

Second-Party Opinion

Pernod Ricard Sustainability-Linked Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Pernod Ricard Sustainability-Linked Financing Framework aligns with the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2021. This assessment is based on the following:

- Selection of Key Performance Indicators (KPIs)** The Pernod Ricard Sustainability-Linked Financing Framework includes three KPIs: (i) Absolute scope 1 and 2 GHG emissions (MtCO_{2e}), (ii) Water consumption per unit produced at distilleries (kL/kL), and (iii) Scope 3 GHG emissions intensity per unit of value added (tCO_{2e}/million EUR gross profit from recurring operations) (see Table 1). Sustainalytics considers KPI 1 to be very strong, and KPIs 2 and 3 to be strong.
- Calibration of Sustainability Performance Targets (SPTs)** Sustainalytics considers the SPTs to be aligned with Pernod Ricard's sustainability strategy and views SPT 1 to be highly ambitious and SPTs 2 and 3 to be ambitious based on the improvement they present over historical performance, alignment with peers, and where possible, alignment with science-based targets.
- Bond or Loan Characteristics** Pernod Ricard will link the financial characteristics of its sustainability-linked debt instruments to the achievement of the SPTs. The change in financial characteristics may trigger a step-up coupon or margin adjustment, as applicable, and are to be detailed in the individual transaction documents.
- Reporting** Pernod Ricard commits to reporting on an annual basis, via its Sustainability Report, on its progress against the KPIs towards the relevant SPTs. The report will be made available on its website. These reporting commitments are aligned with market expectations.
- Verification** Pernod Ricard commits to obtain limited assurance conducted on its annual KPI performance at the communicated SPT deadlines, which is aligned with market expectation.

Evaluation Date	March 25, 2022
Issuer/Borrower	Paris,
Location	France

The SPTs contribute to the following SDGs:



Overview of KPIs and SPTs

KPI	Baseline	SPT	Strength of the KPI	Ambitiousness of SPT
Absolute scope 1 and 2 GHG emissions (MtCO _{2e})	2018	1a) To reduce scope 1 and 2 GHG emissions below 0.220 MtCO _{2e} by 2025, representing a 26% reduction from the baseline year	Very strong	Highly Ambitious
		1b) To reduce scope 1 and 2 GHG emissions below 0.138 MtCO _{2e} by 2030, representing a 54% reduction from the baseline year		
Water consumption per unit produced at distilleries (kL/kL)	2018	2a) To reduce water consumption per unit produced at distilleries below 17.34 kL/kL by 2025, representing a 12.5% reduction from the baseline year	Strong	Ambitious
		2b) To reduce water consumption per unit produced at distilleries below 15.67 kL/kL by 2030, representing a 20.9% reduction from the baseline year		
Scope 3 GHG emissions intensity per unit of value added (tCO _{2e} /million EUR gross profit from recurring operations)	2018	To reduce scope 3 GHG emissions intensity per unit of value added to below 500 tCO _{2e} /million EUR gross profit by 2030, representing a 50% reduction from baseline year	Strong	Ambitious

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Scope of Work and Limitations

Pernod Ricard has engaged Sustainalytics to review the Pernod Ricard Sustainability-Linked Financing Framework and provide an opinion on the alignment of the linked instruments with the Sustainability-Linked Bond Principles (SLBP)¹ and Sustainability-Linked Loan Principles (SLLP).²

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent³ opinion on the alignment of the reviewed Framework with the Sustainability-Linked Bond Principles 2020, as administered by ICMA, and the Sustainability-Linked Loan Principles 2021, as administered by APLMA, LMA, and LSTA.

As part of this engagement, Sustainalytics exchanged information with various members of Pernod Ricard's management team to understand the sustainability impact of their business processes and SPTs, as well as reporting and verification processes of aspects of the Framework. Pernod Ricard's representatives have confirmed that:

- (1) They understand it is the sole responsibility of issuer to ensure that the information provided is complete, accurate or up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information. This document contains Sustainalytics' opinion on the linked instruments and should be read in conjunction with the Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Pernod Ricard. Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated SPTs of KPIs but does not measure the KPIs' performance. The measurement and reporting of the KPIs is the responsibility of the Bond/Loan issuer. No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Pernod Ricard has made available to Sustainalytics for the purpose of this Second-Party Opinion. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written and aligned with the methodology to calculate the KPI performance outlined in the Second-Party Opinion up to 24 months or until one of the following occurs:

- (1) A material change to the external benchmarks⁴ against which targets were set;
- (2) A material corporate action (such as material M&A or change in business activity) which has a bearing on the achievement of the SLBs or the materiality of the KPI.

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¹ The Sustainability Linked Bond Principles (SLBP) were launched by ICMA in June 2020. They are administered by the ICMA and are available at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>

² The Sustainability-Linked Loan Principles (SLLP) were launched by LSTA in May 2021. They are administered by the LSTA and are available at: <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/#>.

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

⁴ Benchmarks refers to science based benchmarks

Introduction

The Pernod Ricard Group (“Pernod Ricard” or the “Group”) is the second-largest producer of wines and spirits in the world, with a diversified portfolio of 240 brands available in over 160 countries. As of June 2021, Pernod Ricard had 96 production sites in 25 countries, employing more than 18,000 people.⁵

Pernod Ricard intends to issue sustainability-linked bonds and sustainability-linked loans whose coupon rate or margin instruments is tied to the achievement of the SPTs for three KPIs related to: (i) reduction in absolute scope 1 and 2 GHG emissions, (ii) reduction of water consumption per unit produced at distilleries, and (iii) reduction of scope 3 GHG emissions per unit of value added.

Pernod Ricard has engaged Sustainalytics to review the sustainability-linked instruments and provide an opinion on the alignment of the Pernod Ricard Sustainability-Linked Financing Framework with the Sustainability-Linked Bond Principles (SLBP) and Sustainability-Linked Loan Principles (SLLP).

The KPIs and SPTs used by Pernod Ricard are defined in Tables 1 and 2 below.

Table 1: KPI Definitions

KPI	Definition
Absolute scope 1 and 2 GHG emissions (MtCO ₂ e)	KPI 1 measures absolute scope 1 and 2 GHG emissions, in MtCO ₂ e, from production sites ⁶ over which the Group has full operational control. ⁷ For calculating scope 1 and 2 GHG emissions, Pernod Ricard follows the GHG Protocol. ⁸
Water consumption per unit produced at distilleries (kL/kL)	KPI 2 measures water consumption of Group distilleries based on the volume of water consumed by the distilleries divided by the volume of pure alcohol distilled. Water consumption and alcohol distilled are calculated in accordance with the Group’s environmental protocol. This KPI covers only production sites defined as distilleries as per the Group’s environmental protocol, meaning the Group’s production sites where distillation is the primary activity.
Scope 3 GHG emissions intensity per unit of value added (MtCO ₂ e/ million EUR gross profit from recurring operations)	KPI 3 covers the intensity of indirect scope 3 GHG emissions associated with the Group’s activities. The scope of activities considered for calculation is aligned with the Group’s SBTi commitment, including purchased goods and services (dry and wet goods), and upstream transportation and distribution activities. To calculate scope 3 GHG emissions, Pernod Ricard follows the GHG Protocol.

Table 2: SPTs and Past Performance⁹

KPI	2018 (baseline)	2019	2020	2021	SPT 2025	SPT 2030
Absolute scope 1 and 2 GHG emissions (MtCO ₂ e)	0.298	-	-	0.295	0.220	0.138
Water consumption per unit produced at distilleries (kL/kL)	19.82	19.43	19.64	18.80	17.34	15.67
Scope 3 GHG emissions intensity per unit of value added (tCO ₂ e/million EUR gross profit from recurring operations)	1,000	-	-	1,022	-	500

⁵ Pernod Ricard, “Universal Registration Document 2020-21”, at: https://www.pernod-ricard.com/sites/default/files/2021-10/PER2020_URD_EN_VMEL3.pdf

⁶ Production sites include distilleries, bottling sites, winemaking and aging.

⁷ Calculations and scope for this KPI does not include the following activities: ageing sites with no production or no staff, production facilities shut down for an indefinite period, external co-packing sites not belonging to Pernod Ricard and not located on production sites, distribution sites and other buildings not located on production sites, owned vineyards, commercial fleet. The Group has confirmed to Sustainalytics that these activities represent less than 5% of scope 1 and 2 emissions.

⁸ The Greenhouse Gas Protocol, “A Corporate Accounting and Reporting Standard revised edition”, (2015) at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

⁹ Pernod Ricard’s GHG emission calculation methodology was updated as of 2021. Due to the complexity of recalculating past emissions data using the updated methodology, the Group has indicated that only data for the baseline year of 2018 has been recalculated. As a result, comparable emissions data for 2019 and 2020 is unavailable.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Alignment of the Pernod Ricard Sustainability-Linked Financing Framework with the Sustainability-Linked Bond Principles and Sustainability-Linked Loan Principles

Sustainalytics is of the opinion that the Pernod Ricard Sustainability-Linked Financing Framework aligns with the five core components of the Sustainability-Linked Bond Principles 2020 (SLBP) and the Sustainability-Linked Loan Principles 2021 (SLLP).



Selection of Key Performance Indicators (KPIs)

Relevance and Materiality of KPIs

In its assessment of materiality and relevance, Sustainalytics considers: i) whether an indicator speaks to a material impact of the issuer's business on environmental or social issues, and ii) to what portion of impact the KPI is applicable.

Sustainalytics considers KPI 1, Absolute scope 1 and 2 GHG emissions (MtCO_{2e}), to be material and relevant given the following:

- Sustainalytics' ESG Risk Rating identifies "Carbon – Own Operations" as a Material ESG Issue due to the inherently energy-intensive business operations of alcohol manufacturing. Further, the Sustainable Accounting Standards Board (SASB) identifies "Energy Management" as a material topic for Pernod Ricard and the "Alcoholic Beverages" industry overall.¹⁰
- Sustainalytics notes that KPI 1 addresses approximately 10% of the Group's total GHG footprint through its coverage of scope 1 and 2 GHG emissions while approximately 91% of Pernod Ricard's total GHG emissions are scope 3. Sustainalytics also notes that KPI 3 addresses 83% of the Group's total scope 3 GHG emissions (purchased goods and services - dry and wet goods, and upstream transportation and distribution activities). On this note, KPIs 1 and 3 collectively address the large majority of Pernod Ricard's total GHG emissions (scope 1, 2 and 3), having a high scope of impact, and therefore Sustainalytics considered a combined scope of applicability towards rating KPIs 1 and 3. Sustainalytics considers KPI 2, Water consumption per unit produced at distilleries (kL/kL), to be material and relevant given:
- Sustainalytics' ESG Risk Rating identifies "Resource Use" as a Material Risk Issue for Pernod Ricard due primarily to the Group's heavy reliance on freshwater supplies.¹¹ Further, the SASB identifies "Water and Wastewater" as a material topic for Pernod Ricard and the "Alcoholic Beverages" industry overall.¹²
- Sustainalytics notes that KPI 2 addresses a significant majority of the Group's water use, covering approximately 5 million kl of water used at its distillation sites each year. In 2021, distillation sites accounted for nearly 80% of the water consumption across all Pernod Ricard production sites.

Sustainalytics considers KPI 3, Scope 3 GHG emissions intensity per unit of value added (MtCO_{2e}/million EUR gross profit from recurring operations), to be material and relevant given the following:

- Scope 3 GHG emissions represent approximately 90% of Pernod Ricard's total emissions (scope 1, 2 and 3). Further, the SASB identifies "Supply Chain Management – Environmental & Social Impacts of

¹⁰ SASB Materiality Finder, "Pernod Ricard – SA", at: [https://www.sasb.org/standards/materiality-finder/find/?company\[\]=FR0000120693](https://www.sasb.org/standards/materiality-finder/find/?company[]=FR0000120693)

¹¹ Sustainalytics' "Resource Use" Material ESG Issue focuses on how efficiently and effectively a company uses its raw material inputs (excluding energy and petroleum-based products) in production and how it manages related risks.

¹² SASB Materiality Finder, "Pernod Ricard – SA", at: [https://www.sasb.org/standards/materiality-finder/find/?company\[\]=FR0000120693](https://www.sasb.org/standards/materiality-finder/find/?company[]=FR0000120693)

Ingredient Supply Chain” as a material issue for the “Alcoholic Beverages” industry.¹³ Pernod Ricard depends heavily on high quality ingredients, however, the effects of climate change significantly impact agriculture production and consequently all the supply chain and products in the alcoholic beverages industry. In this context, reporting and mitigating the GHG emissions associated with the purchased goods and services (dry and wet goods) are relevant to the Group as it reduces the climate footprint of its ingredient supply chain.

In terms of applicability, KPIs 1 and 3 collectively address the large majority of Pernod Ricard’s total GHG emissions (scope 1, 2 and 3), and therefore Sustainalytics considered a combined scope of applicability towards rating KPIs 1 and 3. KPI Characteristics

In its assessment of the KPI characteristics, Sustainalytics considers: i) whether a clear and consistent methodology is used, ii) whether the issuer follows an externally recognized definition, iii) whether the KPIs are a direct measure of the performance of the issuer on the material environmental or social issue, and iv) if applicable, whether the methodology can be benchmarked to an external contextual benchmark.¹⁴

Sustainalytics considers Pernod Ricard’s definition and methodology for calculating KPI 1 to be clear and consistent based on the guidelines from the GHG Protocol’s Corporate Reporting Standard, and notes that the Group’s methodology excludes carbon offsets and avoided emissions from the calculation.¹⁵ The metric also lends itself to benchmarking against external emissions reduction trajectories, such as those developed by the Science Based Targets Initiative (SBTi). Sustainalytics considers KPI 1 to be a direct measure of Pernod Ricard’s performance on material environmental issues.,

Sustainalytics considers the Group’s definition and methodology for calculating KPI 2 to be clear and consistent with historical disclosure.^{16,17} Although no globally agreed upon methodology exists for setting water conservation-based science-based targets, the Group established its internal methodology and contextual targets to minimize the water impact of its operations.¹⁸ Sustainalytics considers KPI 2 to be a direct measure of Pernod Ricard’s performance on material environmental issues and notes that approximately 80% of the Group’s total water consumption is captured by the KPI.

Sustainalytics considers Pernod Ricard’s definition and methodology for calculating KPI 3 to be clear and consistent based on guidelines from the GHG Protocol’s Corporate Reporting Standard, and notes that the Group’s methodology excludes carbon offsets and avoided emissions from the calculation.¹⁹ The metric also lends itself to benchmarking against external emission reduction trajectories, such as those developed by SBTi. Sustainalytics considers KPI 3 to be an indirect measure of performance on material environmental issues given that it is an intensity metric that weighs scope 3 GHG emissions against the Group’s financial output. Sustainalytics also notes that nearly 90% of the Group’s GHG emissions are considered to be scope 3, and that the KPI captures activities that address more than 80% of those.

Overall Assessment

Sustainalytics considers KPI 1, Absolute scope 1 and 2 GHG emissions (MtCO₂e), to be very strong given that it is a direct measure of the Group’s emissions with a high scope of applicability as measured jointly with KPI 3, and it lends itself to external contextual benchmarking

Sustainalytics considers KPI 2, Water consumption per unit produced at distilleries (kL/kL), to be strong given that it follows a clear and consistent methodology and covers the majority of the Group’s water consumption, despite not being able to be benchmarked.

¹³ Ibid.

¹⁴ External contextual benchmarks provide guidance on alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

¹⁵ GRI, “The global standards for sustainability reporting”, at: <https://www.globalreporting.org/standards/>

¹⁶ Pernod Ricard, “Universal Registration Document” (2021), at: https://www.pernod-ricard.com/sites/default/files/2021-09/PER2021_URD_EN_VMEL.pdf

¹⁷ Pernod Ricard’s KPI calculation methodology was established in 2021. Baseline year data was recalculated based on this.

¹⁸ World Wildlife Fund, “Contextual & Science-Based Targets For Water”, at:

https://wwf.panda.org/discover/our_focus/freshwater_practice/water_management/science_targets_water/

¹⁹ GRI, “The global standards for sustainability reporting”, at: <https://www.globalreporting.org/standards/>

Sustainalytics considers KPI 3, Scope 3 GHG emissions intensity per unit of value added (tCO₂e/million EUR gross profit from recurring operations) to be strong given that it lends itself to external contextual benchmarking, covers the majority of the Group’s total GHG footprint, but is an indirect measure of the Group’s GHG emissions output.

Absolute scope 1 and 2 GHG emissions (MtCO₂e)	Not Aligned	Adequate	Strong	Very strong
Water consumption per unit produced at distilleries (kL/kL)	Not Aligned	Adequate	Strong	Very strong
Scope 3 GHG emissions intensity per unit of value added (tCO₂e/million EUR gross profit from recurring operations)	Not Aligned	Adequate	Strong	Very strong



Calibration of Sustainability Performance Targets (SPTs)

Alignment with Pernod Ricard’s Sustainability Strategy

Pernod Ricard has set the following SPTs for its KPIs:

- SPT 1: 1a) To reduce scope 1 and 2 GHG emissions below 0.220 MtCO₂e by 2025, representing a 26% reduction from the baseline year, and 1b) To reduce scope 1 and 2 GHG emissions below 0.138 MtCO₂e by 2030, representing a 54% reduction from the baseline year.
- SPT 2: 2a) To reduce water consumption per unit produced at distilleries below 17.34 kL/kL by 2025, representing a 12.5% reduction from the baseline year, and 2b) To reduce water consumption per unit produced at distilleries below 15.67 kL/kL by 2030, representing a 20% reduction from the baseline year.
- SPT 3: To reduce scope 3 GHG emissions intensity per unit of value added to below 500 tCO₂e/million EUR gross profit by 2030 (50% reduction from baseline year).

Sustainalytics considers the SPTs to be aligned with Pernod Ricard’s sustainability strategy (please refer to Section 2 for an analysis of the credibility of Pernod Ricard’s sustainability strategy).

Regarding SPTs 1 and 3, Pernod Ricard established GHG emissions reduction targets in 2019 as part of the Group’s Sustainability & Responsibility (S&R) Roadmap for 2030. These include goals related to renewable energy expansion in its manufacturing facilities, as well as the achievement of carbon neutrality across its operations by 2050.²⁰ As of 2021, Pernod Ricard’s scope 1 and 2 GHG emissions had decreased by 1% in absolute value, while use of renewable electricity increased to 81% at its production sites and administrative offices. Furthermore, the Group joined the RE100 initiative in 2019, a global initiative led by the Climate Group in partnership with CDP, which brings together over 300 international companies committed to 100% renewable electricity.²¹ Additionally, the Group’s Global Environmental Policy identifies contributing to the reduction of climate change as a top environmental commitment, having reported to the CDP on its climate change-related activities since 2006.^{22,23}

Regarding SPT 2, Pernod Ricard established water conservation goals as part of its S&R Roadmap for 2030,²⁴ including water replenishment in high-risk areas, as well as reduced water consumption across its operations. As of 2021, water consumption per unit of production had been reduced by 8.3% compared to 2018, while 53.2% of

²⁰ Pernod Ricard, “Sustainability & Responsibility Roadmap”, at: <https://www.pernod-ricard.com/en/sustainability-responsibility>

²¹ Pernod Ricard, “Pernod Ricard is committed to renewable electricity”, at: https://assets.pernod-ricard.com/2019_12_17_pernod_ricard_is_committed_to_renewable_electricity.pdf

²² Pernod Ricard, “Global Environmental Policy”, at: <https://www.pernod-ricard.com/sites/default/files/2021-08/Pernod-Ricard-Global-Environmental-Policy.pdf>

²³ Pernod Ricard has provided its CDP Climate Change Questionnaire 2021 responses to Sustainalytics.

²⁴ Pernod Ricard, “Sustainability & Responsibility Roadmap”, at: <https://www.pernod-ricard.com/en/sustainability-responsibility>

the total water used in high-risk locations had been replenished. Pernod Ricard has been a member of the UN CEO Water Mandate since 2010 and identifies the preservation of water resources as a top environmental commitment in its Global Environmental Policy.^{25,26} Pernod Ricard has also reported to the CDP on its Water Security activities since 2011.²⁷

Strategy to Achieve the SPTs

Pernod Ricard intends to achieve the SPTs through the following strategy:

- Regarding SPT 1, Pernod Ricard targets scope 1 and 2 GHG emissions reduction for production sites and affiliates, as well at the Group level. At the production site level, Pernod Ricard affiliates such as Irish Distillers Limited, Chivas Brothers Limited, Walkerville and Pernod Ricard India will utilize a combination of upgraded energy efficient boilers, steam recycling through mechanical vapor recompression (MVR) technology, stop drying, and biofuel replacements for coal to achieve emissions reduction targets. Pernod Ricard will also sign purchase power agreements for renewable energy to power operations across all affiliates.
- For SPT 2, the Group will implement various water conservation and efficiency measures at the locations of its affiliates: Irish Distillers Limited, Walkerville, The Absolut Company, Yerevan Brandy Company, Chivas Brothers Limited and Pernod Ricard India. These measures include process optimization through sprinkler system upgrades to reduce leakage, water efficiency retrofitting and upgrades through pump replacements, installation of closed loop systems, rainwater harvesting and on-site water treatment ponds, MVR steam recycling, and increased on-site water-softening capacity.
- To achieve SPT 3, Pernod Ricard will focus on reducing the supply chain emissions of both its dry and wet goods. For dry goods, this will include the development of hydrogen, biomass and hybrid powered furnaces for the production and recycling of glass bottles, and ensuring the expansion of renewable energy use across its supply chain. For wet goods, the Group will focus on improved fertilization and soil management in agricultural practices and in setting principles for carbon sequestration.²⁸

Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of the SPTs, Sustainalytics considers: i) whether the SPTs go beyond a business-as-usual trajectory, ii) how the SPTs compare to targets set by peers²⁹, iii) and how the SPTs compare with science.³⁰

Pernod Ricard has set the baseline for its SPTs at 2018, which was the most recent complete year of data at the time that the Group's S&R 2030 Roadmap was established in 2019.

SPT 1: Sustainalytics was able to use past performance, peer performance, and science-based trajectories to assess ambitiousness.

Pernod Ricard has demonstrated an estimated annual average reduction in scope 1 and 2 GHG emissions of 0.35% between 2018 and 2021. Considering that the Group must commit to an implied annual average scope 1 and 2 GHG emissions reduction of 5.90% between 2021 and 2030 to achieve the SPT, Sustainalytics considers the SPT to be above Pernod Ricard's historical performance. Further, the SPT is aligned with the SBTi's 1.5°C warming scenario using an Absolute Contraction Approach³¹ and the 2030 target has been verified by SBTi as of 2019.

²⁵ The CEO Water Mandate is a UN Global Compact initiative that mobilizes business leaders on water, sanitation and the SDGs. Endorsers of the CEO Water Mandate commit to continuous progress against six core elements of stewardship and in so doing understand and manage their own water risks. More information at: <https://ceowatermandate.org/>

²⁶ Pernod Ricard, "Global Environmental Policy", at: <https://www.pernod-ricard.com/sites/default/files/2021-08/Pernod-Ricard-Global-Environmental-Policy.pdf>

²⁷ Pernod Ricard has provided its CDP Water Security Questionnaire 2021 responses to Sustainalytics.

²⁸ International Platform for Insetting, "Insetting", at: <https://www.insettingplatform.com/insetting-explained/>

²⁹ The peer group assessed includes Diageo, Bacardi, Brown-Forman and Beam Suntory.

³⁰ We refer here to contextual benchmarks that indicate the alignment of targets with ecosystem boundaries.

³¹ The absolute contraction approach is a method for companies to set emissions reduction targets that are aligned with the global, annual emissions reduction rate that is required to meet the 1.5°C or well-below 2°C targets.

In comparison to its four industry peers, Pernod Ricard is aligned with scope 1 and 2 GHG emissions targets, which based on Sustainalytics’ assessment, are in the range of 50% emissions reductions by 2030.

SPT 2: Sustainalytics was able to use past performance and peer performance to benchmark ambitiousness.

Pernod Ricard has demonstrated an estimated annual average reduction in water consumption intensity of 1.71% between 2018 and 2021. Considering that the Group must commit to an implied annual average decline in water intensity of 1.85% between 2021 and 2030 to achieve the SPT, Sustainalytics considers the SPT to be above Pernod Ricard’s historical performance.

In comparison to four industry peers, Pernod Ricard is aligned with respect to water consumption reduction targets, which based on Sustainalytics’ assessment, are in the range of 20-50% reduction by 2030.

SPT 3: Sustainalytics was able to use past performance, peer performance, and science-based trajectories to assess ambitiousness.

Pernod Ricard has demonstrated an estimated annual average reduction in scope 3 GHG emissions intensity of 0.73% between 2018 and 2021. Given that to achieve the SPT the Group must commit to an implied annual average scope 3 GHG emissions intensity decline of 5.68% between 2021 and 2030, Sustainalytics considers the SPT to be above Pernod Ricard’s historical performance. Further, the SPT is aligned with SBTi’s 2°C warming scenario using an Economic Intensity Approach and the 2030 target has been verified by SBTi as of 2019.³²

Overall Assessment

Sustainalytics considers the SPTs to align with Pernod Ricard’s sustainability strategy. The Group’s SPT 1 is viewed to be highly ambitious given that it presents a material improvement compared to past performance, is aligned with peers, and has been verified to align with a 1.5°C scenario. SPTs 2 and 3 are viewed to be ambitious given that they present material improvements to past performance, are aligned with peers, and have been verified to align with science-based targets where possible.

<p>SPT 1a: To reduce scope 1 and 2 GHG emissions below 0.220 MtCO₂e by 2025, representing a 26% reduction from the baseline year</p> <p>SPT 1b: To reduce scope 1 and 2 GHG emissions below 0.138 MtCO₂e by 2030, representing a 54% reduction from the baseline year</p>	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
<p>SPT 2a: To reduce water consumption per unit produced at distilleries below 17.34 kL/kL by 2025, representing a 12.5% reduction from the baseline year</p> <p>SPT 2b: To reduce water consumption per unit produced at distilleries below 15.67 kL/kL by 2030, representing a 20% reduction from the baseline year</p>	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
<p>SPT 3: Reduce scope 3 GHG emissions intensity per unit of value added to below 500 tCO₂e/million EUR gross profit from recurring operations by 2030 (50% reduction from baseline year)</p>	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious

³² Sustainalytics notes that as of 15 July 2022, SBTi will only validate scope 3 emissions reduction targets that are aligned with a well-below 2°C scenario. For more information, see: <https://sciencebasedtargets.org/resources/files/Business-Ambition-FAQ.pdf>



Bond/Loan Characteristics

Pernod Ricard has disclosed that the financial characteristics of the sustainability-linked debt instruments issued under the Framework will be linked to the achievement of the SPTs. The success or failure to achieve the SPTs on the relevant target observation dates will trigger a step-up coupon or margin adjustment, as applicable, to be detailed in the individual transaction documents. Sustainalytics considers these levels of disclosure to be aligned with the SLBP and SLLP, noting that it does not opine on the adequacy or the magnitude of the financial penalty.



Reporting

Pernod Ricard commits to reporting on an annual basis, via its Sustainability Report, on its progress against the KPIs towards the relevant SPTs. The report will be made available on the Group's website. These reporting provisions are aligned with the SLBP and SLLP. Pernod Ricard further commits to disclose relevant information that will enable investors to monitor the level of ambition of the SPTs.



Verification

Pernod Ricard commits to have an external verifier provide limited assurance on the annual performance on the KPIs at the relevant SPTs' observation date, which is aligned with the SLBP and SLLP on verification. The verification will be made publicly available in the Group's annual Sustainability Report.

Section 2: Assessment of Pernod Ricard's Sustainability Strategy

Credibility of Pernod Ricard Sustainability Strategy

Pernod Ricard's first sustainable development commitment was published in 2006 with a focus on responsible consumption, conservation of natural resources, and reducing the environmental impact of its operations. The launch of the commitment coincided with its first annual report using Global Reporting Initiative (GRI) standards.^{33,34}

The Group's S&R Roadmap, launched in 2019, focuses on four key pillars: Nurturing Terroir, Valuing People, Circular Making and Responsible Hosting. All pillars are based on 2030 targets and include interim milestones for 2022 and 2025. Pernod Ricard has integrated its S&R strategy into its corporate governance structures, and the CSR Committee implements the Roadmap and assesses all risks and opportunities in terms of social and environmental performance.³⁵ In 2019, the Group set forth several targets as part of its S&R Roadmap, including: (i) replenishing 100% of water in watersheds located in high-risk areas by 2030; (ii) reducing water consumption by 20% by 2030 from a 2018 base year; (iii) increasing annual renewable electricity sourcing from 74.5% in 2018 to 100% by 2025, and (iv) achieving net zero emissions from its overall operations by 2050.³⁶ Also in 2019, the Group established SBTs for: (i) scope 1 and 2 GHG emissions in line with limiting global warming to well below 2°C and (ii) scope 3 GHG emissions aligning with 2°C scenario.³⁷ In 2021, the Group further built upon its sustainability commitments by conducting materiality assessments as part of its risk mapping process, through which it identified material risks related to product quality issues, health and safety, climate change and environmental damage.

Related to its water conservation practices, reductions in water consumption are achieved using monitoring systems and identifying measures to save, reuse and recycle water. The Group has also consolidated the water reduction roadmaps from the main contributing affiliates and identified associated investment plans to reach 2030 targets.³⁸ In addition, the Group is a member of the Beverage Industry Environmental Roundtable (BIER)³⁹, a coalition working to advance environmental sustainability in the beverage industry, and Bonsucro, a multi-stakeholder organization focused on sustainable sugarcane production.⁴⁰ Pernod Ricard has also maintained LEAD status for its work with the UN Global Compact since 2018.⁴¹

Sustainalytics considers Pernod Ricard's targets and achievements to be aligned with and support the SPTs established by the Framework and views the instruments issued under it to further support Pernod Ricard's sustainability strategy.

Pernod Ricard's Environmental and Social Risk Management

According to Sustainalytics' ESG Risk Ratings, Pernod Ricard has strong management of ESG issues and ranks in the top 1% compared to its sub-industry peers.⁴² This analysis is based on Pernod Ricard's overall performance on ESG issues. Sustainalytics also recognizes that while Pernod Ricard's defined targets are impactful, achieving the SPTs bears environmental and social risks related to the overall environmental and social impact (E&S) of its products and services, human capital, and human rights within its supply chain.

Sustainalytics comments below on Pernod Ricard's ability to mitigate such potential risks:

- Pernod Ricard has a Global Environmental Policy that outlines environmental commitments for emissions reduction and waste management across the value chain of its products.⁴³ The Group requires its manufacturing facilities to be ISO

³³ Global Reporting Initiative (GRI) standards, at: <https://www.globalreporting.org/>

³⁴ Pernod Ricard, "Annual Report 2005-06", at: https://assets.pernod-ricard.com/pr_ar_2005_2006_en.pdf

³⁵ Pernod Ricard, "Universal Registration Document 2020-21", at: https://www.pernod-ricard.com/sites/default/files/2021-10/PER2020_URD_EN_VMEL3.pdf

³⁶ Pernod Ricard, "Universal Registration Document 2020-21", at: https://www.pernod-ricard.com/sites/default/files/2021-10/PER2020_URD_EN_VMEL3.pdf

³⁷ Science-Based Targets Initiative, "Companies Taking Action", at: <https://sciencebasedtargets.org/companies-taking-action>

³⁸ Pernod Ricard, "Universal Registration Document 2020-21", at: https://www.pernod-ricard.com/sites/default/files/2021-10/PER2020_URD_EN_VMEL3.pdf

³⁹ BIER, "Member", at: <https://www.bieroundtable.com/member/pernod-ricard/>

⁴⁰ Pernod Ricard, "Universal Registration Document 2020-21", at: https://www.pernod-ricard.com/sites/default/files/2021-10/PER2020_URD_EN_VMEL3.pdf

⁴¹ UN Global Compact, "Company – Pernod Ricard", at: <https://www.unglobalcompact.org/what-is-gc/participants/7345-Pernod-Ricard>

⁴² Sustainalytics, "Company ESG Risk Ratings – Pernod Ricard SA", accessed on February 10, 2021, at: <https://www.sustainalytics.com/esg-rating/pernod-ricard-sa/1008752560>

⁴³ Pernod Ricard, "Global Environmental Policy", at: <https://www.pernod-ricard.com/sites/default/files/2021-08/Pernod-Ricard-Global-Environmental-Policy.pdf>

14001 certified and identifies the environmental impacts associated with its operations. In terms of environmental risk management, the Group assesses potential risks associated with its operations and develops mitigation plans to control these risks. Environmental risks and their mitigation plans are under the responsibility of the Group Operations Director.⁴⁴ To address the social and health implications of its products, the Group has a Responsible Drinking Strategy and a Code for Commercial Communications in place, ensuring that its commercial communications do promote responsible alcohol consumption.^{45,46} Additionally, the Group collaborates with industry stakeholders, civil society organizations, governments, local authorities, as well as UN bodies, to address the harmful use of alcohol.

- Pernod Ricard's Code of Business Conduct includes principles relating to human rights, labour rights, diversity and equal opportunity, discrimination, harassment, health and safety, personal data protection and corruption.⁴⁷ In 2021, the Group established a Diversity and Inclusion Council to address discrimination and diversity-related issues. The Group also has a Whistle-blower Policy for registering complaints that violate its Code of Business Conduct.⁴⁸
- To ensure the protection of human rights throughout its supply chain, Pernod Ricard established its own Supplier Standards with the goal of increasing awareness on: (i) labour and human rights, (ii) health and safety, (iii) environmental impact, (iv) integrity and fair business practices, and (v) responsible drinking.⁴⁹ The Group requires its suppliers and subcontractors to follow these standards and take appropriate measures for their implementation. The Group also ensures that it will not engage with suppliers whose practices do not comply with these standards. Furthermore, the Group conducts sustainability assessments and labour and ethical audits for its suppliers to identify areas for improvement and to monitor the effectiveness of their action plans.⁵⁰

In addition to the above, Sustainalytics notes that it has not found evidence of major environmental or social controversies related to Pernod Ricard. Overall, Sustainalytics considers that Pernod Ricard has strong management programmes and policies to mitigate risks that could affect achievement of the SPTs.

Section 3: Impact of the SPTs Chosen

Impact of reducing GHG emissions on the beverage industry's value chain

The beverage industry accounts for 0.4% of global GHG emissions, with most of the emissions originating from the supply chains of production companies.⁵¹ According to BIER research on the carbon footprint of spirits, distillation accounts for between 36% and 40% of total industry emissions and just glass bottle itself contributes another 20%. The remainder comes from warehousing, base materials and transport, etc.⁵²

Between 2013 and 2017, the beverage industry production volume increased by 4%, equivalent to an additional 12 billion litres of beverage production worldwide.⁵³ Demand for beverages is expected to increase along with the world's projected population growth resulting in higher energy consumption and subsequent GHG emissions. Manufacturing broadly is a crucial global sector for decarbonization, accounting for more than 40% of global GHG emissions across all industries.^{54,55} In terms of packaging, and given the considerable carbon emissions of glass bottle production, attempts by companies to adapt their packaging can have a

⁴⁴ Pernod Ricard, "Universal Registration Document 2020-21", at: https://www.pernod-ricard.com/sites/default/files/2021-10/PER2020_URD_EN_VMEL3.pdf

⁴⁵ Pernod Ricard, "Responsible Hosting", at: <https://www.pernod-ricard.com/en/sustainability-responsibility/responsible-hosting>

⁴⁶ Ibid.

⁴⁷ Pernod Ricard, "Code of Business Conduct", at: https://assets.pernod-ricard.com/cobc_eng_120619.pdf

⁴⁸ Pernod Ricard, "Whistleblower Policy", at: <https://www.pernod-ricard.com/sites/default/files/CONFIDENTIAL%2040121%20PRW%20AU%20Whistleblower%20Policy%20FINAL.pdf>

⁴⁹ Pernod Ricard, "Supplier Standards", at: https://assets.pernod-ricard.com/ Pernod_Ricard_supplier_standards_en_2310.pdf

⁵⁰ Pernod Ricard, "Universal Registration Document 2020-21", at: https://www.pernod-ricard.com/sites/default/files/2021-10/PER2020_URD_EN_VMEL3.pdf

⁵¹ BIER, "Energy efficiency and climate change", at: <https://www.bierroundtable.com/work/energy-climate/>

⁵² BIER, "Research on the Carbon Footprint of Spirits", at: http://bierstaging.wpengine.com/wp-content/uploads/49d7a0_7643fd3fae5d4daf939cd5373389e4e0.pdf

⁵³ BIER, "2018 Benchmarking Study Trends & Observations", at: <http://www.bierroundtable.com/wp-content/uploads/2018-Water-and-Energy-Use-Benchmarking-Study.pdf>

⁵⁴ BIER, "Facility Decarbonization Playbook", at: <https://www.bierroundtable.com/wp-content/uploads/Facility-Decarbonization-Playbook.pdf>

⁵⁵ Ibid.

significant positive impact on their carbon footprint.⁵⁶ By limiting single-use plastics and providing more sustainable packaging solutions, such as reducing the weight of bottles, eliminating plastic from labels, caps and secondary packaging, and increasing recycled content, companies can reduce their environmental impact and carbon footprint.⁵⁷

Based on the above context, Sustainalytics notes that Pernod Ricard's efforts to reduce absolute scope 1 and 2 GHG emissions on operated sites and reduce scope 3 GHG emission intensity will help the Group to meet short, medium and long-term emission reduction targets that are aligned with SBTi-verified climate trajectories.

Impact of reduction in water consumption on the beverage industry

Beverage production is highly water intensive, with significant water consumption taking place at each step across the value chain.⁵⁸ According to the Water Footprint Network, producing a 0.5 litre soda requires at least 70 litres of water, a glass of 0.25 litre of beer requires 74 litres of water, and a 125 ml glass of wine requires 109 litres of water in production.⁵⁹ As per BIER, distilleries are the most water intensive facilities in the industry, invariably putting a stress on their surrounding freshwater sources.⁶⁰ More than half of beverage companies operate in areas with moderate to high water risk, according to the WRI's Aqueduct Water Risk Atlas tool.⁶¹ Further, water demand is expected to exceed current supply by 40% by 2030, according to the Water Resource Group.⁶² Meanwhile, the potential financial impact of water risks to the beverage industry were estimated at USD 19.59 billion in 2020, whereas the cost of mitigating those risks was only USD 1.10 billion, according to the CDP.⁶³ As a result, mitigating water-related risks and sustainable management of water resources have become strategic imperatives for the beverage industry.

Water stress management, particularly operational improvements relating to water efficiency, can reduce vulnerability to climate change and drought, and provide a competitive advantage to global beverages industry players.⁶⁴ Wastewater management has a number of benefits including a reduction in the depletion of water resources, protection and promotion of human health, and a reduction in environmental degradation.⁶⁵ Further effort is required to ensure long-term business and environmental sustainability in all watersheds and communities by adopting initiatives such as the 3Rs – Reduction, Reuse, Recycling – as standard practice across operational locations.⁶⁶

Based on the above context, Sustainalytics notes that Pernod Ricard's efforts to reduce water consumption of distilleries is expected to enable the Group to meet interim milestones for 2030.

⁵⁶ IWSR, "Consumer demand for carbon neutrality drives innovation across wine, beer and spirits", at: <https://www.theiwsr.com/consumer-demand-for-carbon-neutrality-drives-innovation-across-wine-beer-and-spirits/>

⁵⁷ Ibid.

⁵⁸ EOS Intelligence, "Beverage Industry in Troubled Waters, Attempting Conservation Efforts", at: <https://www.eos-intelligence.com/perspectives/energy-resources/beverage-industry-in-troubled-waters-attempting-conservation-efforts/>

⁵⁹ Water Footprint Network, "Product Gallery", at: <https://waterfootprint.org/en/resources/interactive-tools/product-gallery/>

⁶⁰ BIER, "2018 Benchmarking Study Trends & Observations", at: <http://www.bierroundtable.com/wp-content/uploads/2018-Water-and-Energy-Use-Benchmarking-Study.pdf>

⁶¹ Ibid.

⁶² Water Resource Group, "History and Background", at: <https://www.2030wrg.org/about-us/background/>

⁶³ CDP, "CDP Global Water Report 2020", at: https://6fefcbb86e61af1b2fc4-c70d8ead6ced550b4d987d7c03fcdd1d.ssl.cf3.rackcdn.com/cms/reports/documents/000/005/577/original/CDP_Water_analysis_report_2020.pdf?1617987510

⁶⁴ Nevelling, D. (2020), "The Value of Water", Lazard Asset Management, at: <https://www.lazardassetmanagement.com/research-insights/lazard-insights/the-value-of-water#/>

⁶⁵ UNEP, "Sanitation, wastewater management and sustainability", at: <https://cdn.sei.org/wp-content/uploads/2021/03/sanitation-wastewater-management-and-sustainability-by-sei-and-unep.pdf>

⁶⁶ BIER, "Context-Based Decision Guide for Water Reuse and Recycling", at: <https://www.bierroundtable.com/wp-content/uploads/Context-Based-Decision-Guide-for-Water-Reuse-and-Recycling.pdf>

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were adopted in September 2015 by the United Nations General Assembly form part of an agenda for achieving sustainable development by the year 2030. The sustainability-linked instruments issued under the Framework are expected to help advance the following SDGs and targets:

KPI	SDG	SDG Target
Absolute scope 1 and 2 GHG emissions (MtCO ₂ e)	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Water consumption per unit at distilleries (kL/kL)	6. Clean Water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
	12. Responsible Consumption and Production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources
Scope 3 GHG emissions intensity per unit of value added (tCO ₂ e/million EUR gross profit from recurring operations)	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Conclusion

Pernod Ricard has developed the Pernod Ricard Sustainability-Linked Financing Framework under which it may issue sustainability-linked bonds or obtain sustainability-linked loans.

Pernod Ricard intends to tie the coupon rate of these sustainability-linked instruments to the achievements of the following SPTs:

- SPT1: 1a) To reduce scope 1 and 2 GHG emissions below 0.220 MtCO₂e by 2025, representing a 26% reduction from the baseline year, and 1b) To reduce scope 1 and 2 GHG emissions below 0.138 MtCO₂e by 2030, representing a 54% reduction from the baseline year
- SPT 2: 2a) To reduce water consumption per unit produced at distilleries below 17.34 kL/kL by 2025, representing a 12.5% reduction from the baseline year, and 2b) To reduce water consumption per unit produced at distilleries below 15.67 kL/kL by 2030, representing a 20% reduction from the baseline year
- SPT 3: To reduce scope 3 GHG emissions intensity per unit of value added to below 500tCO₂e/million EUR gross profit by 2030 (50% reduction from baseline year)

Sustainalytics considers KPI 1, absolute scope 1 and 2 GHG emissions (MtCO₂e), to be very strong because: (i) it directly measures Pernod Ricard's performance on material sustainability issues with a high scope of applicability as measured jointly with KPI 3, (ii) it represents a material sustainability topic for the Group and industry, (iii) it follows a clear and consistent definition, and (iv) it is benchmarkable against external trajectories.

Sustainalytics further considers KPI 2, water consumption per unit produced at distilleries, to be strong given that: (i) it is a direct measure of a material environmental issue for the Group, (ii) it represents a material sustainability topic for the Group and its industry, (iii) it is applicable to approximately 80% of the Group's total water consumption, and (iv) follows a clear and consistent methodology.

Sustainalytics considers KPI 3, scope 3 GHG emissions intensity per unit of value added (tCO₂e/million EUR gross profit from recurring operations), to be strong given that: (i) it indirectly measures Pernod Ricard's performance linked to material sustainability issues, (ii) it represents a material sustainability topic for the Group and its industry, (iii) it covers the majority of the Group's total GHG emissions, (iv) it follows a clear and consistent definition, and (v) it is benchmarkable against external trajectories. Furthermore, Sustainalytics considers the reporting and verification commitments to be aligned with market expectations.

Sustainalytics considers SPT 1 to be highly ambitious given that it is above Pernod Ricard's historical scope 1 and 2 GHG emissions reduction performance, it is aligned with the decarbonization targets of peers, and it is aligned with the emissions reduction trajectory of a 1.5°C climate scenario. SPT 2 is considered ambitious given that it represents a sustained improvement relative to past performance and is aligned with the targets of the Group's sub-industry peers. SPT 3 is considered ambitious given that it is an improvement upon Pernod Ricard's historical scope 3 GHG emissions intensity reduction performance, it is aligned with the decarbonization targets of peers, and it is also aligned with a 1.5°C climate scenario.

Based on the above, Sustainalytics considers the Pernod Ricard Sustainability-Linked Financing Framework to be in alignment with the five core components of the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2021, and the prospective achievement of the SPTs to be impactful.

Appendix 1: Sustainability-Linked Bonds - External Review Form

Section 1. Basic Information

Issuer name: Pernod Ricard

Sustainability-Linked Bond ISIN:

Independent External Review provider's name for second party opinion pre-issuance (sections 2 & 3): Sustainalytics

Completion date of second party opinion pre-issuance: March 25, 2022

Independent External Review provider's name for post-issuance verification (section 4):

Completion date of post issuance verification:

At the launch of the bond, the structure is:

- a step-up structure a variable redemption structure

Section 2. Pre-Issuance Review

2-1 SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review:

- assessed all the following elements (complete review) only some of them (partial review):
- | | |
|---|---|
| <input type="checkbox"/> Selection of Key Performance Indicators (KPIs) | <input type="checkbox"/> Bond characteristics (acknowledgment of) |
| <input type="checkbox"/> Calibration of Sustainability Performance Targets (SPTs) | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Verification | |
- and confirmed their alignment with the SLBP.

2-2 ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- | | |
|--|---|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Scoring/Rating |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

2-3 EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Pernod Ricard intends to tie the coupon rate of these sustainability-linked instruments to the achievements of the following SPTs: SPT1: 1a) To reduce scope 1 and 2 GHG emissions below 0.220 MtCO₂e by 2025, representing a 26% reduction from the baseline year, and 1b) To reduce scope 1 and 2 GHG emissions below 0.138 MtCO₂e by 2030, representing a 54% reduction from the baseline year

SPT 2: 2a) To reduce water consumption per unit produced at distilleries below 17.34 kL/kL by 2025, representing a 12.5% reduction from the baseline year, and 2b) To reduce water consumption per unit produced at distilleries below 15.67 kL/kL by 2030, representing a 20% reduction from the baseline year

SPT 3: To reduce scope 3 GHG emissions intensity per unit of value added to below 500tCO₂e/million EUR gross profit by 2030 (50% reduction from baseline year)

Sustainalytics considers KPI 1, absolute scope 1 and 2 GHG emissions (MtCO₂e), to be very strong because: (i) it directly measures Pernod Ricard's performance on material sustainability issues, (ii) it represents a material sustainability topic for the Group and industry, (iii) it follows a clear and consistent definition, and (iv) it is benchmarkable against external trajectories. Sustainalytics further considers KPI 2, water consumption per unit produced at distilleries, to be strong given that: (i) it is a direct measure of a material environmental issue for the Group, (ii) it represents a material sustainability topic for the Group and its industry, (iii) it is applicable to approximately 80% of the Group's total water consumption, and (iv) follows a clear and consistent methodology. Sustainalytics considers KPI 3, scope 3 GHG emissions intensity per unit of value added (tCO₂e/million EUR gross profit from recurring operations), to be strong given that: (i) it indirectly measures Pernod Ricard's performance linked to material sustainability issues, (ii) it represents a material sustainability topic for the Group and its industry, (iii) it is applicable to 83% of the Group's total scope 3 GHG emissions, (iv) it follows a clear and consistent definition, and (v) it is benchmarkable against external trajectories. Furthermore, Sustainalytics considers the reporting and verification commitments to be aligned with market expectations.

Sustainalytics considers SPT 1 to be highly ambitious given that it is above Pernod Ricard's historical scope 1 and 2 GHG emissions reduction performance, it is aligned with the decarbonization targets of peers, and it is aligned with the emissions reduction trajectory of a 1.5°C climate scenario. SPT 2 is considered ambitious given that it represents a sustained improvement relative to past performance and is aligned with the targets of the Group's sub-industry peers. SPT 3 is considered ambitious given that it is an improvement upon Pernod Ricard's historical scope 3 GHG emissions intensity reduction performance, it is aligned with the decarbonization targets of peers, and it is also aligned with a 1.5°C climate scenario.

Based on the above, Sustainalytics considers the Pernod Ricard Sustainability-Linked Financing Framework to be in alignment with the five core components of the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2021, and the prospective achievement of the SPTs to be impactful.

Section 3. Detailed pre-issuance review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

3-1 SELECTION OF KEY PERFORMANCE INDICATORS (KPIs)

Overall comment on the section (if applicable): Sustainalytics considers KPI 1, absolute scope 1 and 2 GHG emissions (MtCO₂e), to be very strong because: (i) it directly measures Pernod Ricard's performance on material sustainability issues, (ii) it represents a material sustainability topic for the Group and industry, (iii) it follows a clear and consistent definition, and (iv) it is benchmarkable against external trajectories. Sustainalytics further considers KPI 2, water consumption per unit produced at distilleries, to be strong given that: (i) it is a direct measure of a material environmental issue for the Group, (ii) it represents a material sustainability topic for the Group and its industry, (iii) it is applicable to approximately 80% of the Group's total water consumption, and (iv) follows a clear and consistent methodology. Sustainalytics considers KPI 3, scope 3 GHG emissions intensity per unit of value added (tCO₂e/million EUR gross profit from recurring operations), to be strong given that: (i) it indirectly measures Pernod Ricard's performance linked to material sustainability issues, (ii) it represents a material sustainability topic for the Group and its industry, (iii) it is applicable to 83% of the Group's total scope 3 GHG emissions, (iv) it follows a clear and consistent definition, and (v) it is benchmarkable against external trajectories. Furthermore, Sustainalytics considers the reporting and verification commitments to be aligned with market expectations.

List of selected KPIs:

- Absolute scope 1 and 2 GHG emissions (MtCO₂e)
- Water consumption per unit produced at distilleries (kL/kL)

- Scope 3 GHG emissions intensity per unit of value added (tCO₂e/million EUR gross profit from recurring operations)

Definition, Scope, and parameters

- | | | | |
|-------------------------------------|--|-------------------------------------|-------------------------------|
| <input checked="" type="checkbox"/> | Clear definition of each selected KPIs | <input checked="" type="checkbox"/> | Clear calculation methodology |
| <input type="checkbox"/> | Other (please specify): | | |

Relevance, robustness, and reliability of the selected KPIs

- | | | | |
|-------------------------------------|--|--------------------------|--|
| <input checked="" type="checkbox"/> | Credentials that the selected KPIs are relevant, core and material to the issuer’s sustainability and business strategy. | <input type="checkbox"/> | Evidence that the KPIs are externally verifiable |
| <input checked="" type="checkbox"/> | Credentials that the KPIs are measurable or quantifiable on a consistent methodological basis | <input type="checkbox"/> | Evidence that the KPIs can be benchmarked |
| | | <input type="checkbox"/> | Other (<i>please specify</i>): |

3-2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

Overall comment on the section (if applicable): Sustainalytics considers SPT 1 to be highly ambitious given that it is above Pernod Ricard’s historical scope 1 and 2 GHG emissions reduction performance, it is aligned with the decarbonization targets of peers, and it is aligned with the emissions reduction trajectory of a 1.5°C climate scenario. SPT 2 is considered ambitious given that it represents a sustained improvement relative to past performance and is aligned with the targets of the Group’s sub-industry peers. SPT 3 is considered ambitious given that it is an improvement upon Pernod Ricard’s historical scope 3 GHG emissions intensity reduction performance, it is aligned with the decarbonization targets of peers, and it is also aligned with a 1.5°C climate scenario.

Rationale and level of ambition

- | | | | |
|-------------------------------------|--|-------------------------------------|---|
| <input checked="" type="checkbox"/> | Evidence that the SPTs represent a material improvement | <input checked="" type="checkbox"/> | Credentials on the relevance and reliability of selected benchmarks and baselines |
| <input checked="" type="checkbox"/> | Evidence that SPTs are consistent with the issuer’s sustainability and business strategy | <input checked="" type="checkbox"/> | Credentials that the SPTs are determined on a predefined timeline |
| | | <input type="checkbox"/> | Other (please specify): |

Benchmarking approach

- | | | | |
|-------------------------------------|--------------------------|-------------------------------------|----------------------------------|
| <input checked="" type="checkbox"/> | Issuer own performance | <input checked="" type="checkbox"/> | Issuer’s peers |
| <input checked="" type="checkbox"/> | reference to the science | <input type="checkbox"/> | Other (<i>please specify</i>): |

Additional disclosure

- | | | | |
|-------------------------------------|---|-------------------------------------|--|
| <input checked="" type="checkbox"/> | potential recalculations or adjustments description | <input checked="" type="checkbox"/> | issuer’s strategy to achieve description |
| <input checked="" type="checkbox"/> | identification of key factors that may affect the achievement of the SPTs | <input type="checkbox"/> | Other (please specify): |

3-3 BOND CHARACTERISTICS

Overall comment on the section (if applicable): Pernod Ricard will link the financial characteristics of its sustainability-linked debt instruments (which may include bonds and loans) to the achievement of the SPTs. The change in financial characteristics may trigger a step-up coupon or margin adjustment, as applicable, payable as per the transaction documentation.

Financial impact:

- variation of the coupon
- ...
- Other (*please specify*):

Structural characteristic:

- ...
- ...
- Other (*please specify*):

3-4 REPORTING

Overall comment on the section (if applicable): Pernod Ricard commits to report on an annual basis on its progress on the KPIs against the relevant SPTs in its Sustainability Report, which will be available on its website. The reporting commitments are aligned with market expectations.

Information reported:

- | | |
|--|---|
| <input checked="" type="checkbox"/> performance of the selected KPIs | <input checked="" type="checkbox"/> verification assurance report |
| <input checked="" type="checkbox"/> level of ambition of the SPTs | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Means of Disclosure

- | | |
|--|--|
| <input type="checkbox"/> Information published in financial report | <input checked="" type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other (<i>please specify</i>): |
| <input type="checkbox"/> Reporting reviewed (<i>if yes, please specify which parts of the reporting are subject to external review</i>): | |

Where appropriate, please specify name and date of publication in the “useful links” section.

Level of Assurance on Reporting

- | | |
|---|---|
| <input checked="" type="checkbox"/> limited assurance | <input type="checkbox"/> reasonable assurance |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)

Section 4. Post-issuance verification



Overall comment on the section *(if applicable)*:

Information reported:

- limited assurance
- reasonable assurance
- Other (please specify):

Frequency:

- Annual
- Semi-annual
- Other (please specify):

Material change:

- Perimeter
- KPI methodology
- SPTs calibration

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