addition to the already existing warning, do not drink and drive and do not drink if you're pregnant. So last July, in the Docks of Marseille, you broke ground on the new head office of the Pernod Ricard France company, which was born in 2020 when the two companies merged.

Meanwhile, you also opened 1,000 square meter concept store called Mx. It's both a museum and a boutique, a store. It's a cocktail bar, it's a restaurant, you name it. And the secret goal is to convert young adults. They may not be familiar with this new taste aniseed. And

you want to convert these new believers. So how do you reconcile the "Drink More... Water" campaign on the one hand? And the come drink Ricard Aniseed-type drinks in Mx. How do you reconcile the two? And this brings me to question #2. The new global headquarters is called The Island. And it just received the prize for the best development project of the year in the medium corporate building category according to interior design benchmark, Interior Design Magazine.

Now the Saguez and Partners agency, which is responsible for this project has created the working area that promotes collaboration, the sharing of experience as well as synergies between the 900 or so workers who will be working out of the new headquarters. So this is a place that is supposed to bring to life your culture of conviviality on a day-to-day basis. So how do you reconcile that goal of conviviality with the necessities of protecting one's health and working from home.

Lastly, I want to say that we have missed you so much. Thank you.

Unidentified Company Representative

Thank you for your questions, and thank you also for your kind words. We have missed you too, terribly. So let's start with Pernod Ricard France and its new headquarters as well as the Mx complex, which I was fortunate enough to break ground on 2 months ago. Now any resident of Marseille worthy of the name wants to beat Paris. And obviously, they had to break ground on their own place before we did that here in Paris. So if we go over our history. We realize that this new location is located just in front of the dock where ships would board coming from all of the world, bringing in Aniseed to make pastis. So we have a very clear vision. We are here to create conviviality, moments of friendliness. And let us be clear, there is no such thing as conviviality when you have excess. No matter what form it takes, by definition, you need moderation to have conviviality.

Now I bear the same name as this company. Therefore, it is important to me that we maintain this vision over the long term. So we need to act responsibly. We need to drink and host responsibly. Of course, we have the right to recruit enlist, convert new consumers, young adults, it's okay for them to consume alcohol. And if they wish to consume alcohol, it's not an obligation, of course, but if they do that, please do so in moderation. And we have a lot of campaigns advocating moderation. And you have just referenced our very first large-scale digital campaign, which we initiated this summer. And why did we do it this summer? Well, bars and cafes have now reopened, and there are lots of young adults, age 20 to 25 who've been couped up and isolated for so many months during the COVID pandemic. And now they're all flocking to bars and cafes and therefore, it is very important for them to understand that if they want to party that's fine, but drink in moderation, be responsible. That's the goal of our campaign.

Let me be clear, it's a major global trend, and we are in line with that trend. Our premiumising strategy is all about drink less, but drink better. And this is what generates conviviality. This is what creates value. Both for Pernod Ricard and for our shareholders.

You talked about the Mx location. Well, this is an opportunity for me to head north a little closer to the Paris. Before I talk about The Island, let me talk about Drinks & Company.

Drinks & Co is a concept store, which is located, feel free to go check it out, it's absolutely beautiful, over 10,000 SKUs. So it is just outside Gare Saint-Lazare, the train station at the heart of Paris. And there's a bar. So you get to sample the drinks, you get to have a meal.

And I've tried it for myself. There's a whole team of bartenders and baristas and they are able to reproduce -- they're able to mimic alcoholic beverages, and they have a non-alcoholic version of every single cocktail. I tested it for myself. Now getting back to The Island. When we reopened The Island. After the multiple lockdowns, obviously, everybody flocked back to our headquarters. So what we need to strike now is the right balance. Across the world today, we simply cannot tell people that they have an obligation to come to the office every single day of the week. That simply cannot do.

Yes, there may be times when, for various reasons, we may need to stay home. And let me tell you, when I realized -- when I realized that. Well, it was during the strikes, Remember, the media coverage years and years ago, there was no such thing as digital technology at the time. People struggled. People struggled to get to work. They would walk for hours because the trains would not run. And then more recently, traffic was impacted by the strikes. And so we had to -- we had to adapt and we asked people to work from home.

Now we have flexibility. And so we struck an agreement with our staff, and it works really well. So maximum 2 days a week, you get to work from home 2 days a week maximum. If that's what you want, and I travel all the time. And I walk around the office. Let me tell you, people come to the office. The office space is full. And thank you for reminding us of that. What I like is the terminology that we're using, you get to meet people that you do not expect. And we designed our office space to make that happen. So as to generate, to increase the probability of meeting unexpected people. There are 15 bars or cafes where people can congregate and there's so much happening there.

You get to meet people every day in those bars and cafes. For those of you who've never seen The Island, multiple entities within the Group are brought together, not just the global headquarters, but also the headquarters of EMEA, Latin America head office and also for Africa, the Middle East, Havana Club International, the headquarters for Martell Mumm Perrier-Jouët. And the former headquarters of Pernod that used to be in Creteil. And also the sales division of Pernod Ricard, which is now the regional sales division of Pernod Ricard France.

In addition to that, because we couldn't possibly forget them, on the ground floor, you will find the former Ricard Foundation now called the Pernod Ricard Foundation. It's a magical place. It really whets your appetite. So we truly were pioneers because the vast, vast majority of our staff members, I can't give you the exact figure, but if I was a betting man, I would say over 90% of our staff want to go to work every day. And this is something we experienced during the lockdown. The lockdown caused depression among a lot of people.

Now I respect those who don't want to go back to the office and prefer to work from home full time. I understand that we have a mission, we have a vision. We are creators of conviviality. And as such, obviously, maybe this is not the right place for them. If they really want to stay home every single day of the week, but I respect those needs. I'm so happy to go to work every day. to see the smile on people's face when I ride the elevator.

Operator

Now question #5, maybe.

Unidentified Shareholder

Hello. My name is Jean Richard. I'm an individual shareholder. A couple of quick observations and a question. Let me start with my observations. First of all, thank you so much. It all looks perfect. The share price, the dividend payout, but I'm thinking of the company and I'm thinking of the staff. And both the staff and the company have made so many inroads under your remarkable leadership. And it really was a tall order.

Unidentified Company Representative

Thank you agreeing with me.

Unidentified Shareholder

You took up office under difficult circumstances. And yet you have managed to maintain the positive legacy from your grandfather and your uncle and now you're doing your bit. Without destroying the legacy of the past, very few trust kids managed to do that, and yet you did congratulations. You follow in the footsteps of your grandfather and your uncle. Congratulations.

Now there are other examples, but let me focus on just one. You've done a great job of surrounding yourself with an amazing team. I don't know whether a lot of people are familiar with Ms. Patricia Barbizet. But good on you having her on your team considering her prestigious past, her prestigious track record and also miss Namita Shah. The only question is will Namita Shah be elected by 100% of the votes or just 99.9%.

Now considering her track record considering the quality of her French, her command of the French language outstanding. Now I wouldn't want to hog the microphone. I wish you to continue on the same path, thank you for whetting our appetite. But regarding the headquarters in Paris, is there any way that a number of shareholders could get a tour? Maybe you could have a rotation system and shareholders could take turns and visit the headquarters. That would be my only question. Congratulations and keep up the good work.

Alexandre Ricard *Pernod Ricard SA - Chairman, CEO & Member of Executive Board*

Let me start by thanking you for your kind comments. Every time I attend an AGM. It is true that every single time, it's an emotional time. I think of Patrick, I think, of Grandpa and your kind words regarding our staff. Well, let me tell you. My grandfather used to say success doesn't boil down to one man. It's all about teamwork. And one day, Patrick said to me and he said that again at the Seminar in Les Embiez, a day to remember actually, he said that Pernod Ricard is an extraordinary story, which is being written by remarkable teams. And so thank you for your kind words. It is right -- it is true that the story of our Group is being written by our staff by our people, our women, our men who continue to show tremendous and remarkable commitment. Everybody is fully engaged, and I found that extremely touching.

Now regarding the Namita Shah, you will get your answer to your question when we vote on those resolutions a little later. So fingers crossed. Thank you very much.

Unidentified Company Representative

Sorry, just concerning the visit to The Island. Well, we try and organize that. Obviously, not everybody at the onetime, but if there are volunteers -- Yes, you could talk to our shareholder relations people. We can organize small groups. We'll be delighted to do that. I was just going to say you'll see my office, well, you won't because I don't have one. But we'd be delighted to welcome you. Thank you for that suggestion.

Unidentified Shareholder

Good morning. Jean-Claude Laurent, I'm an individual shareholder. I've been attending these meetings since the early 2000s. Initially, I was surprised because the resolutions were voted by raising of hands and then 1 year, a shareholder asked how come we're not voting by the electronic vote system. I think with your uncle said at the time, electronic voting is expensive at the time. He said there used to be a buffet and you could choose. You said, look, you have to choose, it's either the buffet or the electronic vote. That year, the buffet won hands down. Unfortunately, a few years later, a number of shareholders misbehaved, and I think your uncle decided to avoid any mayhem that the -- maybe the buffet should be canceled.

Last year, we didn't have an AGM in person, and I didn't follow it on Internet because I wasn't interested. So as a previous shareholder said, I'm delighted to see you back, terribly happy to be back here with you. But yesterday, the share price hit a record price of EUR 206.30, like everybody else, Naturally, I'm very happy about that. But despite that, I think that for new shareholders, young people, in particular, EUR 206 is maybe a little high. And let me give you two examples.

A year or two ago, La Française des Jeux, FDJ was privatised and the state set the price at almost EUR 20, close to EUR 200 of investment. 10 days ago, the issue price was EUR 229 -- sorry, EUR 22. But here again, you need a EUR 10. If tomorrow, you were to issue a free share for every four held that would reduce the price to EUR 160. I'm not saying you should do that, but think about it. Would you consider artificially reducing the share price? Thank you.

Helene de Tissot *Pernod Ricard SA - Executive VP of Finance, IT & Operations and Member of Executive Board*

Thank you for your questions. I'm going to let Helene de Tissot give her the pleasure of answering your question about the share price and as we should say, artificially build, we do not want to reduce the share price intentionally because of poor performance. If I could just say a word about electronic voting. I think nowadays electronic voting is the market practice. Voting by raising of hands is still legally possible. Just imagine how long it would take. But with digital technology, even though it does come at a cost, we do save a lot of time. And time is money as the expression goes. Electronic voting also makes us much more efficient.

Helene, what about the share price? Thank you for your question. As you said, the important thing for us is to create value and keep creating value for all our stakeholders, mainly for our stakeholders, mainly for our shareholders, but the share price performance of our share price is a good reflection of our ambitions. So the idea of rewarding loyalty is also part of our ideas. It's in the share price and in the dividend payout. This dividend is paid in cash intentionally because our balance sheet and financial situation enabled us to pay out a dividend in cash. Our financial policy has been reinforced over the years. As you said, since the early 2000s, the payout ratio has improved substantially. It's now in the region of 50%.

Long-term shareholders are also rewarded in the form of double voting rights when they've registered shares, they've held registered shares for 10 years. These are all important aspects in terms of having an attractive policy for our hopefully happy shareholders. As for the nominal price, as you suggested, we have no intention of reducing it. This does not actually create any value. It's just a headline effect.

I think next question number two.

Unidentified Analyst

Thank you, Chairman. First of all, I'd like to point out that in the reference document, Paul-Charles Ricard has been a director since the age of 1. I'm sure he was very precocious, but was that a mistake? More seriously, I'm not going to praise you to the high heaven because when we look at the sales figures in 2017, what we see, give or take 1% or 2% or EUR 100 million or so that our sales figure has been very constant with the low in 2019 because of the pandemic and a very sharp increase this year. So I'm somewhat concerned about our sales figure, which despite the Group's premiumisation policy, which is a great policy, by the way. Our sales figure is relatively stable. Okay. The profits are good because the group is very well managed, constantly reduced.

But for future reference, if for instance, there were to be a stock market crash of any time. I'm quite sure that the share price would be well below the EUR 160 mark referred to by the previous speaker. So I have my doubts about that.

Another little problem is that Mr. Ricard's pension program. This year, the contribution was EUR 150,000. If we approve Resolution #10, it will increase to EUR 650,000 or EUR 700,000, which is about 4x more. I'm wondering if that's a good signal to be sending out to your 18,500 employees during these difficult times. Also because you received EUR 500,000 in dividends every year. So I think it's not a good signal to we're putting out for a family-owned company.

Of course, we are a far cry from the excesses of the likes of Bernard Arnault. I think that's a step in the wrong direction if we were to approve Resolution #10.

Unidentified Company Representative

Thank you for those three comments. Concerning the first point, no, I can confirm that Paul-Charles as specified in the chart is 39 of age, correct me if I'm wrong, Paul-Charles. The number of years on the Board is the number of years that the company he represents has had a seat on the board. This is actually a seat that I held in the past that my aunt Beatrice Baudinet also held in the past. The 38 years of presence on the Board refers to the presence of Societe Paul Ricard represented nowadays by Paul-Charles Ricard the chart is quite correct, that's not a mistake. Maybe I could ask Helene to answer the second question.

Helene de Tissot Pernod Ricard SA - Executive VP of Finance, IT & Operations and Member of Executive Board

Thank you for your question concerning the sales figure. The best way to answer that, were we to talk about our exposure to ForEx because the amount is in euro. This does reflect what we call facial or nominal growth after ForEx. This is why in all our presentations, we give you nominal and organic growth. which is not including currency translation or ForEx effects. This is how we analyze the quality and consistency of our performance. This exposure to foreign currency has worked against us in recent times. Over the long term, it's much more cyclical and that tends to work out as neutral. Last year -- maybe I spoke about this too quickly, but last year, the ForEx impact was quite significant because in terms of sales, it was approximately EUR 200 million -- negative EUR 500 million, about half that amount in terms of PRO. So for the combined effect of those two because of the foreign exchange rate of the euro against the dollar and our exposure to emerging currencies. So as for the euro-dollar exchange rate, last year, the average was 1.19.

Currently, if things remain unchanged, this should be much more favorable to us at the end of the year. That's just an illustration of the kind of swings from 1 year to another. Of course, our exposure to American and emerging currencies was much more favorable to us in the first half year, not all, but very much favorable with the Chinese RNB. So this is a reflection of our exposure to various parts of the world and all the regions in which we have operations, the U.S.A., Europe but mainly in the Euro zone, but also emerging countries. So our hedging policy is very limited quite simply because hedging can be very costly, particularly in emerging economies. In fact, it can be very difficult, if not impossible, to organise for regulatory reasons, and as for the dollar, we have what we call natural hedging because our balance sheet is protected and insofar as a substantial amount of our debt is in dollars.

Unidentified Company Representative

Thank you, Helene. Maybe regarding your third point, maybe the Chair of the Compensation Committee, Kory Sorenson, would like to provide some information to answer your question.

Kory Sorenson Pernod Ricard SA - Independent Director

As for the difference in pension funding, the reason it was so low this year, the EUR 150,000 that you referred to. The reason it was so low is because it's contingent upon his fixed and variable annual compensation. Last year with COVID, the variable compensation was quite low meaning that he only benefited by EUR 150,000. Now the difference been EUR 150,000 and EUR 600,000. Remember, this was a very weak year in terms of performance last year and in terms of compensation because of the pandemic. Now when we look and we took a very close look at the benchmark, that's the rest of the market, we looked at the other CAC 40 countries with the program similar to ours. What we found is that the average pension percentage was 25%.

When we increased from 10% to 20%, which is still below the benchmark. And we package this with compensation, the bonus, the fixed variable compensation, the LTIP and pension, which all told is about average for the -- in the median for the CAC 40, but it's still slightly below that average. So we feel that 20% is fair and the discrepancy between the 2 years is very closely linked to the poor performance last year and the very good performance this year.

Unidentified Company Representative

I'm told that we have time for about 10 minutes left. So we can take a few more questions. Are there any more questions? Well, yes, we do have another question. The lady who has the mic and then the #10. They will be the last two questions. Thank you.

Unidentified Shareholder

Chairman, ladies and gentlemen. I would like to know if the Pernod Ricard Premium Club has been done away with. This premium club was for shareholders and it proposed a great variety of activities, very interesting activities. Does that club still exist? Or are there any chance of reviving it?

Unidentified Company Representative

Thank you for your question. I really thank you because this is an opportunity for me to say that no, this club has not been done away with, far from it, but we did take a break strictly because of the pandemic, which prevented us organising convivial activities, but we can -- I can assure you that this Club will resume. It's just been suspended during the pandemic. Very much alive and kicking.

Unidentified Company Representative

One final question from the back of the room.

Unidentified Participant

Good afternoon, sir. I haven't got a question. I'd like to say that the people in charge of security did not welcome us. When we entered this room. I was almost pushed and shoved. I was threatened with being denied admittance. I was asked what I was doing here. There are other areas where you can hold an AGM in Paris.

Unidentified Company Representative

Thank you for your comment. We will look into what happened. And we will very clearly take account or take into account your comments. Thank you, Madam.

Okay. Thank you for your comments. Thank you for your questions. I hereby declare the Q&A session closed and propose that we now move on to the resolutions, which will be able to vote. This year, voting will be on tablets in the AGM. We have a short video to show you how these tablets are to be used, how the electronic voting will be carried out. Video, please.

PRESENTATION

Unidentified Company Representative

(presentation)

We're now going to vote on the resolutions, bearing in mind that the final quorum is 79.252%. It was 79.217%. So the final quorum is 79.252%. Okay.

The first resolution concerns approval of the parent company financial statements for the financial year ended June 30, 2021, voting is underway.

(Voting)

Unidentified Company Representative

Voting is now over. And the resolution has been approved. The second resolution concerns the approval of the consolidated financial statements for the period ended June 30, 2021, Voting underway.

(Voting)

Unidentified Company Representative

Voting is over. And the resolution has been carried. The third resolution concerns the allocation of net profit for the financial year ended June 30, 2021, and setting of the dividend. Voting underway.

(Voting)

Unidentified Company Representative

Voting is over. The resolution has been approved.

Fourth resolution concerns the renewal of the directorship of Anne Lange. Voting underway.

(Voting)

Unidentified Company Representative

Voting is over. The resolution has been approved. The fifth resolution is asking you to renew the directorship of Societe Paul Ricard represented by Paul-Charles Ricard. Voting is now underway.

(Voting)

Unidentified Company Representative

Voting is over. And the resolution has been approved. Sixth resolution concerns the renewal of the directorship of Veronica Vargas. Voting underway.

(Voting)

Unidentified Company Representative

Voting is over. And the resolution has been carried. Seventh resolution asks you to appoint Namita Shah, to the Board of Directors. Voting underway.

(Voting)

Unidentified Company Representative

Voting is over. And the resolution has been approved. Eighth resolution, is -- asks you to approve the fixed and variable components of the total compensation and benefits of any kind paid or granted during fiscal 2021 to myself, Alexandre Ricard, Chairman and CEO. Voting underway.

(Voting)

Unidentified Company Representative

Voting is over. And the resolution has been approved. Ninth resolution, approval of the information relating to the compensation of each of the corporate officers. Voting underway.

(Voting)

Unidentified Company Representative

Voting is over. And the resolution has been approved. Tenth resolution, approval of the compensation policy applicable to the Executive Directors. Voting underway.

(Voting)

Unidentified Company Representative

Voting is over. The resolution has been approved. 11th resolution, approval of the compensation policy applicable to the Directors. Voting underway.

(Voting)

Unidentified Company Representative

Voting is over. And the resolution is approved. 12th resolution, authorisation to be granted to the Board to trade in the company's shares. Voting is underway.

(Voting)

Unidentified Company Representative

Voting is over. And the resolution has been approved. 13th resolution, approval of related party agreements under Article L. 225-38 et seq. of the French commercial code. Voting underway.

(Voting)

Unidentified Company Representative

Time's up. Resolution carried. We're now moving on to the extraordinary resolutions. Resolution 14 reduction of the share capital by cancelling treasury shares. Please vote.

(Voting)

Unidentified Company Representative

Resolution carried. Resolution 15, share capital increases with maintenance of preferential subscription rights. Please vote.

(Voting)

Unidentified Company Representative

Resolution carried. Resolution 16 share capital increase with cancellation of preferential subscription rights. Please vote.

(Voting)

Unidentified Company Representative

Resolution carried. Resolution 17, increase of the number of shares to be issued in the event of a share capital increase with or without preferential subscription rights realised in accordance with Resolutions 15, 16 and 18. Please vote.

(Voting)

Unidentified Company Representative

Resolution carried. Resolution 18, share capital increases through private placement in favour of qualified investors or a restricted circle of investors with cancellation of the preferential subscription rights. Please vote.

(Voting)

Unidentified Company Representative

Resolution carried. Resolution 19 share capital increases with a view to remunerating contributions in kind granted to the company. Please vote.

(Voting)

Unidentified Company Representative

Resolution carried. Resolution 20, share capital increases in the event of a public exchange offer initiated by the company. Please vote.

(Voting)

Unidentified Company Representative

Resolution carried. Resolution 21, share capital increases by capitalising premiums, reserves, profits or other items. Please vote.

(Voting)

Unidentified Company Representative

Resolution carried. Resolution 22, authorisation to be granted to the Board of Directors to fully allocate performance-based shares. Please vote.

(Voting)

Unidentified Company Representative

Resolution carried. Resolution 23. Granting of bonus shares to group workers. Please vote.

(Voting)

Unidentified Company Representative

Resolution carried. Resolution 24, share capital increases reserved for members of company savings plans. Please vote.

(Voting)

Unidentified Company Representative

Resolution carried. Resolution 25. Share capital increases reserved for certain categories of beneficiaries. Please vote.

(Voting)

Unidentified Company Representative

Resolution carried. Resolution 26 amendment to the company's bylaws in order to ensure alignment with the new laws and regulations and also REIT number, the articles of the code of commerce contained in the bylaws. Please vote.

(Voting)

Unidentified Company Representative

Resolution carried. Resolution 27 powers to carry out the required legal formalities. Please vote.

Unidentified Company Representative

Resolution carried. There being no further business, I declare the meeting closed at 4:41 p.m. sharp. Ladies and gentlemen, dear shareholders, many thanks for your attention.

Please note, portions of this call have been translated.

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