Universal registration document

including the annual financial report 2021-2022

Pernod Ricard

Créateurs de convivialité

Contents

Items in the annual financial report (AFR) are identified in the contents by the pictogram *

Pernod Ricard
Créateurs de convivialité

2021
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Universal registration document

including the annual financial report

AMF

This Universal Registration Document has been filed on 21 September 2022 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

This is a translation into English of the (universal) registration document of the Company issued in French and it is available on the website of the Issuer.

This Document is a reproduction of the official version of the Universal Registration Document including the 2021-2022 Annual Financial Report prepared in accordance with the European Single Electronic Format (ESEF) and filed with the AMF, available on the websites of the Company and the AMF.

Pernod Ricard at a glance

Three words summarize Pernod Ricard's excellent performance in FY22: **record, balanced and sustainable.**

World N°1 for premium spirits[a]

>160 countries where our brands are distributed

93% of markets with a global or local responsible drinking initiative

0.9% gender pay gap[b]

13% reduction in water consumption[c]

15,6% reduction in CO_2 emission[d]

Our performance was sustainable thanks to the real progress we've made on delivering our strategic roadmap "Good Times from a Good Place".

Alexandre Ricard,
Chairman & CEO

FY22 was a record year in many respects. Our Sales broke the symbolic milestone of €10 billion with our fastest growth rate in over 30 years, delivering a record €3 billion profit from recurring operations at a record operating margin of 28.3%.

FY22's performance was also very well balanced. Growth was driven by all regions, categories, price points and channels, with a comparable contribution from both mature and emerging markets.

Most importantly, our performance was sustainable thanks to the real progress we've made on delivering our strategic roadmap "Good Times from a Good Place".

There has definitely been a newfound appreciation for conviviality since the Covid outbreak and I would like to take this opportunity to praise our teams whose commitment has never wavered, and who continue to play a key role in facilitating convivial experiences with our brands around the world.

While we are faced with a challenging and volatile environment, I am confident that our unique competitive advantages and the rapid deployment of our digital transformation will enable us to deliver our FY23 to FY25 medium-term financial framework."

Key figures

€ million	Net Sales	Profit from Recurring Operations		Group Net Profit from Recurring Operations[1]	Group Net Profit	Proposed dividend
FY22	10,701	3,024	28.3%[2]	2,124	1,996	€4.12 per share[3]
Organic growth[1]	+16.9%	+19.0%				
Reported growth	+21.3%	+24.8%				
FY21	8,824	2,423	27.5%[2]	1,612	1,305	€3.12 per share

(1) Alternative performance indicators are defined in note 5.5 - Definitions and reconciliation of alternative performance indicators with IFRS indicators of the Management Report
(2) Operating margin.
(3) Dividend proposed for approval by the Shareholders' Meeting of 10 November 2022.

An international and decentralised Group

Americas	Europe	Asia/Rest of the world
€3,133M	€3,130M	€4,438M
€1,014M	€790M	€1,220M
3,948[(e)]	10,038[(e)]	5,494[(e)]

Decentralisation is a founding organisational principle that Pernod Ricard has harnessed since the beginning to encourage consumer-centric decision making and address customer needs in a timely manner. Conferring a competitive advantage during uncertain times, as seen during the Covid-19 pandemic, decentralization renders company operations more flexible, efficient and effective. Based on each affiliate's operational autonomy and the overall strategic principles defined at Group level, it is defined by the constant interaction between headquarters, Brand Companies and Market Companies.

A unique portfolio of premium brands

Pernod Ricard has one of the most comprehensive portfolios of premium brands on the market, encompassing every major category of wine and spirits and providing the Group with a clear competitive advantage. Constantly evolving thanks to a dynamic management policy driven by brand acquisitions or disposals, this portfolio allows Pernod Ricard to always be aligned with new consumer trends while investing in the most promising segments and brands.

€10,701M
in net sales

€3,024M
Profit from recurring operations

19,480
Employees[(e)]

World N°2
for wines and spirits

17 brands
amongst the world's top 100 for premium spirits[(f)]

76
Employee engagement score[(g)]

(a) Source: "The Pernod Ricard Market View", based on IWSR volume data at end 2021.
(b) 1% not being considered a difference by external service providers.
(c) Reduction per unit of production between FY18 and FY22.
(d) Reduction of production sites (Scopes 1 and 2) in absolute value between FY10 and FY22.
(e) Headcount at 30 June 2022.
(f) Source: "The Pernod Ricard Market View", based on IWSR volume data at end 2021.
(g) Four points above Glint's FMGCG benchmark.

part 1.

Extracts from the **integrated annual report**

Message from **Alexandre Ricard**

Chairman & CEO
of Pernod Ricard

"Our greatest assets are **our people.**"

There's something magical about spending time with the people we care about. Simple, authentic moments of sharing, laughing and connecting. The pleasure of raising a glass together and toasting to new memories.

Now, more than ever, we understand just how important these moments are. We know what it feels like to be without them. I strongly believe that if there is one positive outcome from the Covid-19 years it is that we have rediscovered the importance of filling our lives with real human connection for our own health and well-being. For five decades now Pernod Ricard has been championing this universal need. As "Créateurs de convivialité," these moments of collective camaraderie are at the very heart of what we do. *Convivialité* transcends our differences – be they physical, cultural, ethnic or generational – and is open to everyone. This is our company vision, our purpose, our drive, and it's what sets us apart from the rest.

Staying true to our culture and shared values

Our teams have once again shown that our greatest assets are our people who, together, year on year, continue to go the extra mile in delivering sustainable growth with tangible, positive impact. I'm immensely proud and fortunate to be able to call them my colleagues.

Our purpose as a Group is to do more than just sell the finest wines and spirits. As true convivialists, we are moved by a common purpose to transform every moment, every coming together, into a meaningful and convivial experience. We unlock the magic of human connection by bringing Good Times from a Good Place in meaningful, positive and responsible ways. This is our North Star, our guiding light, and I don't ever want us to lose sight of it.

An exciting transformational journey

Our transformational journey started back in 2015, when we focused on our collective mindset to grow our business. With the launch of Transform & Accelerate in 2018, we concentrated on enhancing our profitable growth with an emphasis on efficiency and effectiveness. Our convivial culture is now complemented by a heightened performance-driven focus built on our five cultural imperatives of Health, Safety & Wellbeing, Sustainability &

“Never before has our company **been so sure about the change and impact we will make.”**

Responsibility, Consumer-Centricity, Continuous Improvement & Innovation, and Diversity & Inclusion.

As we progress on our transformational journey with the next phase of Transform & Accelerate, technology, digital media and data will further strengthen those foundations and stretch our business performance to capture future growth.

Introducing The Conviviality Platform

Our ambition is to lead and shape industry growth. This means challenging ourselves to capture future growth opportunities and leading the way in thought and action to transform every moment into a convivial experience.

This was precisely our goal when we unveiled our enhanced growth engine, The Conviviality Platform, which leverages digital media and data to expand and accelerate our business, and thus bring our purpose to life. This is what I like to call precision at scale.

For us, the end goal is not simply to leverage data; it is to spread *convivialité* by leveraging data and artificial intelligence. Together with our diverse portfolio of amazing brands and our unparalleled distribution network, The Conviviality Platform will enable us to offer the right product, at the right price, at the right time, to the right consumer, with the right experience for every occasion and in every market.

Sustainability at the core of our business

Exactly 90 years ago, in the middle of the Great Depression, my grandfather founded one of the brands that gave birth to this Group. His bold spirit and sense of responsibility led him, years later, to also create the Paul Ricard Oceanographic Institute to help protect our oceans, one of his great passions.
To this day, this commitment and sense of guardianship is stronger than ever, having woven sustainable and responsible thinking into the fabric of who we are and what we do. It is not only the right thing to do for our planet, but it’s the legacy we want to leave. Sustainability is vital for the resilience of our business, critical to attracting the very best people and decisive for shaping the future of our industry.

Our Sustainability & Responsibility roadmap is on track to meet or even outperform the ambitious targets we set for ourselves. This year we became the first company to support the International Union for Conservation of Nature’s Agriculture and Land Health Initiative, in addition to also completing our own inaugural sustainability-linked bond issuance for €750 million. Pernod Ricard employees also had the chance to come together once again for the 10th annual Responsib’All Day, an entire day dedicated to making a positive impact in our communities. Our affiliates rolled up their sleeves and took on several community projects that help protect and restore local nature and biodiversity.

In a world that's ever more polarised, filled with rising political tensions, climate change, energy and supply chain disruptions, inflation, unbalanced post-Covid recoveries, displaced peoples and even war… never has the solidarity and responsibility in our Group been so heartfelt as it is today.

Arts Mentorship Programme

Sustainability is also about building long-lasting relationships. This year, we proudly launched our Arts Mentorship programme. Building on the Group's founding commitment to creativity, this programme takes young artists and designers under its wing and furthers our real desire to share, innovate and bring people together. This year, Sandra Rocha, mentor, and Perrine Géliot, mentee, worked together to develop an international artistic project which was presented at the Rencontres d'Arles photography festival in France in July.

Strong growth and financial trajectory

Despite increasing global challenges, I've said many times over the past two years that Pernod Ricard would come out of the crisis stronger than ever, and our results this year are the reflection of all that hard work. The incredible shared success achieved by my more than 19,000 colleagues worldwide ensured we reached the symbolic double-digit revenue figure, hitting €10.7 billion in net sales for the first time. Additionally, two financial milestones have been surpassed, with our Profit from Recurring Operating at €3 billion and our highest ever Free Cash Flow at €1.8 billion.

Absolut broke 12 million cases sold worldwide, while Jameson broke 10 million and Ballantine's 9 million. Indeed, our splendid portfolio of Scotch whiskies grew by an impressive 25%, while Martell grew by 7%. These are just some examples of the record sales of so many of the brands across our unrivalled portfolio.

I am extremely proud to say that we have been able to ring the "double-digit growth" bell many times this year, in markets across the Asian/Rest of the World and European regions, which are both growing at an impressive rate of 19%. We have seen our "must win" markets continue to progress, with the US reporting +8%, China +5% and India a successful +26%, while Global Travel retail rebounded impressively as many parts of the world reopened post-Covid.

2.1 billion: that is the number of bottles that we produced and distributed last year at a global level for our more than 240 brands. It is an impressive figure, but it does not say enough about the talent and commitment of my colleagues who made these accomplishments possible, under the most difficult and challenging context our industry has experienced for some time.

Bringing our purpose to life

If these last two years have taught us anything, it's that there's no one way to connect. So, whether it's a family gathered around a table to celebrate a happy occasion, or friends both near and far catching up in person or digitally, these irreplaceable bonds are now, and always will be, absolutely vital.

This is the future we are crafting as more than 19,000 convivialists. Never before has our company been so sure about the change and impact we will make. We will do so by using my grandfather's motto to "make a new friend every day." It is timeless advice. I invite each and every one of us to make a new connection every day, to make the world a more convivial place. Because there is no doubt that a more convivial world is a better world for all of us.

"We reached the symbolic double-digit revenue figure, hitting **€10.7 billion in net sales for the first time.**"

12.07.21

The Mx opened its doors in Marseille, offering a variety of fresh experiences built around the city's emblematic spice, anise. Featuring an immersive museum and shop, the concept store also boasts a bar and restaurant staffed by renowned chefs, pastry chefs and bartenders.

01.09.21

Pernod Ricard signed a minority stake investment in the US-based Sovereign Brands and its unique and diverse portfolio of fast-growing, super-premium wines and spirits. This exciting partnership will create new business opportunities between the two companies.

One year of

16.11.21

In Emeishan, China, we unveiled 叠川 THE CHUAN Single Malt Whisky Distillery, the first such distillery to be established in the country by an international spirits and wines group. Combining sophistication with conviviality, the site is set to become a new world-class destination for whisky, arts and culture.

01.03.22

The Group acquired a majority stake in Château Sainte-Marguerite, considered a gold standard for cru classé rosés within the Côtes-de-Provence appellation. These elegant wines join Pernod Ricard's luxury portfolio.

03.09.21

Pernod Ricard became the first corporate partner of the Agriculture and Land Health Initiative, an international programme founded by the International Union for Conservation of Nature to build global commitments for sustainable agriculture practices.

21.09.21

Pernod Ricard acquired The Whisky Exchange, a leading online and physical spirits retailer. One of the largest and most successful online retailers, The Whisky Exchange's innovative services bolster our consumer-centric strategy of meeting new consumer needs and expectations.

convivial moments

01.04.22

We issued an inaugural sustainability-linked bond, worth €750 million and tied to two environmental commitments: reducing the Group's absolute greenhouse gas emissions (Scopes 1&2) and decreasing water consumption at our distilleries.

16.06.22

Convivialists from Pernod Ricard affiliates around the world celebrated Responsib'All Day by taking part in local activities to help protect and restore nature and biodiversity as part of the Group's Sustainability & Responsibility strategy, "Good Times from a Good Place."

Our

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01 **1975 -** Creation of Pernod Ricard from the merger of Pernod, founded in 1805, and Ricard, created in 1932 by Paul Ricard.

02 **1988 -** Acquisition of leading Irish whiskey producer Irish Distillers, owner of Jameson.

03 **1993 -** Creation of joint venture between Pernod Ricard and Cuban rum company Cuba Ron to market and sell Havana Club.

1998 - Opening of the Pernod Ricard Corporate Foundation to support artistic creation and make art accessible to all.

04 **2001 -** Acquisition of Seagram and their whisky brands (Chivas Regal, The Glenlivet, Royal Salute) and cognac (Martell).

2003 - Signing of the United Nations Global Compact, a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.

05 **2005 -** Acquisition of Allied Domecq, doubling the Group's size to become the world's #2 wine and spirits company, with brands including G.H. Mumm and Perrier-Jouët champagnes, Ballantine's whisky, Kahlúa and Malibu liqueurs, and Beefeater gin.

Membership in the International Alliance for Responsible Drinking.[1]

2007 - Display of a warning for pregnant women on all bottles marketed by the Group is extended to every country in the European Union.

06 **2008 -** Acquisition of Vin & Sprit, owner of Absolut Vodka.

2010 - Adhesion to the United Nations CEO Water Mandate.

2011 - Upgrade of the Group's credit rating to investment grade.

07 Launch of Responsib'All Day, Pernod Ricard's annual social engagement volunteer event involving the Group's entire workforce.

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history

2012 - Signing of the Wine & Spirits Producers' five commitments to promote responsible drinking.

2015 - Appointment of Alexandre Ricard as Chairman and CEO.

08 **2016 -** Acquisition of the super-premium gin Monkey 47.

Signing of the United Nations Sustainable Development Goals (SDGs).

The Institut Océanographique Paul Ricard celebrates its 50th anniversary.

09 **2017 -** Acquisition of a majority stake in high-end bourbon producer Smooth Ambler and in Del Maguey Single Village, the #1 mezcal in the United States.

2018 - Nomination of Pernod Ricard as a member company of Global Compact LEAD.(2)

Adhesion to the New Plastics Economy led by the Ellen MacArthur Foundation.

2019 - Launch of a new 2030 Sustainability & Responsibility roadmap, "Good Times from a Good Place."

10 Acquisition of the super-premium gin Malfy and a majority stake in super-premium bourbons Rabbit Hole Whiskey, Castle Brands (Jefferson's) and Firestone & Robertson Distilling Co. (TX).

2020 - Announcement of our commitment to ban all single-use plastic at point of sale by 2021.

Introduction of a "no minors" symbol on all bottles marketed by the Group.

11 Inauguration of The Island, the Group's flagship in Paris, which brings together all its Parisian based affiliates and 1,000 employees.

Acquisition of a significant stake in the ultra-premium Japanese gin Ki No Bi and in Italicus, an Italian super-premium, bergamot-infused *aperitivo*.

12 **2021 -** Opening of the new Pernod Ricard Corporate Foundation's space at The Island, the Group's new headquarters located in Paris.

Acquisition of a majority stake in La Hechicera ultra-premium rum.

Unveiling of 叠川 THE CHUAN Malt Whisky Distillery in Emeishan, China.

Acquisition of a minority stake in Sovereign Brands and its portfolio of super-premium wines and spirits.

Acquisition of leading online spirits retailer The Whisky Exchange.

13 **2022 -** Acquisition of a majority stake in Château Sainte-Marguerite, Cru Classé Côtes-de-Provence rosé wines.

Launch of the digital label on a selection of brands in Europe.

(1) Formerly the International Center for Alcohol Policies.
(2) https://www.unglobalcompact.org/take-action/leadership/expert/lead-sdg

Our decentralised **organisation**

Decentralisation is a founding organisational principle at Pernod Ricard. Since the beginning, the Group has encouraged consumer-centric decision-making and addressed customer needs in a timely manner. Conferring a competitive advantage during uncertain times, as seen during the Covid-19 pandemic, decentralisation renders company operations more flexible, efficient and effective. Based on each affiliate's operational autonomy and the overall strategic principles defined at Group level, it is based on ongoing interaction between Headquarters, Brand Companies and Market Companies.

Pernod Ricard Headquarters

Headquarters (located at 5 cours Paul Ricard in Paris) defines, coordinates and oversees the implementation of the overall company strategy and ensures that affiliates comply with corporate policies. Its main responsibilities are governance functions (strategy, mergers and acquisitions, finance, internal audit, legal affairs and compliance, corporate communications, talent development, sustainability and responsibility [S&R], etc.), dissemination of best practices and cross-functional initiatives with high added value (digital marketing, luxury, innovation, etc.), and support functions (supply chain, IT, etc.). Headquarters oversees the Group's major transformation projects and ensures effective roll-out across the organisation.

Brand Companies

- **The Absolut Company**
- **Chivas Brothers**
- **Martell Mumm Perrier-Jouët**
- **Irish Distillers**
- **Pernod Ricard Winemakers**
- **Havana Club International**

Based in the home country of each strategic brand, the Brand Companies are responsible for developing the overall strategy for their respective brands, as well as activations that can be implemented at the local level by the Market Companies. Brand Companies are also responsible for the production and management of their industrial facilities.

Market Companies (On 30 June 2022)

- **Pernod Ricard North America**
- **Pernod Ricard Asia**
- **Pernod Ricard EMEA & LATAM(1)**
- **Pernod Ricard Global Travel Retail**
- **Pernod Ricard France(2)**

The Market Companies are each linked to a region (Pernod Ricard North America, Pernod Ricard Asia and Pernod Ricard EMEA & LATAM(1)), with the exception of Pernod Ricard France, which was created from the merger of the Group's two founding Market Companies in France.(2) The Market Companies' role is to activate the Group's international brand strategies at the local level and manage the local and regional brands in their portfolio. They are also tasked with implementing the Group's strategy and key policies, such as the transformation projects launched in recent years.

19,480

Employees[3] across the world: 66% are based in Latin America, Africa & Europe (of which 15% are in France), 10% are in North America and 24% are in Asia and the Pacific

4

Must-win markets: United States, China, India & Global Travel Retail

+160

Countries in which our brands are distributed

74

Countries with our own sales force

96

Production sites in 25 countries[3]

(1) Europe, Middle East, Africa and Latin America. (2) On 1 July 2020, Pernod SAS and Ricard SAS merged into a single entity, Pernod Ricard France. (3) At 30 June 2022.

Our brand **portfolio**

Pernod Ricard has one of the most comprehensive portfolios of premium brands on the market, encompassing every major category of wine and spirits and providing the Group with a clear competitive advantage. Constantly evolving thanks to a dynamic management policy driven by brand acquisitions or disposals, this portfolio allows Pernod Ricard to tap into new consumer trends while investing in the most promising segments and brands.

Our House of Brands

To ensure an optimal allocation of resources for key brands across all our markets, the Group uses its brand planning tool, the House of Brands, which encompasses five brand categories:

Strategic International Brands represent the largest part of our business and our international potential. They are our worldwide top priorities and the reference brands in each category.

Prestige Brands, our portfolio of highly desirable global luxury brands, target our most affluent consumers all over the world. It is the industry's most comprehensive portfolio, spanning all major luxury categories and moments of conviviality.

Strategic Wines cover a wide range of origins and tastes. Shared over a meal with friends or on more formal occasions, wine is increasingly appreciated around the world by a growing variety of consumers.

Specialty Brands meet a growing demand for smaller-scale "craft" products. Authentic, these brands offer a unique and comprehensive value proposition that responds to new consumer trends and expectations.

Strategic Local Brands are strongly rooted in a limited number of specific markets. They benefit from very strong local consumer loyalty. This part of our portfolio often boosts our route-to-market.

Prioritising our investments

Using the House of Brands and in-depth consumer insight, we have developed the following categorisation to define the appropriate investment strategy according to the profile of each brand:

Stars – our leading brands sold internationally or locally – benefit from significant investment to enable them to continue leading in different categories. These actively contribute to the Group's growth.

Growth Relays also benefit from increased resources as they serve to capture various moments of conviviality in highly attractive categories. At the same time, they offer a promising growth outlook in the medium and long term.

Bastions are brands that are mature or in very competitive sales categories. They receive enough investment to ensure that we protect their market share, sales and profits.

The House of Brands affords us the agility to make investment choices that strike the right balance between short-, medium- and long-term goals, while continuing to build brands that excel throughout our must-win geographies.

Our House of Brands

Strategic International Brands

63%
of sales

+18%
growth compared to FY21

Specialty Brands*

6%
of sales

+24%
growth compared to FY21

Strategic Wines*

5%
of sales

-4%
decline compared to FY21

Strategic Local Brands

18%
of sales

+18%
growth compared to FY21

* Non-exhaustive list.

Our Mindset for Growth: **Conviviality**

At Pernod Ricard, we rely on our highly engaged employees to unlock the magic of human connection by bringing Good Times from a Good Place. We embrace our Mindset for Growth by blending performance and *convivialité*. This purposeful and inclusive culture of conviviality is what makes us different and allows us to attract the best talents and ensure high employee engagement. Our Growth Mindset is based on our three core values: entrepreneurial spirit, mutual trust and a strong sense of ethics. These values are embedded in our shared purpose and our business: not just to sell wine and spirits, but to transform every moment, every occasion, into a convivial experience. Major assets, our mindset and culture are the foundation of the Group and underlie our continual success.

“Our consumers span all generations, ethnicities, identities and backgrounds, and we want that to be equally reflected in our convivialists. There is an enormous business benefit to building teams that reflect our consumer base, and we’re committed to providing an open and inclusive culture in which our people can thrive.”

Cédric Ramat,
EVP, Human Resources

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03.

01.

The people of Pernod Ricard: pride and commitment

Our more than 19,000 employees are proud ambassadors of our conviviality culture. Together, we commit to bringing to life the Group's vision of "Créateurs de convivialité" and to achieving our leadership ambition. At Pernod Ricard, we are:

- **Focused on performance**
- **Going the extra mile**
- **Dedicated to all our stakeholders**

Pernod Ricard gives the opportunity to each and every convivialist to experience an inclusive conviviality culture. By customising individual employee experiences to leverage and grow skills, we fully reciprocate the energy that employees put into going the extra mile. Accordingly, levels of employee commitment, pride and support for the Group's values have been above external market benchmarks and in line with top performing organisations for over a decade.(1) An inclusive and diverse culture that mirrors the broad spectrum of our consumer base has been further strengthened in recent years by the "Live without Labels" diversity roadmap and the gender parity "Better Balance" programme, demonstrating the Group's consistent and progressive commitment to providing an outstanding work environment. As "Créateurs de convivialité" leading and shaping industry growth, the Group holds a place among the world's most admired companies,(2) the "best employers" in France(3) and the companies most preferred by business school students.(4)

02.

Our business model: decentralisation

While respecting the autonomy of our affiliates, we combine the strengths of a large group with the decision speed that decentralisation offers to local markets. This means:

- **Decision-making based close to the market**
- **Fast responses to consumer needs**

As needs among consumers continue to shift towards more local consumption and genuine brand experiences, Pernod Ricard's HQ pilots new forms of conviviality to fit any occasion. We pilot major cross-functional projects and pool certain areas of expertise so that local affiliates can focus on the essentials: growing their business in their market by putting the consumer at the centre of their efforts. Individual market development plans bring conviviality directly to the consumer as we optimise the the right drink for the right occasion at the right time, every time. From this proximity to local markets comes increased authenticity, with conviviality serving as a performance accelerator that maximises exchanges and collaboration among local colleagues.

03.

Our core values: the heart of our corporate culture

Our three core values shape our culture and create a bond between all Pernod Ricard employees, regardless of their function, region or affiliate. These values only make sense when expressed within a convivial environment: there is no entrepreneurial spirit, mutual trust or sense of ethics without the simple, informal, inclusive and transparent relationships that define conviviality.

ENTREPRENEURIAL SPIRIT
- **Autonomy**
- **Initiative**
- **Boldness**
- **Taste for risk**

Since the Group's founding, entrepreneurial spirit has been one of the key factors differentiating Pernod Ricard from its competitors. We cultivate it by encouraging creativity and innovation within our teams, which permit our employees to thrive. The Pernod Ricard Leadership Model also fosters entrepreneurial spirit through a set of specific competencies such as courage, driving vision and purpose, decision quality, resourcefulness and more. These Leadership Attributes are used globally for assessing, developing and growing our leaders and teams.

MUTUAL TRUST
- **Freedom of initiative**
- **Open dialogue**
- **Right to make mistakes**

We work in the spirit of cooperation and mutual trust. There can be no conviviality without trust in those taking the initiative. In the same way, trust is the basis of our relationships both internally and externally. We are committed to sharing our knowledge with partners and working with them to define shared values throughout our supply chain, ensuring all our activities are safe, respectful and responsible.

SENSE OF ETHICS
- **Respect**
- **Transparency**
- **Good relationships with stakeholders**

Conviviality thrives when it is defined by moderation. Because the way we do business matters, we rely on each of our employees to encourage and support responsible drinking. With this in mind, we launched a worldwide massive open online course (MOOC) on alcohol and responsible drinking. Mandatory for all our employees, its aims are both to inform and to encourage a strong individual commitment to responsible drinking. Our business, which is the production and distribution of alcoholic products, has an inherent need for a strong sense of responsibility, and ethics is a core element of our culture and daily activities. Respect is the foundation of mutual trust as well as a key ingredient for a diverse and inclusive corporate culture where everyone can be themselves and grow.

(1) According to external comparative data from our most recent employee opinion survey results.
(2) In the 2021 ranking of the 680 World's Most Admired Companies, conducted by Fortune magazine.
(3) In the 2021 ranking of the 500 Best Employers in France, carried out by the magazine Capital.
(4) In the 2021 ranking produced by the Swedish company Universum.

Our strategy: long-term sustainable growth

Pernod Ricard has adapted its mission and ambition to an ever-changing world. To ensure their success, we have launched our growth engine The Conviviality Platform. Through the execution of our three-year strategic plan, Transform & Accelerate, we will leverage consumer trends and deliver profitable growth.

Conviviality: the permanent heartbeat of our business

The last two years have been characterised by uncertainty, leading to deep shifts in the way we live, work and play. In the face of a challenging geopolitical context and unprecedented changes in the workforce, the ways that people are seeking human connection are changing.

Amid these shifting environments, our vision of being "Créateurs de convivialité" has remained the consistent force that keeps us focused in the present while allowing us to plan for the future. It is also what has led us to define a new mission that integrates our S&R strategy into the heart of our business: to unlock the magic of human connection by Bringing Good Times from a Good Place. The future of our business depends on responsible, sustainable conviviality, and through this pursuit we plan to shape and lead industry growth. Strengthened by our growth model, The Conviviality Platform, these tenets define our long-term business strategy.

Dedicated strategic priorities for the next three years

While The Conviviality Platform will be the growth model of the Group's business for at least a decade, the next three years require a dedicated set of strategic priorities to address global and persistent changes to supply chains and consumption patterns. These have been provoked in large part by the pandemic and geopolitical challenges. The evolution of our Transform & Accelerate strategic plan identifies key drivers of growth that will allow us to confront these disruptions.

Our aim is to strengthen our business from the inside out, innovating new forms of conviviality that respond to consumer desires. We will pay special attention to global consumer macrotrends, such as technology and the rise of the affluent and middle classes. By continuously innovating how to bring people together and create conviviality in new ways, we will build a foundation for long-term and sustainable business growth

Our strategic framework

Permanent

Vision

Créateurs de convivialité

For the next decade

Mission

Unlock the magic of human connection by bringing Good Times from a Good Place

Ambition

Lead and shape the industry growth

Growth model

The Conviviality Platform

More from the core
Expand beyond

For the next 3 years

Strategic priorities

TRANSFORM AND ACCELERATE
Powered by the Conviviality Platform

People
Performance

Our growth model: **The Conviviality Platform**

With The Conviviality Platform, Pernod Ricard is defining the Group's strategic priorities for the future. A purposeful and powerful growth model, The Conviviality Platform unites our existing competitive advantages with new technologies to deliver on our mission to unlock the magic of human connection by bringing Good Times from a Good Place.

Unleashing more conviviality using the power of data and AI

A balanced and diversified growth model, The Conviviality Platform leverages data and technology to boost our core business and expand beyond our historical sources of revenue, capturing ever more opportunities both in the short term and for the future. This long-term model translates into concrete action plans through the next phase of Transform & Accelerate, our three-year strategic plan. With the broadest brand portfolio in the industry, which covers all moments of consumption, creating moments of conviviality is the core value proposition of Pernod Ricard's steady growth. By analysing both consumer demand as well as every aspect of our business using responsibly sourced data and ethically developed AI, we're able to generate and fulfil demand, with precision at scale, offering the right products at the right price to the right consumer, for every occasion and in every market. As technology becomes a new competitive advantage for the Group, we will be able to anticipate market trends, increase speed and agility in decision making, and empower our people.

We have defined two key dimensions to stretch our growth: getting "more from the core" to maximise value share in each market, and "expanding beyond" to pioneer new opportunities for value creation. These two growth dimensions mutually enrich each other, creating additional business value through data-powered innovation.

Accelerating to get more from the core

The first dimension of our growth model is structured around three growth axes to get more value out of our existing portfolio:
- Activating more brands with the right level of investment;
- Maximising the pricing power of our brands;
- Growing our positions within the Prestige market.

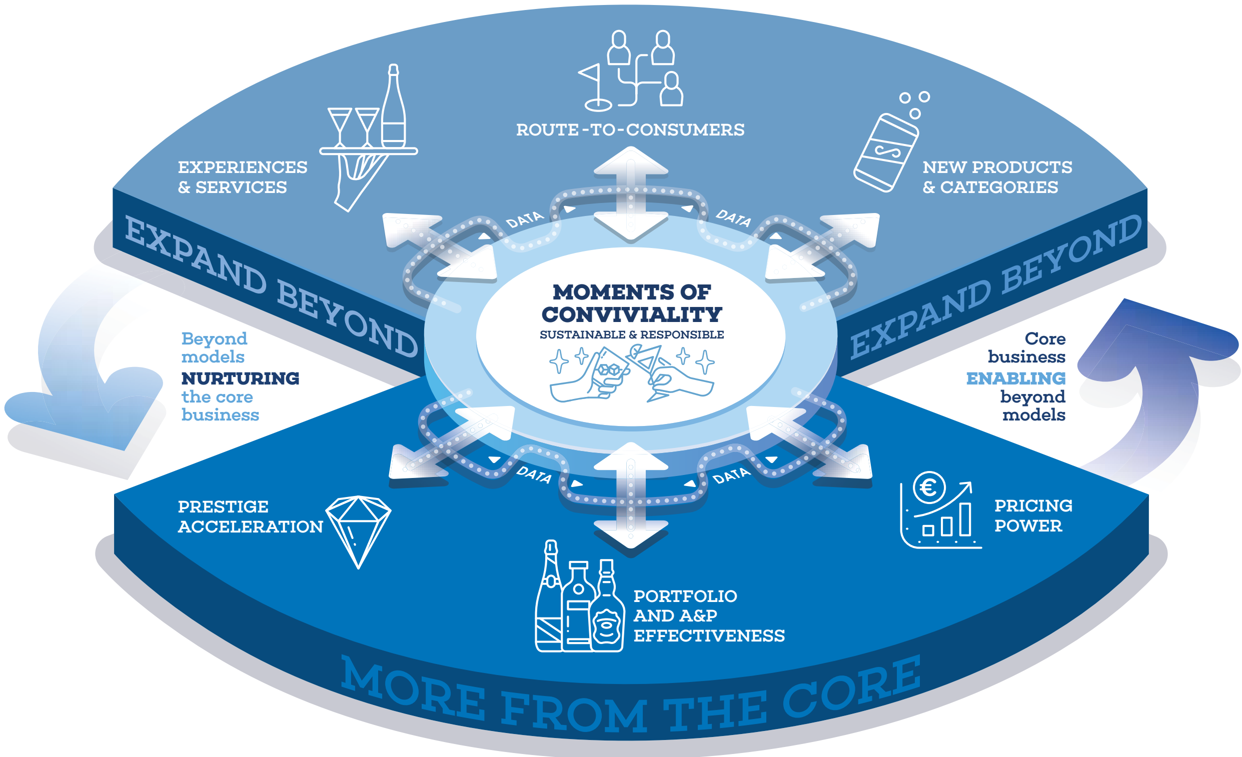
With the key data and AI programmes developed by Pernod Ricard – Maestria, Matrix, D-Star and Vista Rev-Up – our aim is to empower our people with more insights about consumer preferences. The ultimate objective is to maximise value share, while ensuring our portfolio meets our long-term ambition to attract and retain consumers.

Expanding beyond to pioneer the future

Using the strength of our core business, we are able to take bolder steps and go beyond to pioneer new avenues of growth and shape our own future. We have defined three specific growth areas:
- Scaling-up innovation with new products and categories;
- Broadening our coverage of the route-to-consumer;
- Stretching our boundaries to include experiences and services.

“We are building a new competitive advantage that puts data and technology at the service of our growth. This enables us to better understand our consumers’ and customers’ preferences and fulfil their needs with precision, and to deliver the right brand or experience to the right person, in the right place at the right time, and at the right price.”

Christian Porta,
Managing Director,
Global Business
Development



We are already diversifying our growth avenues with direct-to-consumer developments and successful channels such as Drinks&Co. and The Whisky Exchange, or LeCercle, our VIP invite-only digital club. This direct connection with consumers increases our understanding of the demand, in turn feeding our core business with valuable insights.

A sustainable, data-driven business model for the future

With The Conviviality Platform we have implemented virtuous circular dynamics, with one growth area nurturing another, and all of them focused on the same fundamentals: creating responsible and sustainable moments of convivialité. We have built internal data and AI expert teams to sustain our model over the long term, and launched massive upskilling initiatives to empower the entire organisation and ensure our people have the right tools to perform in an evolving business environment. As convivialists, we believe technologies are meant to be at the service of people, to bring them closer together and to help them focus on what really matters: the magic of human connection.

Our foundations: **people and performance**

While The Conviviality Platform is the Group's engine for growth, the platform itself is driven by Pernod Ricard's people. The Foundations of the Transform & Accelerate strategy ensure that we strengthen our inclusive culture of conviviality to empower our employees and accelerate our performance and transformation.

Accelerate by engaging each convivialist

Two action plans define our commitment to our people: being an outstanding place to work and offering exciting career journeys to our convivialists. Pernod Ricard promises employees a convivial culture that is both diverse and inclusive. Our global Diversity & Inclusion frameworks bring the two complementary aspects together at the global level, defining clear objectives and KPIs that permit local adaptations based on affiliate needs. Across regions, the Youth Action Council facilitates the exchange of innovative ideas for increasing diversity and inclusion within the company by connecting the next generation with top leadership. 43% of Pernod Ricard management is female, and Pernod Ricard North America has earned the title of "Best Places to Work for LGBTQ+ Equality" for six years in a row.[(1)] By creating an environment where everyone feels safe to be themselves and empowered to forge their own path, the Group sustains high performance among employees, ensuring collective success.

People are the key that unlocks the power of data, and the success of The Conviviality Platform also relies on employees adopting a data mindset and skill set. To engage each convivialist in both their personal success and that of the Group, a massive upskilling campaign is underway, supported by the development of personalised skill-based career paths. Each employee brings unique strengths to the table, and they deserve customised opportunities to leverage and grow their skills.

Transform by going beyond budget

Value creation is only valuable if it is lasting and sustainable. While Pernod Ricard has registered record growth in the past two years, we must continue to future-proof our business model through two action plans: going beyond budget to beat the competition and improving resiliency, agility and sustainability. Using scaled-up technology and data, supported by new collaborative ways of working and mature sales and operations planning, the Group will begin deploying three-year mandates and 18-month rolling forecasts. This continuous momentum will lead to increased visibility and long-term strategic opportunities that will allow us to unlock growth and make the whole more than the sum of its parts. A continuous enrichment process, it will be key to leading and shaping the industry. The past two years have been defined by volatility. From the responses to and impacts from the Covid-19 pandemic and supply chain disruptions to material scarcity and geopolitical turmoil, uncertainty has become a permanent part of life. Building a profitable future for the Group will thus require improved resiliency, agility and sustainability that is based on anticipatory planning instead of reactivity. Through better information sharing, tools, planning and capabilities, our sales and operations process will become more robust and better protected from market volatility.

(1) Human Rights Campaign Foundation's Corporate Equality Index, 2022.

"Pernod Ricard benefits from a culture of excellence in operations that is bolstering the Group's transformation. By planning for the future of both our people and our business in a compliant and sustainable way, we are ensuring long-term value creation for all our stakeholders."

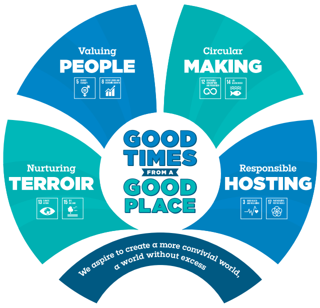
Anne-Marie Poliquin,
Group General Counsel & Compliance Officer at Pernod Ricard

Our Sustainability & Responsibility roadmap: **strengthening our business**

Pernod Ricard's mission, "unlock the magic of human connection by bringing Good Times from a Good Place," places sustainable and responsible thinking firmly at the core of the Group's ways of working. An integral part of all business activities, from grain to glass, the 2030 Sustainability & Responsibility (S&R) roadmap is key to leading and shaping the industry, and an important lever for accelerating transformation.

Built around four pillars and 33 targets, "Good Times from a Good Place" addresses both consumer needs and material risks facing the Group. Only three years after its launch, we are already on track to meet and even outperform several of these ambitious targets. In addition to the roadmap, we are continually looking to further strengthen our commitment to sustainable and responsible thinking. We took several industry-leading steps to do so in FY22. In November 2021, executive pay and annual bonuses were directly linked to the Group S&R performance, while in April 2022, Pernod Ricard launched the industry's first ever sustainability-linked bond. This was followed by the announcement of a new addition to the Executive Board in July 2022: an EVP of Corporate Communication, S&R and Public Affairs to strengthen our governance.

Beyond these important advancements, our work is far from complete. Pernod Ricard remains committed to further accelerating the S&R roadmap that is at the centre of the Group's mission. Investing in a carbon-neutral future for the entire supply chain and innovating to drive greater circularity and new solutions remain key priorities for us in the coming years.



NURTURING TERROIR All our products come from nature. We produce and source over 100 ingredients from 66 countries to create our iconic brands. To ensure we maintain healthy and resilient ecosystems that allow us to source quality ingredients now and for generations to come, we are committed to nurturing every terroir and its biodiversity and to addressing the challenges of climate change (SDG 13). That's why we have been working hand in hand with our farmers, suppliers and communities to transform agricultural practices into generative actions that will help mitigate climate change, protect life on land (SDG 15), restore the soil and improve livelihoods throughout the world – for a long-term, positive impact.

VALUING PEOPLE As "Créateurs de convivialité," we believe in sharing, warmth, care and respect for people everywhere. We strive to provide decent work and sustained economic growth (SDG 8) along the entirety of our value chain, and we champion gender equality (SDG 5) throughout our business. To create shared value for all our stakeholders, we strive to procure all goods and services responsibly, protect human rights, foster diversity and inclusion, and create a healthy and safe environment for all. We are also committed to providing our employees with future-fit training and educating the bartending community on responsible and sustainable practices.

CIRCULAR MAKING The world is made of finite resources that are under huge pressure. By contributing to responsible consumption and production (SDG 12) and protecting life below water (SDG 14), our goal is to help reduce carbon emissions, water consumption and waste. To do this, we apply five key principles at each step of our product lifecycle: Rethink, Reduce, Reuse, Recycle and Respect. In moving towards a more circular business model, we are actively striving to preserve and regenerate our natural resources at every step of our value chain – from the raw materials we source, to the way we conceive and produce our products, to how they are distributed and then ultimately reused or recycled.

RESPONSIBLE HOSTING We want to ensure our brands are enjoyed responsibly. Creating conviviality requires us to help adult consumers make responsible choices about whether, when and how much to drink. We have an important role to play in combating the harmful use of alcohol and supporting health and well-being (SDG 3). To this end, we develop responsible drinking campaigns and programmes, in partnership with others (SDG 17), to inform consumers and our employees about the risks of excessive drinking. We are committed to marketing and selling our products responsibly and providing our consumers with a responsible experience. Our brands are also committed to delivering responsibility messages to our consumers through marketing campaigns.

Key achievements in 2022:

→ Completing terroir mapping and risk assessment

→ Reaching gender pay equity

→ Launching first circular distribution pilot with ecoSPIRITS

→ Launching digital labels for major brands

Our value **creation model**

Our Group mission is to unlock the magic of human connection by bringing Good Times from a Good Place. At Pernod Ricard, we believe in creating sustained value for all our stakeholders, starting with our consumers, who are at the heart of our strategy. True to our vision of "Créateurs de convivialité," we work closely with all the contributors of our value chain in a permanent quest for cohesion and efficiency.

Our assets

Our employees

We have a diverse, talented and highly committed work-force around the world who share the same values.

19,480

employees[1]

Our portfolio

We have a unique portfolio of premium brands encompassing every major category of wine and spirits.

240

brands

Our decentralised model

We combine the strengths of a large group with the decision speed that decentralisation offers to local markets.

77

affiliates[1]

Our expertise

We rely on the know-how of our employees and partners to optimise our manufacturing and distribution processes in terms of safety, quality and efficiency.

96

operation sites[1]

Our terroirs

We rely on finite resources and well-functioning ecosys-tems to produce and source quality ingredients.

350

terroirs

Our business model

Consumer insights

Identifying new trends and consumer behaviours by getting closer to our brands, markets and regions.

Innovation

Developing new, high-quality and more sustainable products, services and experiences.

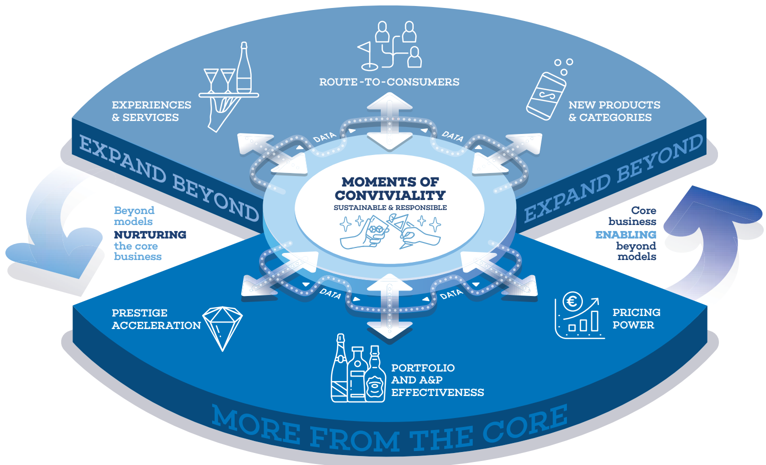
Producing & sourcing

Working with farmers and suppliers to source natural ingredients and other raw materials sustainably.

EXPERIENCES & SERVICES

ROUTE-TO-CONSUMERS

NEW PRODUCTS & CATEGORIES



PRICING POWER

PRESTIGE ACCELERATION

PORTFOLIO AND A&P EFFECTIVENESS

Manufacturing & logistics

Ensuring health, safety and environmental standards at every stage of manufacturing, packaging and distribution.

Marketing & sales

Leveraging data and new technology to market and sell our products effectively and responsibly.

Consumption

Creating moments of conviviality for our consumers to experience our products and services in a responsible way.

The value we create

Employees

We provide a diverse and inclusive work environment and create a culture combining conviviality and performance.

0

Gender pay gap[1, 2]

Consumers & customers

We offer high-quality products, services and experiences to our consumers and customers.

17

of our brands are in Top 100 worldwide[3]

Shareholders & investors

We create long-term value for our shareholders and investors by delivering profitable and sustainable growth.

Sales up by

17%

in FY22[1, 4]

Farmers & suppliers

We support our farmers and suppliers to develop regenerative agriculture practices and sustainable packaging solutions.

10,000

farmers empowered, trained or supported[1]

Communities & society

We support our communities, partner with our peers and work with authorities to tackle challenges together.

93%

of markets with a global or local responsible drinking initiative

Planet

We minimise our impact on the environment by preserving our terroirs, reducing carbon emissions and water consumption, and increasing circularity.

15.6%

reduction of carbon emissions in absolute value (Scopes 1&2) since FY10

(1) At 30 June 2022. (2) 0.9%. According to external providers, a pay gap below 1% is equal to zero and considered best practice.
(3) International Spirits, Premium+, Ranked by Volume 2021. (4) Organic growth.

Our key financial figures

Leadership positions

No. 1

World no. 1 for premium spirits [1]

No. 2

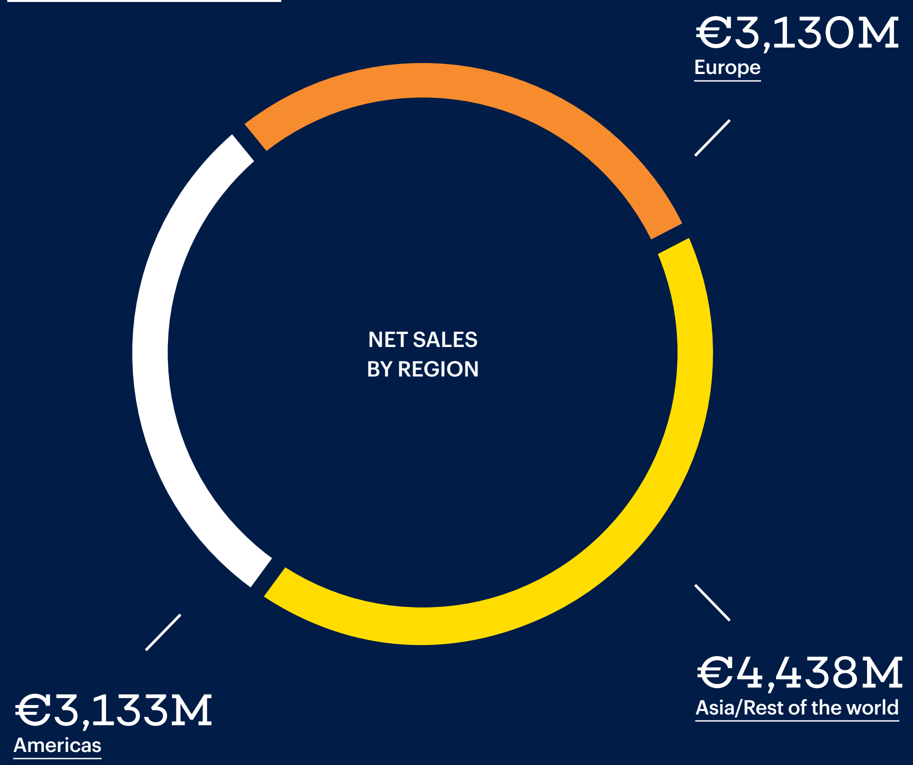
World no. 2 in wine & spirits industry [2]

17

brands amongst the world's top 100 [1]

(1) Pernod Ricard Market View (IWSR data including 2021 actuals).
(2) The Pernod Ricard Market View, based on IWSR volume data ending 2021.

Financial metrics FY22



€1,996M

Net profit (Group share)

€3,024M

Profit from recurring operations

€10,701M

Net sales

Our key non-financial figures

Terroir	**10,000** farmers empowered, trained or supported since FY19	**100%** of our priority terroirs mapped and risk-assessed	**73%** of our direct affiliates with a biodiversity programme
People	**0** gender pay gap(1)	**43%** of women in management	**6,400** bartenders trained on the Bar World of Tomorrow since FY20
Making	**15.6%** reduction of carbon emissions in absolute value (scopes 1&2) since FY10	**13.4%** reduction in water consumption intensity since FY18	**95%** of our primary and secondary packaging is made from material that is recyclable at scale
Hosting	**134M** people reached digitally by Drink More Water campaign	**93%** of markets with a global or local responsible drinking initiative	**95%** compliance with International Alliance for Responsible Drinking digital guiding principles

(1) 0.9%. According to external providers, a pay gap below 1% is equal to zero and considered best practice.

Our Board **of Directors**

The Board of Directors oversees the governance of Pernod Ricard in an ethical and transparent manner while ensuring that the business is managed in the best interests of its stakeholders. Composed of 14 members bringing complementary skills and experience, the Board ensures that the Group pursues its business strategy, with the primary goal of increasing the value of the Company as well as taking into account the social and environmental impact of our business.

Alexandre Ricard
Chairman & Chief Executive Officer, Executive Director, Strategic Commitee Chairman

Patricia Barbizet
Lead Independent Director, Nominations and Governance Committee Chairwoman, CSR Committee Chairwoman, Compensation Committee Member

Wolfgang Colberg
Director, Audit Committee Member

Virginie Fauvel
Independent Director, Strategic Committee Member

Ian Gallienne
Independent Director, Strategic Committee Member, Compensation Committee Member

Organisation

In accordance with the AFEP-MEDEF Code of Corporate Governance for companies listed in France, Pernod Ricard respects the independence criteria established in the Code. The Board is comprised of 14 members, seven of whom are independent and two of whom represent Group employees. Following the recommendation of the Nominations and Governance Committee, as of 23 January 2019, the Board appointed a Lead Independent Director.

The Internal Rules and Regulations stipulate that the Board members must meet at least six times per year for meetings that are presided by the Chairman of the Board, who is also Pernod Ricard's Chief Executive Officer. The Chairman reports on the Board's progress at the Annual Shareholders' Meeting. The Chairman is responsible for ensuring that the Group's bodies run smoothly, which includes providing the Directors with the information and resources they need to fulfil their duties. The role of the Lead Independent Director is notably to convene and chair the meetings of the Board of Directors in the absence of the Chairman and CEO; conduct the annual assessment of the functioning of the Board of Directors on the basis of individual interviews with each Director; prevent the occurrence of conflicts of interest; ensure compliance with the AFEP-MEDEF Code and the Board's Internal Rules and Regulations; convene and chair the Executive Session; review shareholder requests for corporate governance and ensure that they are answered; and meet with the Company's investors. In order to further root its work in the Group's daily business operations, the Board holds one meeting per year in an operating affiliate.

FY22 activity

Over the course of FY22, the Board met eight times, with an attendance rate of 100%. The average length of the meetings was approximately three and a half hours. Their main activities were to:
• approve the half-year and annual financial statements;
• review the budget;

César Giron
Director, Nominations and Governance Committee Member

Anne Lange
Independent Director, Strategic Committee Member, Nominations and Governance Committee Member

Philippe Petitcolin
Independent Director, Audit Committee Chairman, Strategic Committee Member

Patricia Ricard Giron
Director and Permanent Representative of Société Paul Ricard, Strategic Committee Member

Namita Shah
Independent Director, CSR Committee Member

Kory Sorenson
Independent Director, Compensation Committee Chairwoman, Audit Committee Member

Veronica Vargas
Director, CSR Committee Member

Maria Jesús Carrasco Lopez
Employee Director, Compensation Committee Member

Brice Thommen
Employee Director

- oversee the preparations for the Annual Shareholders' Meeting;
- review and approve the work of the committees;
- review presentations of the activities of the functional departments and affiliates;
- review its own functioning and that of its committees and;
- update the Group's Health and Safetly policy to ensure it's implementation in the various affiliates.

Committees of the Board of Directors

The Board of Directors is assisted in its work by five specialised committees that provide advice and recommendations for the Board's discussions. The Strategic Committee – created and headed by Alexandre Ricard since 2015 – reviews key subjects for the Group and issues recommendations on acquisitions, divestitures and partnership projects. It studies all strategic matters of interest to the Group. The Audit Committee reviews the half-year and annual draft financial statements and monitors the Group's cash flow and debt situation. It also assesses the Group's risk management and internal control systems. The Nominations and Governance Committee proposes new Directors and reviews the composition and operation of the Board, as well as the Group's performance and talent management policy. The CSR Committee examines and implements the Group's CSR strategy and assesses the risks and opportunities in terms of social and environmental performance. Lastly, the Compensation Committee defines the remuneration policy for the Group's Executive Directors, proposes a general long-term remuneration policy and implements an annual plan for the allocation of shares.

58.3% independent directors
58.3% female directors
42.8% non-French directors
100% attendance rate

Our Executive Board & Executive Committee

Executive Board members (on 1 July 2022)

Alexandre Ricard
Chairman & Chief Executive Officer

Christian Porta
Managing Director, Global Business Development

Hélène de Tissot
EVP, Finance, IT & Operations

Anne-Marie Poliquin
Group General Counsel & Compliance Officer

Cédric Ramat
EVP, Human Resources

Conor McQuaid[1]
EVP Corporate Communication, S&R and Public Affairs

The Group's general management is led by the Chairman & CEO, who is assisted by the Executive Board and the Executive Committee. The Executive Board is the permanent body responsible for coordinating and leading the Group, in cooperation with the Chairman & CEO. The Executive Board reviews all decisions related to Group affairs and submits various matters to the Board of Directors when approval is required. It steers and coordinates the major transformation projects and organises the work of the Executive Committee. It defines objectives for its members, in particular by signing off on the strategic plan, the budget and regular business reviews. The Executive Committee, the Group's managing body, has 16 members: the entire Executive Board (see composition above) as well as the Managing Directors of the main Group affiliates. They meet once per month, either at Headquarters or at an affiliate site. Under the direction of the Chairman & CEO, the Committee helps to define the Group's strategy and plays an essential coordinating role between Headquarters and the affiliates, and amongst the affiliates themselves (Brand Companies and Market Companies). The Committee is responsible for overseeing the Group's business activities and ensuring that its main policies are applied. More specifically, the Committee analyses the performance of the Group's business in relation to its market plan (budget and strategic plan); actively participates in setting financial and operational objectives (financial results, debt and qualitative objectives); periodically reviews the brand and market strategies; analyses performance and evaluates changes in the organisation as needed; and approves and ensures compliance with the Group's main policies.

Executive Committee members (on 1 July 2022)

Alexandre Ricard
Chairman & Chief Executive Officer

Hélène de Tissot
EVP, Finance, IT & Operations

César Giron
Chairman & CEO of Martell Mumm Perrier-Jouët

Conor McQuaid(1)
EVP, Corporate Communication, S&R & Public Affairs

Bryan Fry
Chairman & CEO of Pernod Ricard Winemakers

Christian Porta
Managing Director, Global Business Development

Anne-Marie Poliquin
Group General Counsel & Compliance Officer

Stéphanie Durroux
Chairwoman & CEO of The Absolut Company

Cédric Ramat
EVP, Human Resources

Jean-Étienne Gourgues
Chairman & CEO of Chivas Brothers

Gilles Bogaert
Chairman & CEO of Pernod Ricard Europe, Middle East, Africa & Latin America

Ann Mukherjee
Chairwoman & CEO of Pernod Ricard North America

Philippe Guettat
Chairman & CEO of Pernod Ricard Asia

Mohit Lal
Chairman & CEO of Pernod Ricard Global Travel Retail

Philippe Coutin
Chairman of Pernod Ricard France

Nodjame Fouad(2)
Chairwoman & CEO of Irish Distillers

(1) Chairman and CEO of Irish Distillers until 30 June 2022.
(2) Previously CEO of Pernod Ricard Japan; appointed Chairwoman & CEO of Irish Distillers from 1 July 2022.

part

2. Corporate governance

This section sets out the Board of Directors' report on corporate governance as required by article L. 225-37 of the French Commercial Code.

It describes, in the context of the preparation of the financial statements for FY22, the conditions governing the preparation and organisation of the work performed by the Board of Directors and its Committees, the powers entrusted to the Chairman and CEO, the principles and rules used to determine compensation and other benefits granted to the corporate officers, the compensation policies applicable to the Chairman and CEO and to the corporate officers, in accordance with articles L. 22-10-8 and L. 22-10-9 of the French Commercial Code, as well as other information pursuant to articles L. 22-10-10, L. 22-10-11 and L. 225-37 *et seq.* of the French Commercial Code.

This report was prepared on the basis of the work carried out by several different departments of the Company, in particular the Legal Department, the Group Internal Audit Department and the Human Resources Department.

This report was approved by the Board of Directors on 31 August 2022, following the examination by the Board's Committees of each section relating to their area of competence and was shared with the Statutory Auditors.

2.1 Our Board of Directors (on 30 June 2022)

The Board of Directors oversees the governance of Pernod Ricard in an ethical and transparent manner while ensuring that the business is managed in the best interests of its stakeholders. Composed of 14 members bringing complementary skills and experience, the Board ensures that the Group pursues its business strategy, with the primary goal of increasing the value of the Company.

58.3%	58.3%	42.8%	100%	54.3 years
independent Directors*	women*	non-French Directors	attendance rate	average age

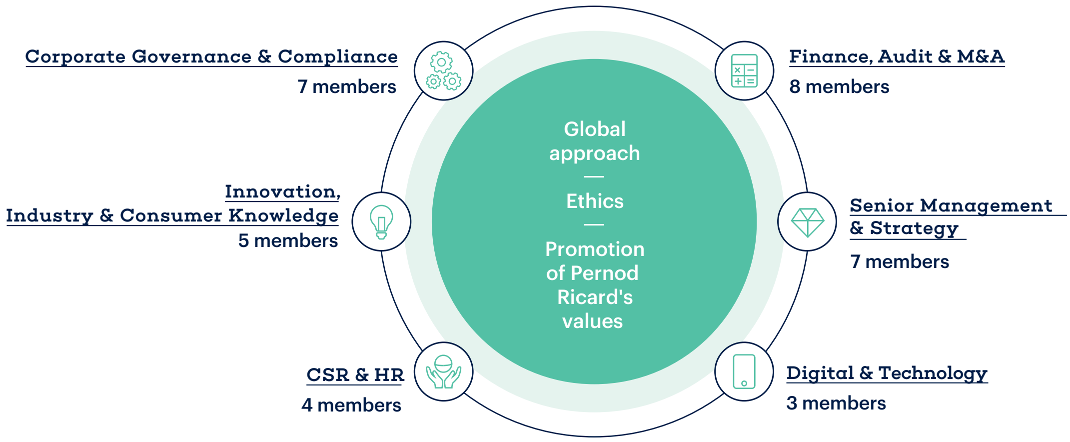
The 5 Board Committees

Committee	Members	Independent Directors	Meetings	Attendance rate
Audit Committee	3	67%	5	100%
Compensation Committee	4	100%	5	100%
Nominations and Governance Committee	3	67%	4	100%
Strategic Committee	6	67%	1	100%
CSR Committee	3	67%	3	100%

* *The Directors representing the employees are not taken into account to establish the percentages of independence and feminisation in accordance with the AFEP-MEDEF Code and article L. 225-27-1 of the French Commercial Code respectively.*

Skills mapping

The composition of the Board of Directors is diversified and complementary. It is also fully in line with Pernod Ricard's strategy. The expertise of Board members thus covers in particular the following areas:



2.2 Summary of the composition of the Board of Directors

	Personal information				Experience	Position on the Board			Participation in Board Committees				
Name	Age	Gender	Nationality	Number of shares	Number of terms of office in listed companies	Initial date of appointment	Term expires	Length of service on the Board	Audit	Compensation	Nominations and Governance	Strategic	CSR
Executive Director													
Alexandre Ricard Chairman and CEO	50	M	French	175,099	1	29.08.2012	2024 AGM	10				✱	
Independent Directors													
Patricia Barbizet Lead Independent Director	67	F	French	3,160	1	21.11.2018	2022 AGM	4		●	✱		✱
Virginie Fauvel	48	F	French	263		27.11.2020	2024 AGM	2				●	
Ian Gallienne	51	M	French	1,000	4	09.11.2012	2022 AGM	10		●		●	
Anne Lange	54	F	French	1,000	3	20.07.2016	2025 AGM	6			●	●	
Philippe Petitcolin	69	M	French	310	1	08.11.2019	2023 AGM	3	✱			●	
Namita Shah	53	F	Indian	50	1	10.11.2021	2025 AGM	1					●
Kory Sorenson	53	F	British	1,000	3	06.11.2015	2023 AGM	7	●	✱			
Directors													
Wolfgang Colberg	62	M	German	1,076	3	05.11.2008	2024 AGM	14	●				
César Giron	60	M	French	6,085		05.11.2008	2024 AGM	14			●		
Société Paul Ricard (1)	59	F	French	28,265,211		09.06.1983	2025 AGM	39				●	
Veronica Vargas	41	F	Spanish	9,820		11.02.2015	2025 AGM	7					●
Directors representing employees													
Maria Jesus Carrasco Lopeza	51	F	Spanish			05.12.2018	05.12.2022	4		●			
Brice Thommen	43	M	Swiss			13.12.2021	13.12.2025	1					
Number of meetings FY22								**8**	**5**	**5**	**4**	**1**	**3**
Attendance rate								**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

(1) Société Paul Ricard was represented until 20 December 2021 by Mr Paul-Charles Ricard and from 21 December 2021 by Ms Patricia Ricard Giron.

Committees Audit Compensation Nominations and Governance Strategic CSR ✱ *Chairman/Chairwoman* ● *Member*

2.3 Duties performed by the Directors

Mr Alexandre Ricard

Chairman and CEO

Age: **50**

French

Business address:
Pernod Ricard
5, cours Paul Ricard
75008 Paris (France)

Number of shares held on 30 June 2022: **175,099**

Strategic Committee

Biography

Mr Alexandre Ricard is a graduate of ESCP Europe, the Wharton School of Business (MBA majoring in finance and entrepreneurship) and the University of Pennsylvania (MA in International Studies). After working for seven years outside the Group, for Accenture (Strategy and Consulting) and Morgan Stanley (Mergers and Acquisitions Consulting), he joined the Pernod Ricard in 2003 in the Audit and Development Department at the Headquarters. At the end of 2004, he became the Chief Financial and Administration Officer of Irish Distillers Group, and then Chief Executive Officer of Pernod Ricard Asia Duty Free in September 2006. In July 2008, he was appointed Chairman and CEO of Irish Distillers Group and became a member of Pernod Ricard's Executive Committee. In September 2011, he joined the Group Senior Management as Managing Director, Distribution Network and became a member of the Executive Board. Mr Alexandre Ricard was the permanent representative of Société Paul Ricard (Director of Pernod Ricard) from 2 November 2009 until 29 August 2012, date on which he was co-opted as Director of Pernod Ricard and appointed Deputy Chief Executive Officer. On 11 February 2015, he was then appointed Chairman and CEO of the Group by the Board of Directors.

Mr Alexandre Ricard is a grandson of Mr Paul Ricard, the founder of Société Ricard.

Offices and main functions held on 30.06.2022 or at the date of resignation where applicable

Within the Group

French companies

- Permanent representative of Pernod Ricard, Member of the Supervisory Committee of Pernod Ricard Europe, Middle East and Africa
- Director of Martell & Co

Non-French companies

- Chairman of Suntory Allied Limited (Japan)
- Director of Geo G. Sandeman Sons & Co. Ltd (United Kingdom)
- Member of the Board of Directors "Junta de Directores" of Havana Club International SA (Cuba)

Outside the Group

- Director and member of the Strategy and Sustainable Development Committee of L'Oréal(1)
- Member of the Management Board of Société Paul Ricard
- Director of Le Delos Invest I
- Director of Le Delos Invest II
- Director of Bendor SA (Luxembourg)

Offices that have expired over the last five years

Within the Group

- Manager of Havana Club Know-How SARL (Luxembourg)
- Director of Havana Club Holding SA (Luxembourg)
- Director of Champagne Perrier-Jouët

(1) Listed company. **Committee:** ● *Chairman/Chairwoman* ● *Member*

Ms Patricia Barbizet

Lead Independent Director

Age: **67**

French

Business address:
Témaris & Associés
40, rue François Ier
75008 Paris (France)

Number of shares held on 30 June 2022: **3,160**

Nominations and Governance Committee

Compensation Committee

CSR Committee

Biography

Ms Patricia Barbizet is a graduate of ESCP Europe and began her career in 1976 with the Renault Véhicules Group in Treasury before becoming Financial Director of Renault Crédit International.

In 1989, she joined the Pinault Group as Chief Financial Officer and became, from 1992 to 2018, Chief Executive Officer of Artémis, the Pinault family's investment company. From 2014 to 2016, she was also CEO & Chairwoman of Christie's International and chaired the Strategic Investment Fund (SIF) Investment Committee from 2008 to 2013. She is currently Chairwoman of the Cité de la Musique – Philharmonie de Paris, Chairwoman of Zoé SAS, and director of Colombus.

Ms Patricia Barbizet was appointed Chairwoman of the Investissements d'Avenir France 2030 Supervisory Committee in April 2018 and has been Chairwoman of the Haut Comité de Gouvernement d'Entreprise since 1 November 2018.

Ms Patricia Barbizet has been a Director of Pernod Ricard since 2018 and was appointed Lead Independent Director on 23 January 2019.

Offices and main functions held outside the Group on 30.06.2022 or at the date of resignation where applicable

- Director of TotalEnergies (1)
- Director of Colombus
- Chairwoman of Témaris et Associés
- Chairwoman of Zoé SAS
- Chairwoman of the Cité de la Musique – Philharmonie de Paris
- Chairwoman of the HCGE

Offices held outside the Group that have expired over the last five years

- Director of AXA
- Director of Fnac-Darty(1)
- Vice Chairwoman of the Board of Directors of Kering (1)
- Director of Peugeot SA(1)
- CEO of Artémis
- CEO of Christie's International Plc (United Kingdom)
- Director of Yves Saint Laurent

(1) Listed company. **Committee:** ● *Chairman/Chairwoman* ● *Member*

Mr Wolfgang Colberg

Director

Age: **62**

German

Business address:
Deutsche Invest Capital Partners
Prinzregentenstrasse 56,
D-80538 Munich (Germany)

Number of shares held on 30 June 2022: **1,076**

Audit Committee

Biography

Mr Wolfgang Colberg holds a PhD in Political Science (in addition to qualifications in Business Administration and Business Informatics). He has spent his entire career with the Robert Bosch Group and the BSH Group. After joining the Robert Bosch group in 1988, he became Business Analyst (Headquarters), and then went on to become Head of Business Administration at the Göttingen production site (1990-1993), then Head of the Business Analyst Team and Economic Planning (Headquarters) (1993-1994), before being appointed as General Manager for the Group's Turkey and Central Asia affiliate. In 1996, he was appointed Senior Vice-President – Central Purchasing and Logistics (Headquarters).

Between 2001 and 2009, Mr Wolfgang Colberg was Chief Financial Officer at BSH Bosch und Siemens Hausgeräte GmbH and a member of the Executive Committee. He was then Chief Financial Officer of Evonik Industries AG as well as a member of the Executive Committee between 2009 and 2013. From 2013 to 2019, he was Industrial Partner of CVC Capital Partners, and since 2020 he has been Industrial Partner of Deutsche Invest Capital Partners.

Mr Wolfgang Colberg has been a Director of Pernod Ricard since 2008.

Offices and main functions held outside the Group on 30.06.2022 or at the date of resignation where applicable

- Director of Thyssenkrupp AG(1) (Germany)
- Director of Burelle SA(1)
- Director of Solvay SA(1) (Belgium)
- Director of Dussur SA
- Industrial Partner, Deutsche Invest Capital Partners (Germany)
- Chairman of the Supervisory Board of ChemicalInvest Holding BV, Sittard (Netherlands)
- Chairman of the Board of AMSilk GmbH, Munich (Germany)
- Chairman of the Board of Efficient Energy GmbH, Munich (Germany)
- Member of the Regional Board of Deutsche Bank AG (Germany)

Offices held outside the Group that have expired over the last five years

- Industrial Partner, CVC Capital Partners (Germany)

(1) Listed company. **Committee:** ● *Chairman/Chairwoman* ● *Member*

Ms Virginie Fauvel

Independent Director

Age: **48**

French

Business Address:
Harvest
5, rue de la Baume
75008 Paris (France)

Number of shares held on 30 June 2022: **263**

Strategic Committee

Biography

Ms Virginie Fauvel is an engineer from the École des Mines de Nancy. She started her career in 1997 working for Cetelem as Group CRM and Risks analytics Director prior to becoming Group Digital Officer in 2004 and to be in charge of the e-business France BU. She then joined BNP Paribas's French retail bank in 2009 to manage and develop online banking, before joining BNP Paribas' Online Banking Europe BU in 2012. In this role, in 2013 she launched "HelloBank!", the first 100% mobile European bank, in Italy, France, Belgium and Germany. In July 2013, she joined Allianz France as member of the French Executive Committee in charge of Digital Transformation, Big Data, Communication and Market Management. She largely contributed to the company's transformation by placing digital innovation at the heart of its strategy. She subsequently became a member of the Management Board of Euler Hermes in January 2018, in charge of the Americas region and of the Group's transformation.

In September 2020, she became Chief Executive Officer of Harvest SAS, a software publisher specialising in financial and wealth management consulting.

Ms Virginie Fauvel has been a Director of Pernod Ricard since 2020.

Offices and main functions held outside the Group on 30.06.2022 or at the date of resignation where applicable

- Chief Executive Officer of Harvest SAS
- CEO of Holding Winnipeg (the ultimate holding company of Harvest)
- Consultant at Creadev

Offices held outside the Group that have expired over the last five years

- Director of Quadient[1]
- Director of Europcar Mobility Group[1]

(1) Listed company. **Committee:** ● *Chairman/Chairwoman* ● *Member*

Mr Ian Gallienne

Independent Director

Age: **51**

French

Business address:
Groupe Bruxelles Lambert
24, avenue Marnix
BE1000 Bruxelles (Belgium)

Number of shares held on 30 June 2022: **1,000**

Compensation Committee

Strategic Committee

Biography

Mr Ian Gallienne has been CEO of Groupe Bruxelles Lambert since January 2012.

He holds a MBA from INSEAD in Fontainebleau. From 1998 to 2005, he was Manager of the Rhône Capital LLC private equity fund in New York and London. In 2005, he founded the private equity fund Ergon Capital Partners, of which he was Managing Director until 2012.

Mr Ian Gallienne has been a Director of Groupe Bruxelles Lambert since 2009, of Imerys since 2010, of SGS since 2013, of Adidas since 2016 and of Webhelp since 2019.

Mr Ian Gallienne has been a Director of Pernod Ricard since 2012.

Offices and main functions held outside the Group on 30.06.2022 or at the date of resignation where applicable

- CEO of Groupe Bruxelles Lambert[1] (Belgium)
- Director of Imerys[1]
- Director of SGS SA[1] (Switzerland)
- Director of Adidas AG[1] (Germany)
- Director of Webhelp (France)
- Chairman of the Board of Directors of Sienna Capital (Luxembourg)
- Manager of Serena 2017 SC
- Director of Société Civile Château Cheval Blanc
- Director of Compagnie Nationale de Portefeuille SA (Belgium)
- Director of Marnix French ParentCo (Webhelp Group)
- Director of Financière de la Sambre (Belgium)
- Director of Carpar (Belgium)

Offices held outside the Group that have expired over the last five years

- Director of Umicore[1] (Belgium)
- Director of Erbe SA (Belgium)
- Director of Frère-Bourgeois SA (Belgium)

(1) Listed company. **Committee:** ● *Chairman/Chairwoman* ● *Member*

Mr César Giron

Director

Age: **60**

French

Business Address:
Martell Mumm Perrier-Jouët
5, cours Paul Ricard
75008 Paris (France)

Number of shares held on 30 June 2022: **6,085**

Nominations and Governance Committee

Biography

After graduating from the emlyon business school (formerly called École Supérieure de Commerce de Lyon), Mr César Giron joined the Pernod Ricard Group in 1987, where he has spent his entire career. In 2000, he was appointed Chief Executive Officer of Pernod Ricard Swiss SA before becoming Chairman and CEO of Wyborowa SA in Poland in December 2003.

From July 2009, Mr César Giron acted as Chairman and CEO of Pernod until his appointment, on 1 July 2015, as Chairman and CEO of Martell Mumm Perrier-Jouët.

Mr César Giron is Chairman of the Management Board of Société Paul Ricard.

Mr César Giron is a grandson of Mr Paul Ricard, the founder of Société Ricard.

Mr César Giron has been a Director of Pernod Ricard since 2008.

Offices and main functions held on 30.06.2022 or at the date of resignation where applicable

Within the Group

- CEO of Martell Mumm Perrier-Jouët
- Chairman and CEO of Martell & Co
- Legal representative of the Manager of Champagne Perrier-Jouët
- Chairman of GH Mumm & Cie SVCS
- Chairman of Domaines Jean Martell
- Chairman of Augier Robin Briand & Cie
- Chairman of Le Maine au Bois
- Chairman of Financière Moulins de Champagne
- Chairman of Spirits Partners
- Director of Mumm Perrier-Jouët Vignobles et Recherches

Outside the Group

- Chairman of the Management Board of Société Paul Ricard
- Director of Le Delos Invest I
- Director of Le Delos Invest II
- Director of Bendor SA (Luxembourg)
- Chairman of FEVS

Offices held outside the Group that have expired over the last five years

- Chairman of Société des Produits d'Armagnac "SPA"

Committee: ● *Chairman/Chairwoman* ● *Member*

Ms Anne Lange

Independent Director

Age: **54**

French

Business address:
Pernod Ricard
5, cours Paul Ricard
75008 Paris (France)

Number of shares held on 30 June 2022: **1,000**

Nominations and Governance Committee

Strategic Committee

Biography

A French citizen and graduate of the Institut d'Études Politiques of Paris and of the École Nationale d'Administration (ENA), Ms Anne Lange began her career within the office of the Prime Minister as Director of the State-Controlled Broadcasting Office. In 1998, she joined Thomson as Manager of Strategic Planning before being appointed Head of the eBusiness Europe Department in 2000. In 2003, Ms Anne Lange took up the function of General Secretary of the Rights on the Internet Forum, a public body reporting to the office of the Prime Minister. From 2004 to 2014, she joined the Cisco Group and successively hold the positions of Director of Public Sector Europe, Executive Director Global Media and Public Sector Operations (in the USA) and finally Innovation Executive Director within the Internet Business Solution Group division.

Having become an entrepreneur, Ms Anne Lange founded Mentis in 2014, a start-up specialised in the technology of application platforms and connected objects, and collaborates with major groups on mobility solutions and management of urban space, placing it at the centre of the connected territories' revolution. After the resale of this company, Ms Anne Lange embarked on a new entrepreneurial project that revolutionised the residential sector by offering premium quality shared Clubhouses. As an active Business Angel seasoned in detecting innovation, Ms Anne Lange acts as Senior Advisor for start-ups, large technology groups, strategy consulting firms and more traditional companies looking to find their own way along the transformation path. She is a member of the boards of directors of several listed companies (Orange, Pernod Ricard, Inditex, Peugeot Invest). Ms Anne Lange has expertise in innovation and digital technology, which she has developed over 20 years in both private and public sectors, from a global perspective.

Ms Anne Lange has been a Director of Pernod Ricard since 2016.

Offices and main functions held outside the Group on 30.06.2022 or at the date of resignation where applicable

- Director of Orange(1)
- Director of Inditex(1) (Spain)
- Director of Peugeot Invest(1)

Offices held outside the Group that have expired over the last five years

- Director of Econocom Group(1) (Belgium)
- Founder and Manager of Mentis
- Director of IN Group

(1) Listed company. **Committee:** ● *Chairman/Chairwoman* ● *Member*

Mr Philippe Petitcolin

Independent Director

Age: **69**

French

Business address:
Nexter
13, route de la Minière
78034 Versailles (France)

Number of shares held on 30 June 2022: **310**

Audit Committee

Strategic Committee

Biography

Having held various positions within Europrim, Filotex (an affiliate of Alcatel-Alstom) and Labinal (now Safran Electrical & Power), Mr Philippe Petitcolin joined Snecma (now Safran Aircraft Engines) in 2006 as Chairman and CEO. From 2011 to 2013, he served as CEO for Safran's defence and security operations as well as Chairman and CEO of Safran Electronics & Defense. Between July 2013 and December 2014, Mr Philippe Petitcolin was Chairman and CEO of Safran Identity & Security and Chairman of the Board of Directors of Safran Electronics & Defense. From December 2014 to July 2015, he was Chairman of Safran Identity & Security.

On 23 April 2015, Mr Philippe Petitcolin was appointed Director of Safran by the General Meeting and CEO by the Board of Directors. On the same date, he became a member of the Board of The Aerospace and Defence Industries Association of Europe (ASD). In July 2015, he became Vice Chairman of Gifas (Group of French Aeronautical and Spatial Industries). In 2015, he was also appointed to the Board of Belcan Corporation, an engineering services provider. He has been a director of EDF since May 2019.

Mr Philippe Petitcolin served as Chief Executive Officer of Safran until 31 December 2020.

In March 2021, he was appointed Chairman of the Franco-German defence company KNDS.

Mr Philippe Petitcolin has been a Director of Pernod Ricard since 2019.

Offices and main functions held outside the Group on 30.06.2022 or at the date of resignation where applicable

- Director of EDF(1)
- Member and Chairman of the Supervisory Board of Diot-Siaci TopCo
- Chairman of KNDS

Offices held outside the Group that have expired over the last five years

- Director of Suez(1)
- Chief Executive Officer and Director of Safran(1)
- Chairman of Safran Identity & Security
- Chairman and CEO of Safran Identity & Security
- Chairman of the Board of Directors of Safran Identity & Security North America (formerly Morpho Track, LLC) (USA)
- Chairman of the Board of Directors of Morpho Detection International, LLC (USA)
- Chairman of the Board of Directors of Safran Electronics & Defense, Chairman and President of Morpho USA, Inc.
- Director of Safran Identity & Security USA (formerly Morpho Detection, LLC) (USA)
- Member of the Supervisory Board of Safran Identity & Security GmbH (formerly Morpho Cards GmbH) (Germany)
- Member of the Supervisory Board of Institut Aspen France
- Vice Chairman of Gifas
- Director of Belcan Corporation (USA)
- Board Member of The Aerospace and Defence Industries Association of Europe (ASD) (Belgium)

(1) Listed company. **Committee:** ● *Chairman/Chairwoman* ● *Member*

Ms Patricia Ricard Giron

Permanent Representative of Société Paul Ricard *, Director

Age: **59**

French

Business address:
Pernod Ricard France
5, cours Paul Ricard
75008 Paris (France)

Number of shares held by Ms Patricia Ricard Giron on 30 June 2022: **9,524**

Number of shares held by Société Paul Ricard on 30 June 2022: **28,265,211**

Strategic Committee

Biography

Ms Patricia Ricard has been Chairwoman of the Institut Océanographique Paul Ricard since 2005, of which she has been a Director since 1986. From 2010 to 2015, she sat on the Economic, Social and Environmental Council.

She is also Vice-Chairwoman and spokesperson for the Ocean & Climate platform, as well as a member of the France Ocean Committee set up by the French ministry for the Ecological transition.

Ms Patricia Ricard is a granddaughter of Mr Paul Ricard, founder of the Ricard company.

Offices and main functions held outside the Group on 30.06.2022 or at the date of resignation where applicable

- Member of the Supervisory Board of Société Paul Ricard
- Chairwoman of Le Delos Invest III (Société Paul Ricard)
- Chairwoman of Société d'Aménagement et Hôtelière de Bendor (Société Paul Ricard)
- Chairwoman of Bendor Management (Société Paul Ricard)
- Director of Société des Eaux de Marseille (Veolia Group)
- Director of the Veolia Environnement Foundation
- Director of Les Terres Australes et Antarctiques Françaises
- Director of Plateforme Océan Climat
- Director of Parc National des Calanques
- Director of Institut de Recherche pour le Développement
- Director of the French National Museum of Natural History
- Director of CITEO
- Director of CEEBIOS
- Director of the Institut de la mer – Sorbonne University

Offices held outside the Group that have expired over the last five years

- None

* *Unlisted company, shareholder of Pernod Ricard.* **Committee:** ● *Chairman/Chairwoman* ● *Member*

Ms Namita Shah

Independent Director

Age: **53**

Indian

Business address:
TotalEnergies SE
2, place Jean Millier
92078 Paris La Défense

Number of shares held on 30 June 2022: **50**

CSR Committee

Biography

A graduate of Delhi University and New York University School of Law, Ms Namita Shah began her career as a lawyer in the New York office of Shearman & Sterling, where, in particular, she worked on arranging project financing.

In 2002, she joined the team in charge of mergers and acquisitions at Total Group and in 2008 was appointed Business Development Manager in Australia and Malaysia in the New Business Department of the oil group. From 2011 to 2014, she held the position of Chief Executive Officer of Total Exploration & Production in Myanmar. In 2014, she took on the role of General Secretary of the Exploration-Production business unit which she held until 2016, when she joined the Group's Executive Committee, becoming Chief Executive Officer People & Social Responsibility. Lastly, in 2021, Ms Namita Shah took over as head of a newly created business unit at TotalEnergies, OneTech, which brings together all TotalEnergies' technical teams in charge of operations, projects and R&D teams.

Ms Namita Shah has been a Director of Pernod Ricard since 2021.

Offices and main functions held outside the Group on 30.06.2022 or at the date of resignation where applicable

- Member of the Executive Committee of TotalEnergies SE[1]
- Chairwoman of the TotalEnergies Corporate Foundation
- Chairwoman of Albatros
- Director of TotalEnergies Électricité et Gaz de France
- Director of Adani Total Private Limited

Offices held outside the Group that have expired over the last five years

- None

(1) *Listed company.* **Committee:** ● *Chairman/Chairwoman* ● *Member*

Ms Kory Sorenson

Independent Director

Age: **53**

British

Business address:
Pernod Ricard
5, cours Paul Ricard
75008 Paris (France)

Number of shares held on 30 June 2022: **1,000**

Audit Committee

Compensation Committee

Biography

Ms Kory Sorenson is a British citizen born in the United States. She made her career in finance, with a focus on capital and risk management. She holds a Master's degree from the Institut d'Études Politiques de Paris, a Master's degree in Applied Economics from the University of Paris Dauphine and a Bachelor of Arts degree with honours in Political Science and Econometrics from the American University of Washington DC. She supplemented her training with executive programmes from Harvard Business School (2013), INSEAD (2016) and Stanford Graduate School of Business (2020). Ms Kory Sorenson held the position of Managing Director, Head of Insurance Capital Markets at Barclays Capital in London, where her team conducted innovative transactions in capital management, securitisation, mergers and acquisitions, as well as equity transactions, hybrid capital and risk management for major insurance companies. She previously led the team in charge of the financial markets, specialising in insurance, at Credit Suisse, and the team in charge of debt markets for financial institutions in Germany, Austria and the Netherlands at Lehman Brothers. She began her career in investment banking at Morgan Stanley and in finance at Total.

Ms Kory Sorenson is currently director and Chairwoman of the Audit Committee of SCOR SE (listed in Paris), director and Chairwoman of the Compensation Committee of Phoenix Group Holdings (listed in London), director and Chairwoman of the Audit Committee of SGS SA (listed in Switzerland), member of the Supervisory Board of Bank Gutmann, a private bank in Vienna, member of the Comgest Board of Partners in Paris and director of Basing TopCo Ltd in the United Kingdom.

Ms Kory Sorenson has been a Director of Pernod Ricard since 2015.

Offices and main functions held outside the Group on 30.06.2022 or at the date of resignation where applicable

- Director of SGS SA(1) (Switzerland)
- Director of Phoenix Group Holdings(1) (United Kingdom)
- Director of SCOR SE (France)(1)
- Member of the Supervisory Board of Bank Gutmann (Austria)
- Member of the Comgest Board of Partners (France)
- Director of Basing TopCo Ltd (United Kingdom)

Offices held outside the Group that have expired over the last five years

- Director of Prometic(1) (Canada)
- Member of the Supervisory Board of UNIQA Insurance Group AG(1) (Austria)
- Director of Institut Pasteur (non-profit foundation)
- Director of Aviva Insurance Limited (United Kingdom)
- Director of SCOR Global Life Americas Reinsurance Company (USA)
- Director of SCOR Global Life USA Reinsurance Company (USA)
- Member of the Supervisory Board of Château Troplong Mondot

(1) Listed company. **Committee:** ● *Chairman/Chairwoman* ● *Member*

Ms Veronica Vargas

Director

Age: **41**

Spanish

Business address:
Pernod Ricard
5, cours Paul Ricard
75008 Paris (France)

Number of shares held on 30 June 2022: **9,820**

CSR Committee

Biography

Ms Veronica Vargas received an Engineering degree from the University of Seville (Escuela Técnica Superior de Ingenieros) (Spain) and continued her training in industrial engineering in management at the École Centrale Paris (ECP).

Ms Veronica Vargas started her professional career in 2006 the Supply Chain team of Lafarge in Paris. In early 2007, she joined Société Générale Corporate & Investment Banking in Paris as part of the Strategic and Acquisition Finance team. She was then part of the London team from 2009 to 2019, where she was involved in advising key clients on all aspects related to the optimisation of their capital structure, as well as participating in their strategic financing, including acquisitions, spin-offs, share buybacks, and other strategic transactions.

Ms Veronica Vargas is permanent representative of Rigivar SL, a company that has been a member of the Supervisory Board of Société Paul Ricard since 2009.

Ms Veronica Vargas has also been a member of the Business Policy International Advisory Board of the San Telmo Business School since 2020, as well as the Investment Committee of the Africa Conservation & Communities Tourism Fund since 2021.

Ms Veronica Vargas is a great-granddaughter of Mr Paul Ricard, the founder of Société Ricard.

Ms Veronica Vargas has been a Director of Pernod Ricard since 2015.

Offices and main functions held outside the Group on 30.06.2022 or at the date of resignation where applicable

- Permanent representative of Rigivar SL, member of the Supervisory Board of Société Paul Ricard
- Member of the Investment Committee of the Africa Conservation & Communities Tourism Fund
- Member of the Business Policy International Advisory Board of the San Telmo Business School

Offices held outside the Group that have expired over the last five years

- None

Committee: ● *Chairman/Chairwoman* ● *Member*

Ms Maria Jesus Carrasco Lopez

Director representing the employees

Age: **51**

Spanish

Business address:
Pernod Ricard España
C/* Arequipa
1 28043 Madrid (Spain)

Compensation Committee

Biography

Ms Maria Jesus Carrasco Lopez graduated from both ESIC Business and Marketing School (Master in Dirección de comercio international) and CENP (Diplomatura en comercio exterior) located in Spain.

She joined Pernod Ricard España in 1999, where she successively held the positions of Marketing Executive Assistant (from 1999 to 2010) and Trade Marketing Executive On Trade (from 2010 to 2019). She is currently holding the position of Regional Trade Marketing Manager and supervises all regional action plans in accordance with the Group's strategy.

Ms Maria Jesus Carrasco Lopez has been a Director representing the employees on the Board of Directors of Pernod Ricard since her appointment in December 2018. She has been a member of the Compensation Committee since 27 April 2022 and was previously a member of the CSR Committee.

Offices and main functions held outside the Group on 30.06.2022 or at the date of resignation where applicable

- None

Offices held outside the Group that have expired over the last five years

- None

Committee: ● *Chairman/Chairwoman* ● *Member*

Mr Brice Thommen

Director representing the employees
Age: **43**
Swiss
Business address:
Pernod Ricard France
10, place de la Joliette
13002 Marseille (France)

Biography

With Swiss and French nationalities, Mr Brice Thommen is a graduate of the IAE (Institut d'administration des entreprises) Aix-en-Provence. He began his career at Roche in 2001, where he held several positions in pharmaceutical development in Switzerland and the United States.

In 2013, he then became a management controller within Naval Group's teams, followed by Airbus Helicopters. At the end of 2015, he joined the Pernod Ricard Group as Management Controller for the companies Ricard and Pernod, where he stayed until 2019 when he became Master Data Manager of Pernod Ricard France.

In November 2021, following his election by the France Group Committee, he was appointed Director representing the employees within the Board of Directors of Pernod Ricard SA.

Very involved in the Group, Mr Brice Thommen has also held several positions as employee representative within the Group (elected member of the SEC at Ricard and then Pernod Ricard France, member and secretary of the France Group Committee).

Offices and main functions held outside the Group on 30.06.2022 or at the date of resignation where applicable

- None

Offices held within the Group that have expired over the last five years

- None

The Directors do not hold any salaried positions within the Group, with the exception of Mr César Giron, Chairman and CEO of Martell Mumm Perrier-Jouët, Ms Patricia Ricard Giron (Permanent Representative of Société Paul Ricard, Director), Ms Maria Jesus Carrasco Lopez, Director representing the employees and Regional Trade Marketing Manager at Pernod Ricard España, and Brice Thommen, Director representing the employees and Master Data Manager at Pernod Ricard France in Marseille.

2.4 Governance structure

2.4.1 Reunification of the functions of Chairman of the Board of Directors and CEO

Since Mr Pierre Pringuet's term of office as Chief Executive Officer expired on 11 February 2015, and since the Chairwoman of the Board of Directors at the time (Ms Danièle Ricard) wished to step down from the Board, during its meeting of 11 February 2015 the Board resolved, in accordance with the French Commercial Code and the AFEP-MEDEF Code adopted by the Company, to combine the positions of Chairman and CEO and appointed Mr Alexandre Ricard as Chairman and CEO. The Company has also appointed a Lead Independent Director on 23 January 2019. In addition, in order to provide the checks and balances necessary in the exercise of such powers, as well as good governance, the Company sought to establish guarantees, notably:

- as part of the Group's Senior Management, the Chairman and CEO relies on two management bodies:
  - the Executive Board, which endorses all major decisions relating to the Group's strategy, and
  - the Executive Committee, which ensures coordination between the Headquarters and its affiliates, in accordance with the Group's decentralised model;
- limitations on the powers of the Chairman and CEO by the Board of Directors: prior authorisation by the Board of Directors is necessary in particular for external growth transactions or disinvestments for amounts greater than €100 million and for loans exceeding €200 million (see the Subsection 2.4.3 "Limitation on the powers of the Chairman and CEO" hereinafter); and
- five specialised Committees, responsible for preparing the work of the Board of Directors relating to the following topics: audit, compensation, nominations and governance, strategy and CSR. These Committees are mainly composed of independent Directors[(1)], the Company being in line with or going beyond the recommendations of the AFEP-MEDEF Code on the percentage of independent Directors (Audit Committee: 67% *vs.* 67% recommended; Compensation Committee: 100% *vs.* 50% recommended; Nominations and Governance Committee: 67% *vs.* 50% recommended; Strategic Committee: 67% *vs.* no recommendation and CSR Committee: 67% *vs.* no recommendation).

(1) The Directors representing the employees are not taken into account to establish the percentages of independence and women in senior positions in accordance with the AFEP-MEDEF Code and article L. 225-27-1 of the French Commercial Code respectively.

2.4.2 Powers of the Chairman and CEO

As Chairman of the Board of Directors, the Chairman and CEO organises and leads the Board's work, on which he reports to the General Meeting. He oversees the proper operation of the Company's managing bodies and ensures, in particular, that the Directors are in a position to fulfil their duties. He can also request any document or information which can be used to help the Board prepare its meetings.

As Chief Executive Officer, the Chairman and CEO is granted full powers to act in the name of the Company under any circumstances. He exercises these powers within the limits of the corporate purpose and subject to the powers expressly granted by law to the General Meetings and to the Board, and within the internal limits as defined by the Board of Directors and its Internal Regulations(1).

2.4.3 Limitation on the powers of the Chairman and CEO

For internal purposes, following the decision made by the Board of Directors on 11 February 2015 and in accordance with article 2 of the Board's Internal Regulations(1), prior to making a commitment on behalf of the Company, the Chairman and CEO must obtain prior authorisation from the Board of Directors for any significant transactions that fall outside the strategy announced by the Company, as well as the following transactions:

- carrying out acquisitions, transfers of ownership or disposals of assets and property rights and making investments for an amount exceeding €100 million per transaction;
- signing any agreements to make investments in, or participate in joint ventures with, any other French or non-French companies, except with an affiliate of Pernod Ricard (as defined in article L. 233-1 of the French Commercial Code);
- making any investments or taking any shareholding in any company, partnership or investment vehicle, whether established or yet to be established, through subscription or contribution in cash or in kind, through the purchase of shares, ownership rights or other securities, and more generally in any form whatsoever, for an amount above €100 million per transaction;
- granting loans, credits and advances exceeding €100 million per borrower, except when the borrower is an affiliate of Pernod Ricard (as defined in article L. 233-1 of the French Commercial Code) and with the exception of loans granted for less than one year;
- borrowing, with or without granting a guarantee on corporate assets, exceeding €200 million in the same financial year, except from affiliates of Pernod Ricard (as defined in article L. 233-1 of the French Commercial Code), for which there is no limit;
- granting pledges, sureties or guarantees, except with express delegation of authority from the Board of Directors, within the limits provided for by articles L. 225-35 and R. 225-28 of the French Commercial Code; and
- selling shareholdings with an enterprise value exceeding €100 million.

On 10 November 2021, the Board of Directors authorised the Chairman and CEO, for a period of one year, to grant pledges, sureties or guarantees in the name of the Company up to an overall limit of €100 million, and for an unlimited amount to tax and customs authorities. As authorised by law, the Board of Directors of 27 April 2022 extended this authorisation in order to exclude from the aforementioned threshold the Group's subsidiaries, for which there is also no limit.

2.4.4 Role, missions and report on the activity of the Lead Independent Director

The Board of Directors' meeting of 23 January 2019, on the proposition of the Nominations and Governance Committee, created a position of Lead Independent Director and entrusted it to Ms Patricia Barbizet.

In accordance with the Internal Regulations (1) of the Board of Directors, the Lead Independent Director performs the following tasks:

- convenes the Board of Directors at her own initiative or in the absence of the Chairman and CEO;
- is consulted on the agenda of any Board meetings and may propose any additional items on said agenda;
- chairs meetings of the Board of Directors in the absence of the Chairman and CEO;
- leads the process of assessing the functioning of the Board of Directors and reports on this evaluation to the Board;
- prevents any occurrence of conflict of interest situations;
- ensures compliance with the rules of the AFEP-MEDEF Code and the Board's Internal Regulations (1);
- convenes and chairs the Executive Session;
- ensures that the Directors have the necessary resources to carry out their duties under the best possible conditions, and that they are provided, in a reasonable manner, with the level of information appropriate to the performance of their duties;
- reviews Shareholders' requests relating to corporate governance and ensures that they are answered; and
- meets with the Company's investors and shareholders.

Since taking up her duties, the Lead Independent Director has in particular, along with the Senior Management and the Investor Relations Department, participated in several meetings dedicated to the governance of the Company (roadshows), as well as meeting a large part of the teams of Pernod Ricard and some of its affiliates. She also conducted the annual assessment of the functioning of the Board of Directors on the basis of individual interviews with each Director as set out in paragraph 2.6.4 "Board of Directors' review" below.

The Lead Independent Director reports to the Board of Directors once a year on the performance of her duties. At General Meetings, she may be invited by the Chairman and CEO to report on her activities. It is specified that the loss of independent status would immediately terminate the functions of the Lead Independent Director.

(1) The Internal Regulations can be consulted on the Company's website (www.pernod-ricard.com). They may be reviewed and amended at any time by the Board of Directors.

2.4.5 Reference Corporate Governance Code: AFEP-MEDEF Code

On 12 February 2009, the Board of Directors of Pernod Ricard confirmed that the AFEP-MEDEF Corporate Governance Code of listed corporations published in December 2008 and last revised in January 2020 (the "AFEP-MEDEF Code"), available on the AFEP and MEDEF websites, was the Code to which Pernod Ricard refers in order notably to prepare the report required by article L. 225-37 of the French Commercial Code.

In accordance with the "comply or explain" rule set forth in article L. 22-10-10 of the French Commercial Code and referred to in article 27.1 of the AFEP-MEDEF Code, the Company considers that its practices comply with all the recommendations of the AFEP-MEDEF Code.

2.5 Composition of the Board of Directors

2.5.1 General rules concerning the composition of the Board of Directors and the appointment of Directors

The members of the Board of Directors are listed in paragraph 2.3 "Duties performed by the Directors" above.

The legal and statutory rules set out in articles 16 *et seq.* of the Company's articles of association(1) govern the appointment and dismissal of members of the Board of Directors and are described below. The Board of Directors of the Company comprises no fewer than 3 and no more than 18 members, unless otherwise authorised by law. In accordance with the Company's articles of association, each Director must own at least 50 Company shares in registered form. However, the Board's Internal Regulations(2) recommend that, during their term of office and no later than two years following their appointment, Directors acquire a minimum number of Company shares equivalent to one year's worth of compensation (fixed and variable portions) payable to a Director who has attended all meetings of the Board of Directors (excluding compensation related to participation in Committees)(3).

The members of the Board of Directors are appointed by the Ordinary General Meeting and are proposed by the Board of Directors following the recommendations of the Nominations and Governance Committee. They can be dismissed at any time by decision of the General Meeting.

In accordance with the law of 22 May 2019 on business growth and transformation (PACTE law) and the Company's articles of association (1), the number of Directors representing the employees who are members of the Board depends on the number of Directors of the Board. Given the composition of the Board of Directors, there are two Directors representing the employees since 2018. They sit on the Board of Directors. One is appointed by the Group Committee (France) and the other by the European Group Committee.

A representative of the Company's Economic and Social Committee attends the meetings of the Board of Directors in an advisory role.

The Board of Directors may, upon proposal of its Chairman, appoint one or more non-voting Board members, who may be either individuals or legal entities and who may or may not be shareholders.

The term of office of each Director is four years. However, on an exceptional basis, the General Meeting may, following the Board of Directors' proposal, appoint Directors or renew their term of office for a period of two years so as to enable a staggered renewal of the Board of Directors.

The Board of Directors and the Nominations and Governance Committee regularly evaluate the composition of the Board and its Committees as well as the different skills and experience brought by each Director. They also identify the guidelines to be issued in order to ensure the best balance possible by seeking complementary characteristics from both an international and diversity perspective, in terms of nationality, gender, and experience. In accordance with article L. 22-10-10 of the French Commercial Code, the table below describes the Board of Directors' diversity policy, indicating the criteria taken into consideration, the targets set by the Board, the way it has been implemented and the results achieved over FY22.

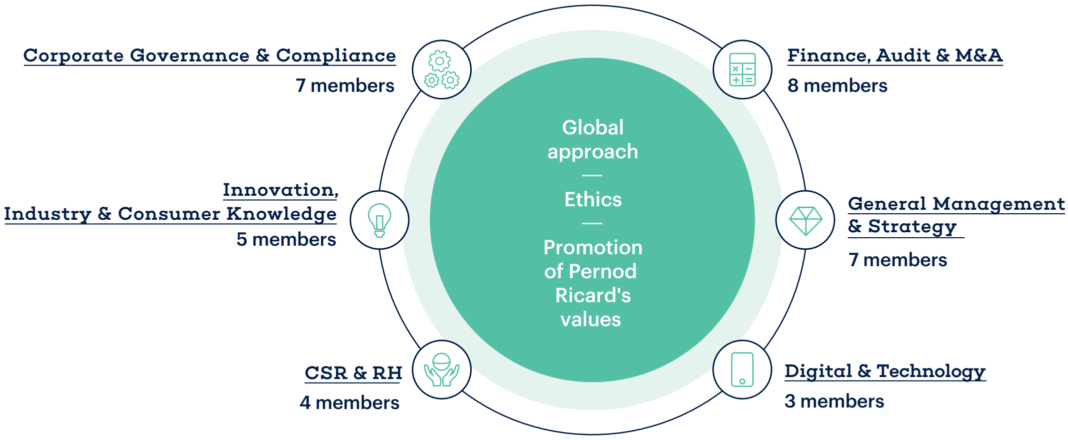
(1) *The Company's articles of association can be consulted on the Company's website (www.pernod-ricard.com).*
(2) *The Internal Regulations can be consulted on the Company's website (www.pernod-ricard.com). They may be reviewed and amended at any time by the Board of Directors.*
(3) *This requirement and this recommendation are not applicable to Directors representing the employees.*

2.5.2 Board of Directors' diversity policy and Directors' expertise

Criteria	Targets	Implementation and results achieved over the financial year
Composition of the Board of Directors	Balanced representation of women and men within the Board of Directors	**Representation of women:** Gradual evolution: • 25% at the General Meeting of 6 November 2015; • 42% at the General Meeting of 17 November 2016; • 46.1% at the General Meeting of 21 November 2018; • 42% at the General Meeting of 8 November 2019; • 50% at the General Meeting of 27 November 2020; and • 50% at the General Meeting of 10 November 2021. At the end of General Meeting of 10 November 2022, the Board would comprise 58.3% female Directors.
	Guidelines to be issued in order to ensure the best possible balance by seeking complementary characteristics from both international and diversity perspectives, in terms of nationalities, expertise and experience, including international	**Directors with foreign nationality:** Evolution: • 31.2% at the General Meeting of 6 November 2014; • 38.5% at the General Meeting of 21 November 2018; • 42.8% at the General Meeting of 8 November 2019; • 35.7% at the General Meeting of 27 November 2020; and • 30.7% at the General Meeting of 10 November 2021. At the end of General Meeting of 10 November 2022, 42.8% of the Directors would be of foreign nationality.
		Expertise: • While the expertise of the members of the Board corresponds to the Group's strategic challenges (see diagram below), Pernod Ricard is continuing its quest to continuously improve its Board. • In this context, during FY21, the General Meeting appointed Namita Shah, member of the Executive Committee of a CAC 40 company, who brings to the Board her international experience in CSR, legal and managerial functions. • At the General Meeting of 10 November 2022, shareholders will be asked to renew the terms of office of Ms Patricia Barbizet and Mr Ian Gallienne. Ms Patricia Barbizet brings her experience as Chief Executive Officer (at Artemis and Christie's) to the Board, as well as her valuable expertise in the luxury and retail sectors, in corporate governance and CSR. Mr Ian Gallienne notably brings to the Board his experience as a diligent and demanding investor.
	Appointment of one or two Director(s) representing the employees (see article 16 of the articles of association[1])	Two Directors representing the employees since the General Meeting of 21 November 2018: • appointment of the first Director representing the employees by the France Group Committee on 13 December 2017, whose term of office ended on 13 December 2021. A new Director representing the employees was appointed by the France Group Committee on 25 November 2021; and • appointment of the second Director representing the employees by the European Works Council on 5 December 2018 (term of office ends on 5 December 2022).
Independence of Directors	50% Independent Directors (see article 9.3, AFEP-MEDEF Code) + significant representation of Independent Directors (see article 3, Internal Regulations[2])	At the end of the General Meeting of 10 November 2022, 58.3% of Directors would be considered independent.
Age of Directors	No more than one-third of Directors older than 70 years (see article 18, paragraph 4 of the articles of association [1])	Target achieved, given that the average age on the Board at 30 June 2022 was 54.3 years old.

(1) The articles of association may be consulted on the Company's website (www.pernod-ricard.com).
(2) The Internal Regulations may be consulted on the Company's website (www.pernod-ricard.com). They may be reviewed at any time by the Board of Directors.

The composition of the Board of Directors is diversified and complementary. It is also fully in line with Pernod Ricard's strategy. The expertise of Board members thus covers in particular the following areas:



2.5.3 Selection process for candidates as Independent Directors

In accordance with the AFEP-MEDEF Code's recommendations, the Nominations and Governance Committee has implemented a selection process for candidates for positions on the Board of Directors in the event of vacancy of any kind or new appointments.

The Nominations and Governance Committee formalises the criteria for selecting new Directors with the aim of reaching a balanced representation and complementarity between the different profiles on the Board of Directors. Regarding the determination of the selection criteria, the Nominations and Governance Committee takes into account the Board of Directors' diversity policy, not only in terms of expertise, but also in terms of independence, gender representation, nationality and seniority, as well as any specific expectations of the Board expressed during the evaluation of its functioning.

Once the needs of the Board of Directors have been identified and the selection criteria formalised, the Nominations and Governance Committee, with the support of a firm specialised in the recruitment of Directors, draws up a list of potential candidates. The Committee then organises interviews with the shortlisted candidates to ascertain their independence, availability, motivation and commitment to the Group's values.

Following these interviews and after having reviewed the different profiles, the Nominations and Governance Committee makes its recommendations to the Board of Directors regarding the appointment of one or more candidates. The Board analyses the various profiles that have been submitted and presents the appointment of the final candidates to the General Meeting of Shareholders.

In accordance with the Internal Regulations[(1)] of the Board of Directors, each Director may, if he or she deems it necessary, receive training on the specific features of the Company, its businesses and its business sector at the time of their appointment and throughout their term of office.

They may also, if they wish, meet with the Directors of the Company's operational teams, after having informed the Chairman of the Board of Directors.

Thus, during FY22, Mr Brice Thommen received specific training.

2.5.4 Changes in the composition of the Board of Directors

During FY22

The General Meeting of 10 November 2021 renewed, for a period of four years expiring at the end of the General Meeting held in 2025 to approve the financial statements for the previous financial year, the terms of office as Directors of Ms Anne Lange and Ms Veronica Vargas, as well as that of Société Paul Ricard.

You are reminded that the permanent representative of Société Paul Ricard was Mr Paul-Charles Ricard until 20 December 2021, when he was replaced by Ms Patricia Ricard Giron. In addition, at the same General Meeting, Ms Namita Shah was appointed as an Independent Director for a term of four years.

During FY23

As the terms of office as Directors of Ms Patricia Barbizet and Mr Ian Gallienne expire at the end of the General Meeting of 10 November 2022, this General Meeting will be asked (4^{th} and 5^{th} resolutions), in accordance with the recommendations of the Nominations and Governance Committee, to renew their terms of office as Directors for a term of four years expiring at the end of the General Meeting to be held in 2026 to approve the financial statements for the previous financial year.

Ms Patricia Barbizet brings her experience as Chief Executive Officer (at Artemis and Christie's) to the Board, as well as her valuable expertise in the luxury and retail sectors, in corporate governance and CSR. Ian Gallienne notably brings to the Board his experience as a diligent and demanding investor.

(1) The Internal Regulations can be consulted on the Company's website (www.pernod-ricard.com). They may be reviewed at any time by the Board of Directors.

Ms Patricia Barbizet

A graduate of ESCP Europe, Ms Patricia Barbizet began her career in 1976 with the Treasury Department of the Renault Véhicules Group before becoming Financial Director of Renault Crédit International. In 1989, she joined the Pinault Group as Chief Financial Officer and became, from 1992 to 2018, Chief Executive Officer of Artémis, the Pinault family's investment company. From 2014 to 2016, she was also CEO & Chairwoman of Christie's International and chaired the Strategic Investment Fund (SIF) Investment Committee from 2008 to 2013. She is currently Chairwoman of Temaris & Associés. Ms Patricia Barbizet is also Chairwoman of the Board of Directors of the Cité de la Musique - Philharmonie de Paris, Chairwoman of Zoé SAS and Director of Colombus. In April 2018, she was appointed Chairwoman of the Supervisory Board of Investissements d'Avenir France 2030. In addition, she has been Chairwoman of the High Committee on Corporate Governance since 1 November 2018.

Mr Ian Gallienne

Mr Ian Gallienne has been CEO of Groupe Bruxelles Lambert since January 2012. He graduated in Management and Administration, specialising in Finance, from ESDE in Paris and holds an MBA from INSEAD in Fontainebleau. From 1998 to 2005, he was Manager of the Rhône Capital LLC private equity fund in New York and London. From 2005 to 2012, he was founder and Managing Director of the private equity funds Ergon Capital Partners I, II and III. Mr Ian Gallienne has been a Director of Groupe Bruxelles Lambert since 2009, of Imerys since 2010, of SGS since 2013, of Adidas since 2016 and of Webhelp since 2019.

Thus, at the close of the General Meeting of 10 November 2022, the Board of Directors would comprise 14 members (including two Directors representing the employees), of which seven Independent Directors (58.3%)[1] and seven women (58.3%) , in accordance with the recommendations of the AFEP-MEDEF Code and the law on balanced representation of women and men within Boards of Directors and professional equality. Additionally, six Directors would be of foreign nationality (including the Directors representing the employees).

2.5.5 Independence of Directors

The Company applies criteria of independence as expressed in the AFEP-MEDEF Code (see table hereunder). A member of the Board of Directors is considered "independent" when they have no relationships of any kind with the Company, its Group or its Management, which could impair the free exercise of his/her judgement (article 3 of the Internal Regulations of the Board of Directors[2]).

Therefore, the Board of Directors and the Nominations and Governance Committee use the following criteria to assess the independence of Directors in their annual review as well as in the event of a co-option, an appointment or a renewal.

The AFEP-MEDEF independence criteria are the following:

Criterion 1	Not to be, or not to have been during the past five years, an employee or Executive Director of the Company, nor an employee, Executive Director or a Director of a company consolidated within the Company or of its Parent Company or a company consolidated within this Parent Company.
Criterion 2	Not to be an Executive Director of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an Executive Director of the Company (currently in office or having held such office during the last five years) is a Director.
Criterion 3	Not to be, or not to be directly or indirectly related to, a customer, supplier, commercial banker, investment banker or consultant that is material to the Company or its Group, or for which the Company or the Group represent a significant part of their business.
Criterion 4	Not to be related by close family ties to a corporate officer.
Criterion 5	Not to have been a Statutory Auditor of the Company within the previous five years.
Criterion 6	Not to have been a Director of the Company for more than 12 years.
Criterion 7	Non-Executive Directors: not to receive variable compensation in cash or securities or any compensation linked to the performance of the Company or the Group.
Criterion 8	Directors representing major shareholders (+10%) of the Company or its Parent Company may be considered as being independent, provided that these shareholders do not take part in the control of the Company.

(1) *The Directors representing the employees are not taken into account to establish the percentages of independence and women in senior positions in accordance with the AFEP-MEDEF Code and article L. 225-27-1 of the French Commercial Code respectively*
(2) *The Internal Regulations can be consulted on the Company's website (www.pernod-ricard.com). They may be reviewed at any time by the Board of Directors.*

Name	Criterion 1	2	3	4	5	6	7	8	Qualification selected by the Board
Executive Director									
Alexandre Ricard *Chairman and CEO*			X		X	X	N/A		Non-independent
Directors considered as independent by the Board									
Patricia Barbizet	X	X	X	X	X	X	N/A	X	Independent*
Virginie Fauvel	X	X	X	X	X	X	N/A	X	Independent
Ian Gallienne	X	X	X	X	X	X	N/A	X	Independent**
Anne Lange	X	X	X	X	X	X	N/A	X	Independent
Philippe Petitcolin	X	X	X	X	X	X	N/A	X	Independent
Namita Shah	X	X	X	X	X	X	N/A	X	Independent
Kory Sorenson	X	X	X	X	X	X	N/A	X	Independent
Directors									
César Giron			X		X	X	N/A		Non-independent
Veronica Vargas	X	X			X	X	N/A		Non-independent
Wolfgang Colberg	X	X	X	X	X		N/A	X	Non-independent
Société Paul Ricard		X	X		X		N/A		Non-independent***
Directors representing the employees									
Maria Jesus Carrasco Lopez				N/A					Representing the employees****
Brice Thommen				N/A					Representing the employees****

N/A: Not applicable.
X means the Director fulfils the independence criterion concerned.
** The reappointments of Ms Patricia Barbizet and Mr Ian Gallienne as Directors are subject to the approval of the General Meeting of 10 November 2022.*
*** Given the passive crossing of the 10% voting rights threshold by GBL in February 2017 by virtue of automatic acquisition of double voting rights, the Nominations and Governance Committee and the Board of Directors have examined this specific independence criterion and, in order to qualify Mr Ian Gallienne as an Independent Director, they have established that GBL does not participate in the control of Pernod Ricard and does not intend to do so, that GBL has no relation with any other shareholder or the Ricard family, the Group's reference shareholder, and that there is no potential conflict of interest situation that could compromise his freedom of judgement.*
**** Mr Paul-Charles Ricard was permanent representative of Société Paul Ricard, Director, until 20 December 2021. He was replaced by Ms Patricia Ricard Giron on 21 December 2021.*
***** In accordance with the AFEP-MEDEF Code, the Directors representing the employees are not taken into account when determining the independence percentage of the Board of Directors.*

During the annual Directors' independence review, and as in the previous financial year, the Nominations and Governance Committee and the Board of Directors raised the question of the independence of Mr Ian Gallienne, a Director with ties to GBL, given the passive crossing of the 10% voting rights threshold by GBL in February 2017 by virtue of the automatic acquisition of double voting rights. Please note that Mr Ian Gallienne's experience in finance as well as his in-depth knowledge of the Group are an asset to the Board of Directors of Pernod Ricard.

According to the AFEP-MEDEF Code, Directors representing major shareholders of the Company may be considered as being independent, provided that these shareholders do not take part in the control of the Company (criterion 8). At each crossing of a threshold of 10% of share capital or voting rights, the Board of Directors, on the recommendation of the Nominations and Governance Committee, is required to systematically review a Director's independence in the light of the composition of the Company's share capital and the existence of a potential conflict of interest.

Accordingly, it has been established that GBL does not participate in the control of Pernod Ricard and does not intend to do so as stated in the notification of threshold crossing and declaration of intent published by the AMF on 23 February 2017:

- GBL has no relation with any other shareholder or the Ricard family, the Group's reference shareholder;
- Mr Ian Gallienne does not chair any of the Board Committees and is not a member of the Nominations and Governance Committee; and
- GBL does not intend to ask for the appointment of other Directors to sit on the Board.

The Nominations and Governance Committee and the Board of Directors also noted the absence of conflicts of interest, since:

- crossing the threshold of 10% of voting rights is not likely to create a conflict of interest;
- there is no significant business relationship between GBL and Pernod Ricard or its Group that could create a conflict of interest that could compromise his freedom of judgement;
- GBL's capital entry was made independently of any agreement with Pernod Ricard or the Ricard family;
- GBL has the reputation of being a diligent and demanding investor whose interests are aligned with those of all shareholders;
- there is no agreement between GBL and Pernod Ricard or the Ricard family relating to the presence of Mr Ian Gallienne or one or more GBL representatives on the Board of Directors. The presence of Mr Ian Gallienne is justified by his experience and his judgement, which are beneficial to the Board of Directors; and
- Mr Ian Gallienne is not in a position to impose his view on the Board of Directors, which has 14 members (including the Directors representing the employees).

Thus, these elements demonstrate freedom of judgement and an absence of an actual or potential conflict of interest. In addition, it should be noted that there is no new element likely to call into question the qualification of independent retained in the past.

Given these facts, the Nominations and Governance Committee and the Board of Directors considered that Mr Ian Gallienne fully meets the "specific" independence criteria linked to the crossing of the threshold of 10% in share capital or voting rights.

After consideration and review of the AFEP-MEDEF Code criteria mentioned above, the Board of Directors' meeting held on 20 July 2022, in accordance with the recommendation of the Nominations and Governance Committee, confirmed that seven out of the 12 Directors comprising the Board of Directors (excluding the Directors representing the employees) are deemed to be independent: Ms Patricia Barbizet, Ms Virginie Fauvel, Ms Anne Lange, Ms Kory Sorenson and Ms Namita Shah, and Mr Ian Gallienne and Mr Philippe Petitcolin, representing more than half of the Board of Directors (58.3%), as required by the AFEP-MEDEF Code.

2.5.6 Succession plan

The Nominations and Governance Committee, at the initiative of its Chairwoman, Lead Independent Director of the Board, periodically reviews the Group's succession plan. This allows her to establish and update a succession plan covering several time horizons:

- short term: unexpected succession (resignation, incapacity, death);
- medium term: accelerated succession (poor performance, lack of management); and
- long term: planned succession (retirement, end of the term of office).

The Nominations and Governance Committee favours close collaboration with Senior Management in order to ensure overall consistency of the succession plan and to ensure a continuity in the key positions. In order to ensure the optimal development of the succession plan for the governing bodies and to meet the Company's strategic ambitions, a regular assessment of potential candidates, their careers and developments is carried out with the assistance of an independent firm.

In addition, the Nominations and Governance Committee works closely with the Board of Directors on this subject, and is particularly vigilant in maintaining the confidentiality of this information.

2.5.7 Directors' Code of Ethics

Article 5 of the Internal Regulations[1], adopted by the Board of Directors on 17 December 2002, most recently amended on 21 April 2021, and article 16 of the articles of association[2] stipulate the rules of conduct that apply to Directors and their permanent representatives. Each Director acknowledges that he/she has read and understood these undertakings prior to accepting the office. The Internal Regulations also outline the various rules in force with regard to the conditions for trading in the Company's shares on the stock market and the notification and publication requirements relating thereto.

Moreover, the Board of Directors' meeting of 16 February 2011 adopted a Code of Ethics to prevent insider trading and misconduct in compliance with legal undertakings, to comply with European regulations on market abuse. This Code was updated on 31 August 2022.

Directors, as well as any person attending meetings of the Board and its Committees, have access to sensitive information concerning the Company. As such, they are bound by a strict obligation of confidentiality. Consequently, they must take all necessary measures to preserve the confidentiality of this information.

As the Directors have sensitive information on a regular basis, they must refrain from using this information to buy or sell shares of the Company and from carrying out transactions involving Pernod Ricard's shares or any related financial instruments in the 45 days prior to the publication of the full-year results, the 30 days prior to the publication of the half-year results and the 15 days prior to the publication of quarterly net sales. This period is extended to the day after the announcement when it is made after the close of the markets (5.30pm, Paris time) and to the day of the announcement when it is made before the opening of the markets (9.00am, Paris time). In addition, the Code of Ethics states that they must seek the opinion of the Trading Committee, formerly called the Ethics Committee, before making any transactions involving the Company's shares or any related financial instrument.

(1) The Internal Regulations can be consulted on the Company's website (www.pernod-ricard.com). They may be reviewed at any time by the Board of Directors.
(2) The articles of association may be consulted on the Company's website (www.pernod-ricard.com).

2.5.8 Declaration of Directors

Conflicts of interest

To the Company's knowledge and at the date hereof, there are no potential conflicts of interest between the duties of any of the members of the Company's Board of Directors or Senior Management with regard to the Company in their capacity as Corporate Officer and their private interests or other duties.

To the Company's knowledge and at the date hereof, there are no arrangements or agreements established with the main shareholders, clients, suppliers, bankers or consultants, relating to the appointment of one of the members of the Board of Directors or Senior Management.

To the Company's knowledge and at the date hereof, except as described in "Shareholders' agreements" below, the members of the Board of Directors and Senior Management have not agreed to any restrictions concerning the disposal of their stake in the share capital of the Company, other than those included in the Internal Regulations[1] and the Code of Ethics.

In accordance with the Board's Internal Regulations[1] and in order to prevent any risk of conflict of interest, each member of the Board of Directors is required to declare to the Board of Directors, as soon as he/she becomes aware of such fact, any situation in which a conflict of interest arises or could arise between the Company's corporate interest and his/her direct or indirect personal interest, or the interests of a shareholder or group of shareholders which he/she represents.

Procedure to identify regulated agreements

In accordance with article L. 22-10-12 of the French Commercial Code, the Board of Directors' meeting of 28 August 2019 approved an Internal Charter relating to the identification of regulated agreements (the "Charter")[2]. It is specified that this Charter formalises the process implemented to identify regulated agreements and that such process is followed prior to concluding, amending, renewing or terminating any agreements which would potentially be qualified as regulated, it being specified that the process applies to agreements considered as "free" at the time of conclusion.

Shareholders' agreements

On 8 February 2006, Pernod Ricard was notified that a shareholder agreement had been signed between Mr Rafaël Gonzalez-Gallarza and Société Paul Ricard. Pursuant to this agreement, Mr Rafaël Gonzalez-Gallarza undertakes to consult Société Paul Ricard prior to any Pernod Ricard General Meeting of Shareholders in order to vote in the same way. Furthermore, Mr Rafaël Gonzalez-Gallarza undertook to notify Société Paul Ricard of any additional purchase of Pernod Ricard shares and/or voting rights, and also undertook not to purchase any Pernod Ricard shares if such a transaction would force Société Paul Ricard and the parties acting in concert to launch a public offer for Pernod Ricard. Finally, Société Paul Ricard has a pre-emption right with regard to any Pernod Ricard shares of which Mr Rafaël Gonzalez-Gallarza may wish to dispose.

Absence of conviction for fraud, association with bankruptcy or any offence and/or official public sanction

To Pernod Ricard's knowledge and at the date hereof:

- no conviction for fraud has been issued against any members of the Company's Board of Directors or Senior Management over the last five years;
- none of the members of the Board of Directors or Senior Management has been associated, over the last five years, with any bankruptcy, compulsory administration or liquidation as a member of a Board of Directors, Management Board or Supervisory Board or as a Chief Executive Officer;
- no conviction and/or official public sanction has been issued over the last five years against any members of the Company's Board of Directors or Senior Management by statutory or regulatory authorities (including designated professional organisations); and
- no Director or member of the Senior Management has, over the last five years, been prohibited by a court of law from serving as a member of a Board of Directors, a Management Board or Supervisory Board or from being involved in the management or the running of an issuer's business affairs.

Services agreements

No member of the Board of Directors or member of the Senior Management has any service agreement with Pernod Ricard or any of its affiliates.

Employee representatives

The appointment of a Director or Directors representing the employees on the Board of Directors was introduced at the end of 2013. As a result, the representation of Pernod Ricard SA employees on the Board of Directors is now ensured by a single person. This is currently Mr Hervé Jouanno.

(1) The Internal Regulations can be consulted on the Company's website (www.pernod-ricard.com). They may be reviewed at any time by the Board of Directors.
(2) The Charter may be consulted on the Company's website (www.pernod-ricard.com).

2.6 Structure and operation of the Board of Directors

The operation of the Board of Directors is set forth in the legal and regulatory provisions, the articles of association[(1)] and the Board's Internal Regulations[(1)] adopted in 2002 and last amended by the Board of Directors during its meeting on 21 April 2021. The Internal Regulations of the Board of Directors specify the rules and operations of the Board, and supplement the relevant laws, regulations and articles of association. In particular, they remind the Directors of the rules on diligence, confidentiality and disclosure of possible conflicts of interest.

2.6.1 Meetings of the Board of Directors

It is the responsibility of the Chairman to call meetings of the Board of Directors regularly, or at times that he or she considers appropriate. In order to enable the Board to review and discuss in detail the matters falling within their area of responsibility, the Internal Regulations [(1)] provide that Board meetings must be held at least six times a year. In particular, the Chairman of the Board of Directors ensures that Board meetings are held to close the interim and annual financial statements and to convene the General Meeting in charge of approving said statements.

Board meetings are called by the Chairman. The notice of the Board meeting, sent to the Directors at least eight days before the date of the meeting except in the event of a duly substantiated emergency, must set the agenda and state where the meeting will take place, which will be, in principle, the Company's registered office. Board meetings may also be held by video conference or teleconference, under the conditions provided for in the applicable regulations and the Internal Regulations[(1)].

Since FY17, the Directors hold a session at least once a year without the Directors from the Group Top Management (Executive Sessions). The purpose of these Executive Sessions is to assess the operation of the Board of Directors, the performance of the Executive Director, and to review his succession plan. One Executive Session was held in FY22.

2.6.2 Information provided to the Directors

The Directors receive the information they require to fulfil their duty. In accordance with the Internal Regulations, the supporting documents pertaining to matters on the agenda are provided far enough in advance, generally eight days before meetings, to enable them to prepare effectively for each meeting.

A Director may ask for explanations or for additional information and, more generally, submit to the Chairman or the Lead Independent Director any request for information or access to information which he or she deems appropriate.

2.6.3 Directors' attendance at Board and Committee meetings during FY22

During FY22, the Board of Directors met eight times with an attendance rate of 100%. The average duration of the meetings of the Board of Directors was approximately three hours and thirty minutes.

	Board of Directors	Audit Committee	Nominations and Governance Committee	Compensation Committee	Strategic Committee	CSR Committee
Alexandre Ricard	8/8				1/1	
Patricia Barbizet	8/8		4/4	5/5		3/3
Wolfgang Colberg	8/8	5/5				
Virginie Fauvel	8/8				N/A[(1)]	
Ian Gallienne	8/8			5/5	1/1	
César Giron	8/8		4/4			
Anne Lange	8/8		4/4		1/1	
Philippe Petitcolin	8/8	5/5			1/1	
Société Paul Ricard[(2)]	8/8				1/1	
Namita Shah[(3)]	4/4					1/1
Kory Sorenson	8/8	5/5		5/5		
Veronica Vargas	8/8					3/3
Directors representing the employees						
Maria Jesus Carrasco Lopez[(4)]	8/8			1/1		3/3
Stéphane Emery[(5)]	5/5			4/4		
Brice Thommen[(6)]	3/3					
Average attendance rate	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

N/A: Not applicable.

(1) No meeting of the Strategic Committee has been held since 10 November 2021, the date on which Ms Virginie Fauvel was appointed member of the Strategic Committee.

(2) Société Paul Ricard was represented until 20 December 2021 by Mr Paul-Charles Ricard and since 21 December 2021 by Ms Patricia Ricard Giron.

(3) During FY22, and since the appointment of Ms Namita Shah as Director, four meetings of the Board of Directors and one meeting of the CSR Committee have taken place.

(4) One meeting has been held since 27 April 2022, date on which Ms Maria Jesus Carrasco Lopez was appointed member of the Compensation Committee. She was previously a member of the CSR Committee.

(5) Five meetings of the Board of Directors and four meetings of the Compensation Committee took place prior to 13 December 2021, the date on which the term of office of Mr Stéphane Emery, as Director representing the employees, ended.

(6) Three meetings of the Board of Directors have been held since 13 December 2021, date on which Mr Brice Thommen was appointed by the France Group Committee as Director representing the employees.

(1) The Company's articles of association can be consulted on the Company's website (www.pernod-ricard.com).

2.6.4 Board of Directors' review

The Board of Directors includes on its agenda a regular discussion on its operation at least once a year and focuses in particular on the following areas:

- a review of its composition, operation and structure; and
- a check that significant issues are adequately prepared and discussed.

In accordance with the AFEP-MEDEF Code and with its Internal Regulations, the Nominations and Governance Committee and the Board have carried out an annual assessment of the operations of the Board and its Committees. In addition, every three years a formalised external review with the support of a specialised consulting firm is carried out.

During FY21, a formal assessment of the operations of the Board of Directors and its Committees was carried out with the support of an external firm specialising in governance, which, on the basis of formalised interview guidelines, conducted interviews with each of the Directors.

This year, Ms Patricia Barbizet, Lead Independent Director, conducted an internal assessment of the Board's operations on the basis of individual interviews with each Director. She presented the results of this assessment to the Nominations and Governance Committee and the Board of Directors.

This assessment shows that the Board has continued its positive development and that the recommendations resulting from the formal assessment have been mainly integrated and dealt with by the Board's management and secretariat. The Directors agreed that the Board currently deals effectively with the subjects presented to it. However, in the interest of constant improvement, the Directors noted that longer-term and more forward-looking subjects could be addressed more often in the Board or Committees.

2.6.5 Roles and activities of the Board of Directors

Main roles	In exercising its legal prerogatives, the Board of Directors, notably: • rules on all decisions relating to the major strategic, economic, social and financial directions of the Company and oversees their implementation by Senior Management; • deals with any issue relating to the smooth operation of the Company and monitors and controls these issues. In order to do this, it carries out the controls and checks it considers appropriate, including the review of Company management; • approves investment projects and any transactions, especially any acquisitions or disposal transactions, that are likely to have a significant effect on the Group's profits, the structure of its balance sheet or its risk profile; • draws up the annual and half-yearly financial statements and prepares the General Meeting; • defines the Company's financial communication policy; • checks the quality of the information provided to the shareholders and to the markets; • appoints the corporate officers responsible for managing the Company based on the proposition of the Nominations and Governance Committee; • defines the compensation policy for the Senior Management based on the recommendations of the Compensation Committee; • conducts an annual review of every individual Director prior to publishing the annual report and reports the outcome of this review to the shareholders in order to identify the Independent Directors; and • approves the report of the Board on corporate governance and the balanced representation of women and men; on the conditions governing the organisation of the Board's work; and on the internal control and risk management procedures implemented by the Company.

Main activities in FY22	The Board of Directors met eight times during FY22. The main work carried out by the Board of Directors during the meetings it held was as follows:
	• **Group activity:**
	  • at each of its meetings, the Board discussed the Group's business operations, in particular its activity, budget, results and cash flows;
	  • the Board of Directors devoted a significant part of its agenda to reports and discussions relating to the work entrusted to the various Committees (including the CSR Committee, created in November 2020) and to the recommendations they had made;
	  • regular updates were made, in particular on the Group's Occupational Health and Safety policy and its implementation in the various affiliates;
	  • presentations were made by the managers of the Group's affiliates on the performance of the various brands and markets, as well as the main risks and opportunities to which they are exposed; and
	  • Directors were frequently informed about changes in the competitive environment.
	• **Group strategy and growth:**
	  • the Board of Directors discussed the main strategic orientations for the Group's development, both in terms of external growth and financing.
	• **Group results:**
	  • the Board of Directors ensured the preparation of the Combined General Meeting held on 10 November 2021 and, in particular, approved the draft resolutions that were submitted to the vote of the shareholders;
	  • the Board of Directors set the amount of the dividend paid for FY21 at €3.12 per share, it being specified that an interim dividend had been paid on 7 July 2021 in the amount of €1.76 per share. The payment of the balance was decided by the Board on 10 November 2021;
	  • the Board of Directors approved the half-yearly and annual consolidated financial statements of the Group and Pernod Ricard SA for FY22, with the help of the recommendations of the Audit Committee and the Statutory Auditors. The Board of Directors also prepared the half-yearly and annual management reports. It was brought to its attention that no regulated agreements had been entered into during the financial year ended; and
	  • the quarterly, half-yearly and annual financial communication was submitted to the Directors, in particular the draft presentations and releases on the Group's results to the market.
	• **Compensation policy:**
	  • on the recommendation of the Compensation Committee and in accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors established the FY22 compensation policy for the Chairman and CEO to be submitted to the approval of the General Meeting (9th resolution) and evaluated his variable compensation for FY22 without him being present.
	• **Corporate governance:**
	  • the Board of Directors carried out its annual self-assessment and monitored the implementation of the recommendations made during the formal assessment made during the previous financial year;
	  • in accordance with the recommendations of the AFEP-MEDEF Code, Directors held an Executive Session without the Directors from the Group Top Management in attendance. Specific topics discussed during this meeting mainly related to the operations of the Board and its Committees, the performance of the Executive Director, as well as a review of the succession plans; and
	  • the Board of Directors also examined governance issues, in particular relating to the composition of the Board of Directors with respect to the recommendations of the AFEP-MEDEF Code, notably with regards to the diversity of the Directors' profiles and experience.
	• **Share buyback:**
	  • the Directors approved the cancellation of the 3,929,205 shares purchased under the share buyback programme announced in August 2019 and continued during FY22. The Board, as authorised by the General Meeting of 10 November 2021, decided to cancel 3,929,205 Pernod Ricard shares and, consequently, noted the reduction of Pernod Ricard's share capital to €399,818,400.25, divided into 257,947,355 shares with a par value of €1.55 each.
	• **Group risks:**
	  • The Board was regularly informed of the work of the Audit Committee, in particular the updating and monitoring of risk mapping, as well as the measures put in place to address the risks.
	• **Compliance/Regulatory:**
	  • the Board monitored the development of the Group's ethics and compliance roadmap; and
	  • the calendar of blackout periods was presented to the Board.
	• **Employee management:**
	  • the Board of Directors was regularly informed of issues relating to the health of the Group's employees, particularly in view of the implications of the Covid-19 health crisis and the potential impacts of remote working;
	  • the Directors were also informed of the Group's progress in terms of DEI; and
	  • the results of the last survey conducted among the Group's employees to assess their engagement were presented to the Directors and discussed.

2.7 Structure and operations of the Committees

2.7.1 Committees of the Board of Directors

The Board of Directors delegates responsibility to its specialised Committees for the preparation of specific topics submitted for its approval.

Five Committees handle subjects in the area for which they have been given responsibility and submit their opinions and recommendations to the Board: the Audit Committee; the Nominations and Governance Committee; the Compensation Committee; the Strategic Committee, and the CSR Committee.

2.7.2 Audit Committee

Composition	**At 31 August 2022, the Audit Committee was composed of:** **Chairman:** Mr Philippe Petitcolin (Independent Director) **Members:** Mr Wolfgang Colberg (Director) Ms Kory Sorenson (Independent Director) Two of the three Directors who are members of the Audit Committee are Independent Directors (67%), it being noted that the AFEP-MEDEF Code recommends an independence rate of 67%. The members of the Audit Committee were specifically chosen for their expertise in accounting and finance, based on their academic and professional experience. The Internal Regulations of the Audit Committee were reviewed recently and adopted at the Board of Directors' meeting of 8 February 2017. **During FY22, the Audit Committee met five times, with an attendance rate of 100%.**
Main roles	The main roles of this Committee are the following: • examining the draft annual and half-yearly separate and consolidated financial statements before their submission to the Board of Directors; • ensuring the appropriateness and consistency of the accounting methods and principles in force, preventing any breach of these rules and ensuring the quality of the information supplied to shareholders; • making recommendations, if necessary, to ensure the integrity of the financial reporting process; • reviewing the appropriate accounting treatment of complex or unusual transactions at Group level; • examining the scope of consolidation and, where appropriate, the reasons why some companies may not be included; • assessing the Group's internal control systems and reviewing internal audit plans and actions; • examining the material risks and off-balance sheet commitments and assessing how these are managed by the Company; • examining any matter of a financial or accounting nature submitted by the Board of Directors; • giving the Board of Directors its opinion or recommendation on the renewal or appointment of the Statutory Auditors, the quality of their work in relation to the statutory audit of the annual and consolidated financial statements, and on the amounts of their fees, while ensuring compliance with the rules that guarantee the Statutory Auditors' independence and objectivity (in particular by the approval of non-audit missions); • reviewing conclusions and action plans resulting from the controls carried out by the Haut Conseil du Commissariat aux Comptes; and • supervising the procedure for selecting Statutory Auditors.

Main activities in FY22	In accordance with its Internal Regulations and in conjunction with the Statutory Auditors and the Consolidation, Treasury and Internal Audit Departments of the Company, the work of the Audit Committee focused primarily on the following issues: • review of the main provisions of French and foreign legislation or regulations, reports and commentaries with regard to corporate governance, risk management, internal control and audit matters; • review of the interim financial statements at 31 December 2021 during the meeting held on 8 February 2022; • review of the consolidated financial statements at 30 June 2022 (reviewed at the meeting held on 30 August 2022): the Audit Committee met with Management and the Statutory Auditors in order to discuss the financial statements and accounts and their reliability for the whole Group. In particular, it examined the conclusions of the Statutory Auditors and the draft financial reporting presentation to the markets; • monitoring of the Group's cash flows and debt; • risk management: the Group's main risks are regularly presented in detail to the Audit Committee. At the meeting of 9 June 2022, the updated version of the Group's risk mapping was presented to the Committee following a review by the Internal Audit Department and the Executive Board; • review of internal control: the Group sent its affiliates a self-assessment questionnaire to evaluate whether their internal control system was adequate and effective. Based on the Group's internal control principles and in compliance with the French Financial Markets Authority (AMF) reference framework for risk management and internal control (*Cadre de référence de l'Autorité des Marchés Financiers (AMF) sur le dispositif de gestion des risques et de contrôle interne*) and the AMF's application guide published in 2007 and updated in July 2010, this questionnaire covers corporate governance practices, operational matters and IT support. Responses to the questionnaire were documented and reviewed by the Regions and the Group's Internal Audit Department. An analysis of these responses was presented to the Audit Committee at the meeting held on 3 August 2022; • examination of the internal audit reports: in addition to the audits and controls carried out by the various affiliates on their own behalf, 28 internal audits were performed in FY22 by the internal audit teams (including IT audits). A full report was drawn up for each audit covering the types of risks identified – operational, financial, legal or strategic – and how they are managed. Recommendations are issued when deemed necessary. These are summarised for the Audit Committee, which is also regularly advised on the progress made in implementing the recommendations from previous audits; and • approval of the Group internal audit plan for FY23 at the meeting held on 9 June 2022. The audit plan was prepared and approved, taking into account the Group's main risks.
Outlook for FY23	In FY23, the Committee will continue with the tasks entrusted to it by the Board of Directors in line with current regulations. In addition to the issues associated with preparing financial information, FY23 will be devoted to reviewing the management of the Group's major risks, as well as analysing reports on internal audits and the cross-disciplinary themes set out in the FY23 audit plan.

2.7.3 Nominations and Governance Committee

Composition	**At 31 August 2022, the Nominations and Governance Committee comprised:** **Chairwoman:** Ms Patricia Barbizet (Lead Independent Director) **Members:** Mr César Giron (Director) Ms Anne Lange (Independent Director) Two out of the three Directors who are members of the Nominations and Governance Committee are Independent Directors (67%), it being noted that the AFEP-MEDEF Code recommends an independence rate of 50%. Mr Alexandre Ricard, Chairman and CEO, is associated with the work of the Committee in matters relating to the appointment of Directors, in accordance with the AFEP-MEDEF Code. **In FY22, this Committee met four times, with an attendance rate of 100%.**
Main roles	The roles of this Committee, formalised in its Internal Regulations, are the following: • drawing up proposals concerning the selection of new Directors and proposing headhunting and renewal procedures; • periodically, and at least annually, discussing whether Directors and candidates for the position of Director or for membership of a Committee of the Board of Directors qualify as independent in light of the AFEP-MEDEF Code independence criteria; • ensuring the continuity of Management bodies by defining a succession plan for Executive Directors and Directors in order to propose options for replacement in the event of an unplanned vacancy; • being informed of the succession plan for key Group positions; • regularly reviewing the composition of the Board of Directors to monitor the quality (number of members, diversity of profiles, gender balance) and attendance of its members; and • carrying out annually assessments of the operation of the Board of Directors.

Main activities in FY22	The main activities of the Nominations and Governance Committee during the financial year included: • a review and recommendations to the Board of Directors on its composition and its Committees (appointments, renewals of mandates); • annual review of the Board members' independence (questionnaires sent to each Director, review of the significance of disclosed business relationships, specific criteria related to the passive crossing of the 10% voting rights threshold); • annual review of the Group's Talent Management policy and presentation of the succession plan for the Group Top Management; • annual review of Pernod Ricard SA diversity policy and professional and salary equity; • monitoring and reporting of the annual self-assessment of the operation of the Board of Directors and its Committees; • proposals to improve the operation of the Board of Directors and its Committees; and • proposals to improve corporate governance information published in the universal registration document.
Outlook for FY23	In FY23, the Committee will continue with the tasks entrusted to it by the Board of Directors. It will not only address any questions relating to the composition of the Board and its Committees and conduct an annual review of the Directors' independence, but will pursue, led by the Company's Lead Independent Director, the diversity objectives in terms of skills on the Board of Directors and the robustness of the succession plans at all key levels in the Group.

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2.7.4 Compensation Committee

Composition	**At 31 August 2022, the Compensation Committee comprised:** **Chairwoman:** Ms Kory Sorenson (Independent Director) **Members:** Mr Ian Gallienne (Independent Director) Ms Patricia Barbizet (Lead Independent Director) Ms Maria Jesus Carrasco Lopez (Director representing the employees) All of the Directors who are members of the Compensation Committee(1) are Independent Directors (100%), it being noted that the AFEP-MEDEF Code recommends an independence rate of 50%. **In FY22, the Compensation Committee met five times, with an attendance rate of 100%.**

Main roles	The main roles of the Compensation Committee are the following:
	• reviewing and proposing to the Board of Directors the compensation to be paid to the Executive Director(s) as well as provisions relating to their retirement schemes and any other benefits granted to them;
	• proposing rules to this effect and reviewing these on an annual basis to determine the variable portion of the compensation of the Executive Director(s) and ensure that the criteria applied are in line with the Company's short-, medium- and long-term strategic orientations;
	• recommending to the Board of Directors the total amount of Directors' fees to be submitted for approval to the General Meeting, as well as how they should be distributed:
	  • for duties performed as Board Members,
	  • for duties carried out on Committees of the Board Directors;
	• being informed of the compensation policy of the Non-Executive Directors of the Group companies;
	• ensuring that the compensation policy for Non-Executive Directors is consistent with the policy for the Executive Director(s);
	• proposing the general policy for allocation of stock options and performance shares, in particular the terms applicable to the Company's Executive Directors; and
	• approving the information provided to the shareholders on the compensation of the Executive Director(s) (in particular, the compensation policy and the components of the compensation submitted to the approval of the shareholders under the "Say on Pay" resolutions) and the policy for the allocation of stock options and performance shares.

Main activities in FY22	Further details of the work of the Compensation Committee are provided in Subsection 2.8 "Compensation report". During FY22, the members of the Compensation Committee analysed market practices and trends concerning the compensation of corporate officers, its communication and long-term incentive policies. These studies were in particular carried out as part of the adjustment proposal for the fixed annual compensation and the supplementary pension scheme for the Executive Director.
Outlook for FY23	During FY23, the Committee will continue to perform the tasks entrusted to it by the Board of Directors and, in particular, continue to ensure that the compensation policy for corporate officers, and more specifically the Executive Director, is aligned with the corporate interest and contributes to the Company's strategy and sustainability, while at the same time remaining attractive compared with market practices and aligned with the interests of shareholders.

(1) In accordance with the AFEP-MEDEF Code, Directors representing the employees are not taken into account when determining the percentage of Independent Directors on the Board of Directors or its Committees.

2.7.5 Strategic Committee

Composition	**At 31 August 2022, the Strategic Committee was composed of:** **Chairman:** Mr Alexandre Ricard (Chairman and CEO) **Members:** Mr Ian Gallienne (Independent Director) Ms Anne Lange (Independent Director) Mr Philippe Petitcolin (Independent Director) Société Paul Ricard represented by Patricia Ricard Giron (Director) Ms Virginie Fauvel (Independent Director) Four out of the six Directors who are members of the Strategic Committee are Independent Directors (67%), it being noted that the AFEP-MEDEF Code does not make any recommendation regarding the Strategic Committee's independence. **During FY22, the Strategic Committee met once, with an attendance rate of 100%.** All the Directors may, upon request, and even if they are not members of the Committee, participate in the meetings of the Strategic Committee.
Main roles	The roles of the Strategic Committee are the following: • reviewing the key strategic issues of the Pernod Ricard company or of the Group; • drawing up and giving its prior opinion on significant partnership transactions, disposals or acquisitions; and • generally, dealing with any strategic issues affecting the Company or the Group.
Main activities in FY22	During FY22, targeted presentations focusing on key markets for the Group or categories were made. All Board members also took part in the presentation of the continuation of the "Transform & Accelerate" season 2 strategic plan.
Outlook for FY23	In FY23, the Committee will continue with the tasks entrusted to it by the Board of Directors. It will notably conduct a review and analysis of the key strategic orientations foreseen for the Group's development, as well as the study of any strategic issues affecting the Company or the Group.

2.7.6 CSR Committee

Composition	**At 31 August 2022, the CSR Committee was composed of:** **Chairwoman:** Ms Patricia Barbizet (Lead Independent Director) **Members:** Ms Veronica Vargas (Director) Ms Namita Shah (Independent Director) Two out of the three Directors who are members of the CSR Committee are Independent Directors (67%), it being noted that the AFEP-MEDEF Code does not make any recommendation regarding the CSR Committee's independence. **During FY22, the CSR Committee met three times, with an attendance rate of 100%.**
Main roles	The roles and mission of the CSR Committee are the following: • examining, reviewing and evaluating the Group's S&R strategy; • carrying out the Group's strategy in qualitative and quantitative terms and monitoring reporting systems; • assessing the risks and opportunities in terms of social and environmental performance; and • preparing the annual non-financial performance statement.
Main activities in FY22	During FY22, the CSR Committee's main activities included: • presenting the CSR strategy and progress on the objectives for each pillar; • reflection and modification of certain Group objectives in terms of CSR strategy (net zero carbo); • presentation of projects developed or under development at Group level to meet the Group's CSR strategy objectives; and • review and monitoring of CSR reporting.
Outlook for FY23	In FY23, the Committee will continue with the tasks entrusted to it by the Board of Directors. It will continue to review the Group's ambitions to ensure that Pernod Ricard is in line with, or even ahead of, market trends and anticipates future challenges.

2.8 Compensation report

This subsection was prepared with the assistance of the Compensation Committee in accordance with the regulations in force, in particular the provisions of Order No. 2020-1142 of 16 September 2020 (hereinafter the "Order") supplemented by Decree No. 2020-1742 of 29 December 2020. This information also takes into account the provisions of the AFEP-MEDEF Code of Corporate Governance for listed companies.

The report on the Company's compensation for the financial year ended 30 June 2022 is presented below.

FY22 is a record year with excellent performance, both balanced and sustainable, demonstrating the business model resilience and the organization agility.

FY22 was a record year in many aspects : sales have broken the symbolic milestone of €10 billion, delivering a €3 billion profit from recurring operation, an operating margin of 28.3% and record volumes for both Jameson and Absolut.

The Growth was driven by all the regions (29% for Europe, 29% for Americas and 41% for Asia and rest of the world) and all our portfolio categories.

Finally, the performance is sustainable thanks to our "Good Times from a Good Place" roadmap.

As a reminder, the Compensation Committee is composed of four members, three of whom are independent and one member representing the employees. During the financial year, Mr Stéphane Emery, representing the employees, was replaced by Ms Maria Jesus Carrasco Lopez. The Committee and the Board would like to thank Mr Stéphane Emery for his active contribution to the meetings of the Compensation Committee and welcome Ms Maria Jesus Carrasco Lopez.

The role of the Compensation Committee is to review and propose to the Board of Directors the compensation to be paid to Executive Directors, as well as measures relating to their retirement schemes and any other benefits granted to them. To achieve this, the Compensation Committee assesses the rules governing the determination of the variable portion of the compensation of the Executive Director(s) annually and ensures that the criteria applied are in line with the Company's short-, medium- and long-term strategic orientations. It also ensures consistency between the compensation policy of the Executive Director(s) and members of the Executive Committee. The Compensation Committee also proposes to the Board of Directors the general policy for the allocation of long-term profit-sharing plans and, in particular, the conditions of these allocations applicable to the Company's Executive Directors. Finally, it validates the information given to the shareholders on the compensation of the Executive Director(s) (in particular the compensation policy and the components of the compensation submitted to the vote of the shareholders as part of the "Say on Pay").

The compensation policy adopted by the Board of Directors on the proposal of the Compensation Committee includes incentives that reflect the Group's strategy of long-term profitable growth through responsible actions and compliance with the interests of the Company and its shareholders, both in terms of the correlation of compensation with the Company's short- and long-term performance and in terms of the policy of giving the executive a share of the capital and the associated share of risk. This compensation policy, which reflects the interests of the Company, is part of the Group's strategy and helps secure its long-term future. The performance conditions of the compensation policy for corporate officers are directly linked to the Group's performance metrics.

This year, the Compensation Committee met five times and proposed the recommendations made to the Board of Directors on the following main topics:

- compensation due to the Chairman and CEO for FY22;
- analysis of the results of votes at the General Meeting of 10 November 2021;
- compensation policy for the Chairman and CEO;
- draft resolutions submitted to the General Meeting of 10 November 2022;
- corporate governance report, compensation of administrative and Management bodies, equity ratio.

Following the results of the vote on the 10th resolution at the General Meeting of 10 November 2021, the Compensation Committee met to analyse in detail the changes proposed to the compensation policy, placing the utmost importance on feedback from shareholders and proxy advisory firms. Thus, the Board of Directors has chosen to implement the decisions voted at the General Meeting and wished to reiterate that the proposed changes to the compensation policy were intended to ensure that it reflects and rewards achievement of the objectives set, encourages outperformance and is competitive in relation to the Company's main competitors.

Since the appointment of Mr Alexandre Ricard in 2015, the Pernod Ricard Group's financial performance has accelerated significantly, illustrated in particular by the share price performance and excellent results.

For FY23, the compensation of Mr Alexandre Ricard was, as every year, reviewed and compared with that of his main competitors but also with the practices of CAC 40 companies. These results enable the Board of Directors to assess whether the structure and the main components of the proposed policy are in line with practices each year.

To this end, the Board of Directors took into consideration:

- Mr Alexandre Ricard's excellent performance;
- the size, scope and complexity of the Company's global business in its current and projected configuration;
- the growing importance of CSR issues;
- aligning compensation with shareholders' interests.

In general, unless a significant change in the scope of responsibility, a significant gap in relation to the market or an overriding reason so requires, the possibility of revising the Executive Director's compensation policy is considered when the term of office is renewed. Following the analysis carried out for this financial year, the Board of Directors, on the recommendation of the Compensation Committee, does not propose any changes to the Executive Director's compensation policy. Mr Alexandre Ricard's compensation is both balanced, including a significant variable portion encouraging performance, adapted to his responsibilities and the Company's performance, and consistent with the leadership he demonstrates.

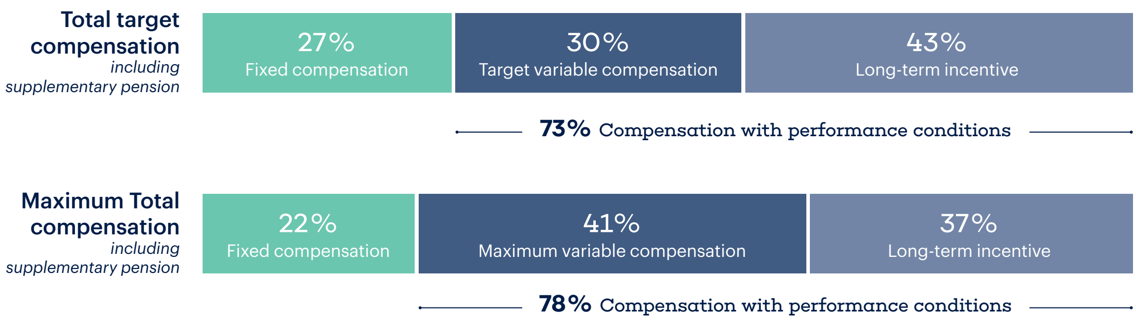
Presentation of the fundamental principles of the compensation policy

The Board of Directors follows the general guidelines, drawn up within the framework of the recommendations of the AFEP-MEDEF Code, for the determination, review and implementation of its compensation policy. It thus ensures that the compensation policy is consistent with the principles of compliance, comparability, competitiveness, comprehensiveness, motivation, performance, intelligibility and measurement. This is reflected in the following manner:

WHAT WE DO
Align the compensation of the Executive Director with the short- and long-term interests of shareholders
Balance short- and long-term compensation, discouraging short-term risk-taking without compromising long-term results
Monitor the compensation levels and structures observed in the CAC 40 and our main competitors on an annual basis
Use the support of an independent external consulting firm
Implement the performance criteria linked to the Group's long-term strategy, taking CSR issues into account
Expect high standards in terms of shareholding and capital ownership for Executive Directors
Ensure that the compensation policy for the Executive Director is consistent with the compensation policy for the Group's employees, and in particular that of the members of the Executive Committee.

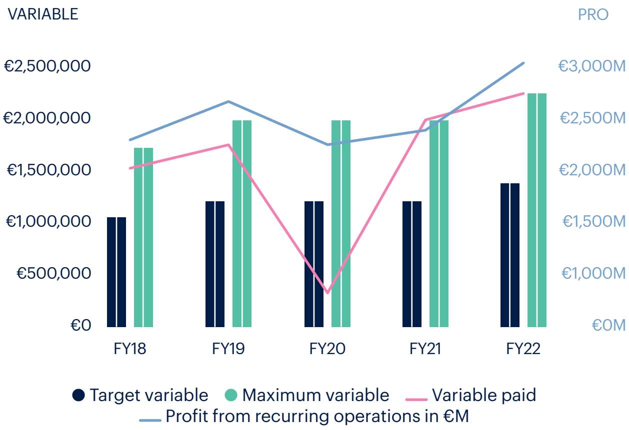
Compensate performance

Performance conditions prevail in the compensation of the Executive Director

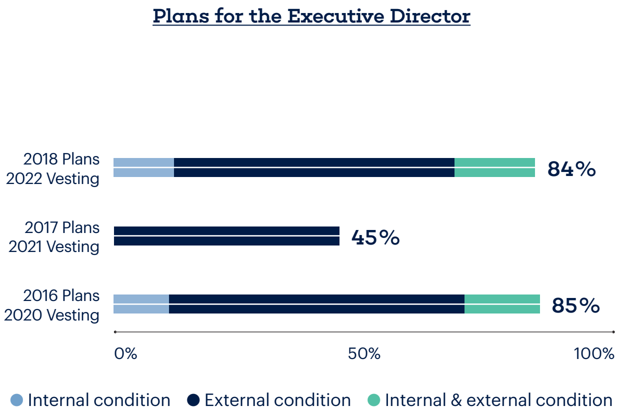


Ambitious short- and long-term performance objectives

History of the rate of achievement of the performance conditions for the annual variable compensation of the Executive Director in line with the Group's results

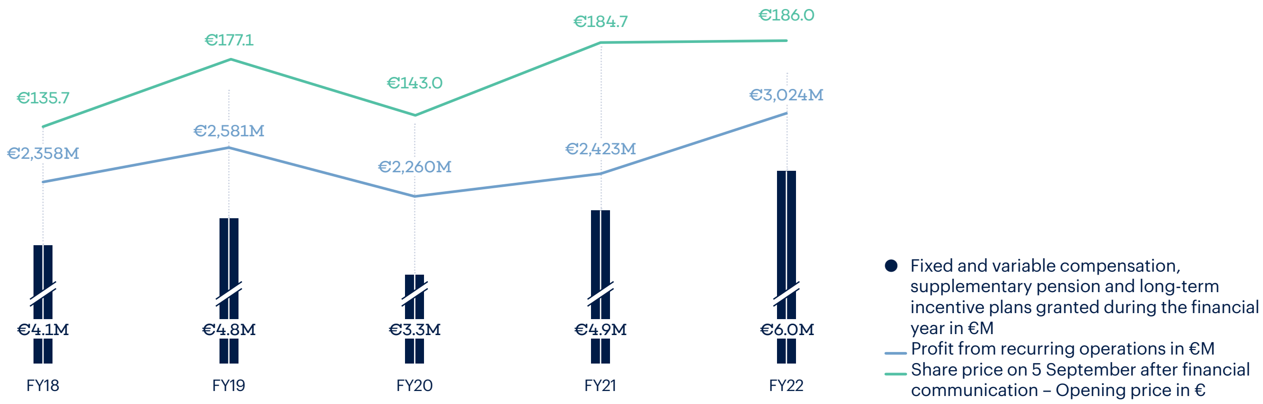


History of the vesting rates for long-term incentive plans



Align the interests of the Executive Director and shareholders

Change in the compensation of the Executive Director in line with the Group's strategy



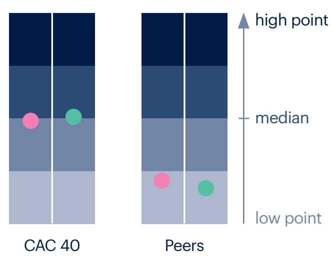
Ensure the competitiveness of the Executive Director's compensation with the market

Comparison panels

CAC 40 Panel: composed of all CAC 40 companies.

Peer panel: composed of the following international companies: AB InBev, Brown-Forman, Campari, Carlsberg, Coca-Cola, Constellation Brands, Danone, Diageo, Heineken, LVMH, PepsiCo, Remy Cointreau.

Positioning of the compensation of the Executive Director in relation to the market



Alexandre Ricard

- Target cash compensation *(fixed compensation + target variable compensation)*
- Total target compensation *(target cash compensation + long-term incentive plans)*

2.8.1 Components of the compensation paid or allocated during FY22 to Mr Alexandre Ricard, Chairman and CEO (8th resolution)

The compensation paid or allocated for FY22 to Mr Alexandre Ricard, Chairman and CEO, was approved by the Board of Directors at its meetings of 31 August 2021, 20 October 2021 and 31 August 2022 on the proposal of the Compensation Committee. The total compensation decided complies with the compensation policy as approved by the General Meeting of 10 November 2021 (10th resolution), and in particular with the relationship between the amounts of variable compensation and the assessment of both the short- and long-term performance of the Company, to which the Chairman and CEO has made a significant contribution.

Summary of the compensation paid or awarded to the Chairman and CEO during FY22

€1,250,000	€2,250,000	€1,874,744	€645,815	€6,552
Fixed compensation	Variable annual compensation	Long-term incentive plan (1)	Pension (50% in shares and 50% in cash)	Company car

(1) IFRS valuation.

"Say on Pay" table relating to the compensation paid or awarded to the Chairman and CEO during FY22

Components of compensation	Amounts paid during the past financial year	Amounts allocated during the past financial year	Remarks
Fixed compensation	€1,250,000	€1,250,000	• **Reminder of the FY22 policy**: At its meeting of 31 August 2021, the Board of Directors decided, on the recommendation of the Compensation Committee, to increase the gross annual fixed compensation of Mr Alexandre Ricard to €1,250,000 as of FY22. • **For FY22**: Mr Alexandre Ricard received fixed compensation in the amount of €1,250,000.
Variable annual compensation	€1,980,000	€2,250,000	• **Reminder of the FY22 policy:** The purpose of variable annual compensation is to compensate the performance achieved during the financial year by the Executive Director in terms of the annual performance objectives set by the Board of Directors in accordance with the corporate strategy. Its amount may vary between 0% and 110% if the quantitative and qualitative objectives are achieved (target level) and may rise to a maximum of 180% if the Group records exceptional financial and non-financial performance in relation to the objectives. • **In respect of FY22:** At its meeting held on 31 August 2022, the Board of Directors, on the recommendation of the Compensation Committee and after approval of the financial elements by the Audit Committee, assessed the amount of the variable portion of Mr Alexandre Ricard's compensation for FY22. Considering the quantitative and qualitative criteria set by the Board meeting on 20 October 2021 and the achievements recognised as of 30 June 2022, the amount of the variable portion was assessed as follows: • For the quantitative criteria, the variable portion amounted to 150% of Mr Alexandre Ricard's fixed annual compensation, *versus* a target of 80% and a maximum of 150%,

Components of compensation	Amounts paid during the past financial year	Amounts allocated during the past financial year	Remarks
Variable annual compensation (continued)			• For the qualitative criteria, the variable portion amounted to 37% of Mr Alexandre Ricard's fixed annual compensation, *versus* a target of 30% and a maximum of 45%. Consequently, the total amount of Mr Alexandre Ricard's variable compensation as Chairman and CEO was set at €2,250,000, *i.e.* 180% of his fixed annual compensation for FY22 (*vs.* a target of 110%). The variable compensation in respect of FY21 and FY20 respectively represented 180% and 27% of his fixed annual compensation.
Multi-year variable compensation	N/A	N/A	• Mr Alexandre Ricard does not qualify for any multi-year variable cash compensation.
Compensation as Chairman of the Board of Directors	N/A	N/A	• Mr Alexandre Ricard does not receive any compensation in his capacity as Chairman of the Board of Directors.
Exceptional compensation	N/A	N/A	• Mr Alexandre Ricard does not qualify for any exceptional compensation.
Allocation of performance shares		11,534 performance shares (total IFRS value €1,874,744)	• **Reminder of the FY22 policy**: allocation of performance shares subject to the following principles: • allocation of a maximum amount of 150% of the fixed annual compensation of the Executive Director, • allocation subject to a three-year vesting period and the following performance conditions: - **50%** of the allocation by value subject to an internal performance condition linked to a criterion relating to achievement of profit from recurring operations, - **30%** of the allocation by value subject to a relative external performance condition (TSR *versus* a panel of peers), - **20%** of the allocation by value subject to an internal performance condition linked to four CSR criteria (water, carbon, responsible drinking and employees). • **During FY22**: The Board of Directors of 10 November 2021 decided, on the recommendation of the Compensation Committee, to grant Mr Alexandre Ricard: 11,534 performance shares (*i.e.* approximately 0.004% of the Company's share capital) fully subject to the performance conditions mentioned above and described in the FY21 universal registration document, paragraph "Allocation of performance-based shares" of Subsection 2.8.1.3 (page 69), of which: • 6,771 performance shares (*i.e.* approximately 0.002% of the Company's share capital) fully subject to internal performance conditions, • 4,763 performance shares (*i.e.* approximately 0.002% of the Company's share capital) fully subject to the external performance condition. This allocation represents, in IFRS value, 150% of his fixed annual compensation. The same presence condition applies to Mr Alexandre Ricard and the other beneficiaries of the long-term incentive plan. It should be noted that the Executive Director is subject to lock-in obligations in respect of shares resulting from the exercise of stock options and the effective transfer of performance shares (described in the FY21 universal registration document, paragraph "Stock option and performance-based share allocation policy" paragraph in Subsection 2.8.1.3 (page 70)).

Components of compensation	Amounts paid during the past financial year	Amounts allocated during the past financial year	Remarks
Welcome bonus or compensation for termination of office	No payment	No payment	Details of the non-compete clause and the forced departure clause are mentioned in the FY21 universal registration document, "Policy on deferred commitments" paragraph in Subsection 2.8.1.3 (page 70).
Supplementary pension scheme		€322,815 (total IFRS value of performance shares with internal and external performance conditions) €323,000 (payment in cash of 10% of the fixed and variable annual compensation)	• **Reminder of the FY22 policy**: during its meeting of 31 August 2021, the Board of Directors decided that the Executive Director would receive additional annual compensation in respect of the supplementary pension scheme equal to 20% of his fixed and variable annual compensation, half of which in the form of an allocation of performance shares (10%) and half in cash (10%). • **During FY22**: • allocation of: • 1,166 performance shares, subject to internal performance conditions, and • 820 performance shares subject to an external performance condition. The performance, and presence conditions applicable to these allocations are the same as those provided for in the Group's overall performance share allocation plan in force on the grant date (described in the "Allocation of performance-based shares" paragraph of Subsection 2.8.1.3 of the FY21 universal registration document, page 69). On the same principle as for grants of performance shares, Mr Alexandre Ricard is subject to lock-in obligations (see the above reference); • Mr Alexandre Ricard has undertaken to invest the cash payment of €323,000, net of social security contributions and tax, in investment vehicles dedicated to financing his supplementary pension.
Collective healthcare and welfare schemes			• Mr Alexandre Ricard qualifies for the collective healthcare and welfare schemes offered by the Company under the same terms as those applicable to the category of employees to which he belongs for the determination of his welfare benefits and other additional components of his compensation.
Other benefits	6,552 €		• Mr Alexandre Ricard benefits from a company car.

N/A: Not applicable.

Breakdown of the achievement levels of the variable annual compensation criteria

Quantitative criteria: target 80% and maximum 150%

Objective	Minimum	Target	Maximum	Level of achievement
Achievement of budgeted profit from recurring operations, restated for exchange rate and scope effects. This criterion, intended to provide an incentive to exceed the target for profit from recurring operations, is one of the key elements of the Group's decentralised structure. This concept of commitment to the budgeted profit from recurring operations helps to bring together all of the structures, which are rewarded according to the extent to which they meet their own targets for profit from recurring operations. This criterion rewards the management performance of the Executive Director	0%	20%	37.5%	37.5%
Achievement of budgeted Group share of net profit from recurring operations, restated for exchange rate and scope effects. This criterion takes into account all of the Group's financial data that fall under the Executive Director's responsibility for the financial year and thus makes it possible for his compensation to be aligned with that of the shareholders	0%	20%	37.5%	37.5%
Achievement of budgeted recurring free cash flow, restated for exchange rate and scope effects. This criterion measures the Group's financial performance and value creation	0%	20%	37.5%	37.5%
Rate of cash conversion for profit from recurring operations, restated for exchange rate and scope effects. The inclusion of this criterion in the calculation of the variable portion of the Executive Director's compensation is in line with the Group's strategy in that it rewards good cash management, regardless of the level of achievement of profit from recurring operations	0%	20%	37.5%	37.5%

Qualitative criteria: target 30% and maximum 45%

Objective	Minimum	Target	Maximum	Level of achievement	Assessment
Implementation of the second phase of the "Transform & Accelerate" strategic plan	0%	12%	18%	17%	In June 2022, at its Capital Market Day, the Group announced and explained the continuation of its Transform & Accelerate strategy: the Conviviality Platform. The deployment of Conviviality Platform, notably through innovative and proprietary tools (the Key Digital Programs) is being executed at pace and at scale with a large number of markets being already onboarded. The Group is further expanding beyond with the development of new businesses in D2C, e-B2B and experiences.The Group has continued to develop digital skills at all levels of the organization (4th place among the Top 30 FMCG firms with the highest percentage of Data Science roles).
CSR: demonstrate leadership both internally and externally through regular communications and promotion of the "Good Times from a Good Place" strategy	0%	6%	9%	7%	Over the past fiscal year, the Group significantly accelerated the implementation of the "Good Times from a Good Place" strategy: successful launch of the first Sustainability Linked bond in the Wine & Spirits industry, incorporation of a CSR criterion in long-term incentive plans for all beneficiaries of performance shares, definition of the roadmap enabling the Group to reach the "carbon net zero" objective by 2050, improvement in Health & Safety indicators, achievement of Gender Pay Equity at Group level, very strong acceleration of female representation at Top Management level (+20% vs FY 2020/21).
Maintain a high level of employee engagement after more than 18 months in "crisis management" mode, in order to preserve and develop the Group's talents	0%	6%	9%	8%	The employee engagement level is very high as demonstrated by the results of engagement surveys carried out with our partner, Glint (86% response rate and an engagement rate 4 points higher than FMCG industry average) and the participation rate in the Accelerate employee shareholding plan (45.71%) reaching record levels in Asia with over 75% participation rate in India, 66% in Hong Kong and 60% in Taiwan.
Growth in Pernod Ricard USA sales value in line with the US market for the main categories of the Pernod Ricard portfolio	0%	6%	9%	6%	Sales growth in the US was at +8% in FY22 (+8% 3Y CAGR) broadly in line with the market considering the main categories of the Pernod Ricard portfolio, with on-trade recovery and off-trade resilience along with continuing consumer trends of premiumization and convenience.

Summary of components of the compensation due or granted to Mr Alexandre Ricard for the financial year

Summary table of compensation paid and options and shares granted to Mr Alexandre Ricard (Table 1 AMF nomenclature)

€	FY21	FY22
Compensation due for the financial year[(1)]	3,087,294	3,506,552[(2)]
Value of multi-year variable compensation allocated during the financial year	N/A	N/A
Value of options granted during the financial year[(3)]	549,990	N/A
Value of performance shares allocated during the financial year	1,099,902	1,874,744
Value of performance shares allocated during the financial year in respect of the supplementary pension scheme[(4)]	69,919	322,815
Supplementary cash payment in respect of the supplementary pension scheme[(4)]	69,850	323,000
Total	**4,876,955**	**6,027,111**

N/A: Not applicable.
(1) This total includes the use of a company car.
(2) The amount of the bonus due for the year will be subject to the ex-post vote of shareholders.
(3) No stock options were granted for FY22.
(4) Annual component equal to 5% of fixed and variable compensation for FY21 and 10% of fixed and variable compensation from FY22.

Summary table of compensation paid to Alexandre Ricard (by the Company and the controlled companies as defined by article L. 233-16 of the French Commercial Code and the controlling company or companies) (Table 2 AMF nomenclature)

	FY21		FY22	
€	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	1,100,000	1,100,000	1,250,000	1,250,000
Variable annual compensation[(1)]	1,980,000	297,000	2,250,000[(3)]	1,980,000
Multi-year variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Compensation as Chairman of the Board of Directors	N/A	N/A	N/A	N/A
Benefits in kind[(2)]	7,294	7,294	6,552	6,552
Total	**3,087,294**	**1,404,294**	**3,506,552**	**3,236,552**

N/A: Not applicable.
(1) The variable compensation due in respect of the prior year is paid in the current year.
(2) Company car.
(3) The amount of the bonus due for the year will be subject to the ex-post vote of shareholders.

Stock options granted to Mr Alexandre Ricard by the Company and any Group companies during the financial year (Table 4 AMF nomenclature)

Plan date	Type of options (purchase or subscription)	Value of shares according to the method used for the consolidated financial statements (IFRS)	Number of options granted during the financial year	Strike price	Performance conditions	Exercise period
-	-	-	-	-	-	-

Stock options exercised by Mr Alexandre Ricard during the year (Table 5 AMF nomenclature)

No. 29 Plan date	Number of options exercised during the financial year	Strike price
09.11.2017	16,533[1]	€126.53

(1) The initial allocation was 25,050 options (the external performance condition confirmed the availability of 66% of the options initially allocated).

Performance shares granted to Mr Alexandre Ricard by the Company and any Group companies during the financial year (Table 6 AMF nomenclature)

No. 33 Plan date	Number of shares awarded during the period	Value of shares according to the method used for the consolidated financial statements (IFRS)	Vesting date	Availability date	Performance conditions
10.11.2021	6,771	€1,312,329	12.11.2024	12.11.2024	Average achievement of the annual targets in respect of profit from recurring operations (actual/budget) in the current and subsequent two years (three consecutive years) + achievement of the Group CSR criteria (Carbon, Water, Responsible drinking and Employees).
10.11.2021	1,166[1]	€225,990	12.11.2024	12.11.2024	
10.11.2021	4,763	€562,415	12.11.2024	12.11.2024	Positioning of the total performance of the Pernod Ricard share compared with the total performance of a panel of 12 companies over three years.
10.11.2021	820[1]	€96,826	12.11.2024	12.11.2024	

(1) Allocation under the supplementary pension scheme.

Performance shares vested to Mr Alexandre Ricard during the financial year (Table 7 AMF nomenclature)

No. 28 Plan date	Number of shares vesting during the financial year	Conditions of acquisition
17.11.2016	8,990[1]	No performance conditions (presence condition for three years).

(1) Final third of the Exceptional Bonus Share Plan granted to the Executive Director in exchange for the elimination of the supplementary defined-benefit pension scheme. This exceptional allocation was intended to compensate for vested rights and was not subject to any performance conditions. However, it spread the vesting of shares over a three-year period and includes a mandatory two-year lock-in period (see page 109 of the FY17 Registration Document).

Summary table of Mr Alexandre Ricard's multi-year variable compensation

Mr Alexandre Ricard did not receive any multi-year variable compensation during past financial years.

2.8.2 Compensation policy for the Chairman and CEO (9th resolution)

Presented below, in accordance with article L. 22-10-8 of the French Commercial Code, is the report of the Board of Directors on the compensation policy for the Chairman and CEO (hereinafter the "Executive Director"), which will be submitted to shareholders for their approval.

Accordingly, the General Meeting of 10 November 2022 (in its 9th resolution appearing in Section 8 "Annual Ordinary General Meeting" of this universal registration document) will be asked to approve the following elements of the compensation policy of the Executive Director.

This report, prepared under the supervision of the Compensation Committee, does not make any substantial changes to the compensation policy previously approved by 84.23% of the shareholders at the General Meeting of 10 November 2021.

Compensation structure

The structure of the Executive Director's compensation consists mainly of:

- cash compensation comprising a fixed portion and a variable annual portion directly related to his or her individual performance and contribution to the Group's performance; and
- capital compensation in the form of an allocation of shares whose vesting is subject to the achievement of performance conditions in line with shareholders' interests.

Fixed compensation	€1,250,000
Variable compensation	Target: 110% – Max: 180% (Quantitative criteria: target 80%/max 150% – Qualitative criteria: target 30%/max 45%)
Long-term incentive plan	Max 150% of fixed annual compensation, subject to performance conditions
Supplementary pension scheme	20% of fixed and variable compensation (10% in performance shares and 10% in cash)
Deferred commitments	Non-compete clause + imposed departure clause: combined maximum of 24 months' compensation (fixed and variable)
Multi-year/exceptional variable compensation	Any multi-year variable compensation or exceptional compensation shall be precisely communicated and justified. None currently
Other	Company car/collective healthcare and welfare schemes

Potential change of governance

Where a new Chairman and CEO, a new Chief Executive Officer or new Deputy Chief Executive Officer(s) is appointed, the components of the compensation and the policy and criteria set out in the Compensation policy for the Chairman and CEO shall also apply to them on a pro rata basis. The Board of Directors, on the recommendation of the Compensation Committee, shall then, by means of adaptation to the situations of the interested parties, determine the objectives, performance levels, parameters, structure and maximum percentages compared to their fixed annual compensation, which may not be higher than those of the Chairman and CEO.

Furthermore, as regards the annual variable compensation policy, in the event of the arrival of a new Executive Director during the second half of a financial year, the Board of Directors will conduct a performance assessment at its discretion based on a proposal from the Compensation Committee and, in that case, the new Director will receive, as variable compensation, the prorated amount of the variable portion approved by the shareholders.

Fixed annual compensation

The fixed portion of the Executive Director's compensation is determined based on:

- the level and complexity of his responsibilities;
- his experience and career history, particularly within the Group;
- his individual performance and;
- market analyses for comparable functions (study conducted with the help of specialised firms on the positioning of the compensation of the Executive Director in relation to the practices of CAC 40 companies and international companies in the beverage sector for similar positions).

The possibility of a review of fixed compensation is analysed in detail at each reappointment. However, an early review might occur in the event of significant changes to the scope of responsibilities or a major deviation compared to the market positioning. In these specific situations, the adjustment of the fixed compensation and the reasons for it will be made public.

Finally, the Board of Directors has decided that, in the event of the appointment of a new Chairman and CEO, a new Chief Executive Officer or any new Deputy Chief Executive Officer(s), these same principles will apply.

As a reminder, on 31 August 2021, the Board of Directors decided, on the proposal of the Compensation Committee, to increase the fixed annual compensation of Mr Alexandre Ricard to €1,250,000, given the very high quality of his performance since his appointment in 2015 and to be better aligned with the CAC 40 median practice.

The gross fixed annual compensation of €1,250,000 for Mr Alexandre Ricard will be maintained for FY23.

Compensation as Chairman of the Board of Directors

The Executive Director does not receive compensation for offices he or she holds in the Company or in Group companies.

Variable annual portion

The purpose of variable annual compensation is to compensate the performance achieved during the financial year by the Executive Director in terms of the annual performance objectives set by the Board of Directors in accordance with the corporate strategy. Pursuant to the provisions of article L. 22-10-34 of the French Commercial Code, the payment of variable annual compensation is conditional upon its prior approval by the Ordinary General Meeting ("ex-post" vote).

The Board of Directors and the Compensation Committee strive to strengthen the link between performance and compensation and to integrate a corporate social responsibility criterion.

More specifically, this variable portion is based on performance levels applying to financial and non-financial parameters, representative of expected overall performance.

This variable portion is expressed as a percentage of the fixed annual portion. It may vary between 0% and 110% if the quantitative and qualitative objectives are achieved (target level) and may rise to a maximum of 180% if the Group records exceptional financial and non-financial performance in relation to the objectives.

Performance criteria

The criteria are reviewed regularly to ensure they are in line with the Company long-term strategy and may be modified on an occasional basis. For FY23, the Board of Directors, on the recommendation of the Compensation Committee, proposed that the following criteria be reapplied:

Quantitative criteria: target 80% and max 150%	**Achievement of budgeted profit from recurring operations**, restated for exchange rate and scope effects. This criterion, intended to provide an incentive to exceed the target for profit from recurring operations, is one of the key elements of the Group's decentralised structure. This concept of commitment to the budgeted profit from recurring operations helps to bring together all of the structures, which are rewarded according to the extent to which they meet their own targets for profit from recurring operations. This criterion rewards the management performance of the Executive Director	target 20% and max 37.5%
	Achievement of budgeted Group share of net profit from recurring operations, restated for exchange rate and scope effects. This criterion takes into account all of the Group's financial data that fall under the Executive Director's responsibility for the financial year and thus makes it possible for his compensation to be aligned with that of the shareholders	target 20% and max 37.5%
	Achievement of budgeted recurring free cash flow, restated for exchange rate and scope effects. This criterion measures the Group's financial performance and value creation	target 20% and max 37.5%
	Rate of cash conversion for profit from recurring operations, restated for exchange rate and scope effects. The inclusion of this criterion in the calculation of the variable portion of the Executive Director's compensation is in line with the Group's strategy in that it rewards good cash management, regardless of the level of achievement of profit from recurring operations	target 20% and max 37.5%
Qualitative criteria: target 30% and max 45%	The individual performance of the Executive Director is assessed annually by the Board of Directors on the recommendation of the Compensation Committee. The qualitative criteria assessed are reviewed annually, based on the Group's strategic priorities, knowing that the Board of Directors will strive to always include a CSR criterion. For confidentiality reasons regarding the Group's strategy, details of qualitative objectives may only be made public after the event and after assessment by the Compensation Committee and the Board of Directors	target 30% and max 45%
TOTAL		target 110% and max 180%

In any event, variable compensation (quantitative and qualitative criteria) may not exceed 180% of the fixed annual compensation.

Performance levels

The performance achievement level shall be communicated, criterion by criterion, once the performance assessment has been prepared.

Termination of office

If the Executive Director leaves during the financial year, the amount of the variable portion of their compensation for the current year will be determined pro rata to attendance time for the year in question, depending on the performance level observed and assessed by the Board of Directors for each of the criteria initially adopted. However, it should be noted that no compensation shall be paid if the Executive Director is dismissed for gross negligence or with good cause or on decision of the Board of Directors.

Payment method

In accordance with the law, the payment of variable annual compensation will be conditional upon prior approval by the Ordinary General Meeting.

Long-term incentive policy: allocation of performance shares

The Board of Directors considers that share-based compensation mechanisms, which also benefit other key functions of the Company, are particularly appropriate for the Executive Director, given the level of responsibility of this function and his or her ability to contribute directly to long-term corporate performance in a way that is aligned with shareholders' interests.

In addition, the Board of Directors ensures that the performance conditions are consistent with those applied to the Group's Senior Managers, particularly the members of the Executive Committee.

During FY22, the Board of Directors reaffirmed its desire to give key personnel an interest in the performance of Pernod Ricard shares, and during its meeting of 10 November 2021, it decided to introduce a share allocation plan (with or without performance conditions, depending on the categories of beneficiaries). The Board's aim is therefore to continue to align the interests of Pernod Ricard employees with those of the shareholders, by encouraging them to hold shares of the Company. Just over 750 employees were rewarded, making it possible to target not only executives in management positions, but also to retain young high-potential managers (Talents) in all of the Group's affiliates around the world.

The conditions of the performance share allocation plan for FY23 will be identical to those of the previous financial year, in accordance with the resolution voted at the General Meeting of 10 November 2021 (resolutions 22).

Performance conditions

The performance shares granted will have a vesting period of three years and will be subject to the following performance conditions:

Breakdown of performance conditions by value

Presence of performance condition	Relative weight	Criterion detail	Performance assessment methods
PRO (Profit from Recurring Operations)	50% of the allocation in IFRS value	Average annual achievement of the Group's Profit from Recurring Operations (**PRO**) budget over three consecutive financial years, restated for scope and exchange rate effects	• average ≤ 0.95: 0% of the shares • average between 0.95 and 1: linear increase between 0% and 100% of the shares • average ≥ 1: 100% of the shares
TSR (Total Shareholder Return)	30% of the allocation in IFRS value	Positioning of the overall performance of the Pernod Ricard share (**TSR**) compared to that of the panel of 12 peers* over a period of three years following the grant of the plan	• below the median (8th to 13th position): 0% of the shares • at the median (7th position): 66% of the shares • 6th, 5th or 4th position: 83% of the shares • 3rd, 2nd or 1st position: 100% of the shares

Presence of performance condition	Relative weight	Criterion detail	Performance assessment methods
CSR (Corporate Social Responsibility)	20% of the allocation in IFRS value	Achievement of the following criteria assessed over a period of three consecutive financial years (including that during which the shares were granted): • **carbon**: implementation of the roadmap to reduce direct CO_2 emissions generated by our sites in order to achieve zero net emissions by 2030 • **water**: implementation of the roadmap with the aim of reducing water consumption in our distilleries by 20% by 2030 • **responsible drinking**: Pernod Ricard's strategic brands will launch marketing campaigns focused on responsible drinking, with the aim of ramping this up each year over the next five years • **employees**: objective of achieving gender balance in our Top Management (at least 40% of each gender) by 2030	• no objective achieved: 0% of the shares • 1 objective: 25% of the shares • 2 objectives achieved: 50% of the shares • 3 objectives achieved: 75% of the shares • 4 objectives achieved: 100% of shares

* *The Board of Directors has decided that, in addition to Pernod Ricard, the Panel shall comprise the following 12 companies: AB InBev, Brown Forman, Campari, Carlsberg, Coca-Cola, Constellation Brands, Danone, Diageo, Heineken, LVMH, PepsiCo and Rémy Cointreau. The composition of the Panel may be modified depending on changes in the companies, particularly in the event of acquisition, absorption, dissolution, spin-off, merger or change of activity, subject to maintaining the overall consistency of the sample and enabling application of the external performance condition in accordance with the performance objective set on allocation.*

Maximum allocation amount

Throughout the current term of office of the Executive Director, the maximum annual allocation, of performance shares (in IFRS value) to the Executive Director is limited to 150% of his gross fixed annual compensation. This maximum allocation has been determined by taking into account:

- the practices of CAC 40 and beverage sector companies (external benchmarking panel); and
- the demanding nature of the performance conditions.

In addition, the maximum amount of performance shares granted to the Executive Director is limited to 0.08% of the share capital at the date of the allocation of the performance shares, as indicated in the resolutions approved by the General Meeting of 10 November 2021 (22nd resolution).

Lock-in period

The Board of Directors requires the Executive Director:

- to hold a number of shares in registered form until the end of his or her term of office, corresponding to:
  - in respect of stock options: 30% of the capital gain since acquisition, net of social security contributions and taxes, resulting from the exercise of the stock options, and
  - in respect of performance shares: 20% of the volume of the performance shares that actually vest;
- to undertake to buy a number of additional shares equal to 10% of the performance shares acquired at the time that the performance shares actually vest; and
- once the Executive Director holds a number of registered Company shares that corresponds to more than three times his or her gross fixed annual compensation at that time, the above-mentioned lock-in obligation will be reduced to 10% for both stock options and performance shares and the Executive Director concerned will no longer be required to acquire additional shares. If, in the future, the registered holdings fall below the ratio of three times, the above-mentioned lock-in and vesting requirements will once more apply.

Presence condition and termination of office

The definitive allocation is subject to a presence condition (at the date on which the shares vest) for all beneficiaries including the Executive Director, with the exceptions specified in the plan regulations (notably in cases of death or disability) or decided by the Board of Directors. In case of the Executive Director, the Board of Directors may decide to remove the presence condition *pro rata temporis* where appropriate, issuing a notification of and justification for any such decision. The performance shares held shall remain subject to all applicable plan regulations, particularly with regard to the calendar and performance conditions.

Hedging

In accordance with the Code of Ethics, (the latest version of which was approved by the Board of Directors on 31 August 2022), and the AFEP-MEDEF Code, the Executive Director has formally undertaken not to use hedging mechanisms either for stock options granted under previously established plans or shares resulting from the exercise of these options, or for performance shares received from the Company, until the end of the lock-in period set by the Board of Directors.

Supplementary pension scheme

The supplementary pension scheme supplements the retirement schemes provided under compulsory basic and supplementary schemes.

The Executive Director therefore receives additional annual compensation equal to 20% of his fixed and variable annual compensation, paid each year:

- half (*i.e.* 10%) in the form of the allocation of performance shares, the number of which is determined based on the IFRS value of shares when the allocation occurs, and which must be approved by the Board of Directors each year. The conditions relating to performance, presence and lock-in that will apply to these allocations will be the same as those outlined under the general Group performance share allocation plan in effect on the grant date; and
- half (*i.e.* 10%) in cash. It is specified that the Executive Director will undertake to invest the cash component of this additional compensation he may receive, net of social security contributions and tax, in savings products dedicated to financing his supplementary pension.

Policy on deferred commitments

Imposed departure clause

A maximum allowance of 12 months' compensation (last fixed and variable annual compensation determined by the Board of Directors) would be paid under performance conditions in the event of imposed departure as a result of a change in the Group's control or strategy. However, there would be no payment in the event of i) non-renewal of the term of office, ii) departure initiated by the Director, iii) a change of functions within the Group or iv) if he or she is able to benefit in the near future from their pension rights.

The imposed departure clause is subject to the following three performance criteria:

- criterion number 1: bonus rates achieved over the term(s) of office: criterion number 1 will be considered as met if the average bonus paid over the entire length of the term(s) of office is no less than 90% of the target variable compensation;
- criterion number 2: growth rate of profit from recurring operations over the term(s) of office: criterion number 2 will be considered as met if the average growth rate of profit from recurring operations *vs.* budget of each year over the entire length of the term(s) of office is more than 95% (adjusted for foreign exchange and scope impacts); and
- criterion number 3: average growth in net sales over the term(s) of office: criterion number 3 will be considered as met if the average growth in net sales over the entire length of the term(s) of office is greater than or equal to 3% (adjusted for foreign exchange and scope impacts).

The amount of compensation that may be received under the imposed departure clause shall be calculated according to the following scale:

- if all three criteria are met, payment of 12 months' compensation[1];
- if two of the three criteria are satisfied: payment of eight months' compensation[1];
- if one of the three criteria is satisfied: payment of four months' compensation[1]; and
- if no criterion is satisfied: no compensation will be paid.

Non-compete clause

The signing of this non-compete clause for a period of one year is intended to protect the Group by preventing the Executive Director from performing duties for a competitor, in return for an allowance of 12 months' compensation (last fixed and variable annual compensation, determined by the Board of Directors).

In accordance with the AFEP-MEDEF Code:

- the indemnity will be paid monthly during its term;
- it is provided in this clause that the Board of Directors may waive the application of this clause when the Executive Director leaves;
- the indemnity will not be paid if the Executive Director leaves the Group to take retirement or if the Executive Director is over 65 years old; and
- the maximum amount of the indemnity under the non-compete clause and the imposed departure clause (sum of both) is capped at 24 months' compensation (last fixed and variable annual compensation approved by the Board of Directors).

Multi-year compensation

The Board of Directors has decided not to use this type of long-term cash compensation mechanism, preferring to favour a share-based instrument more closely aligned with shareholders' interests.

However, such a mechanism might be envisaged if regulatory changes or any other circumstance were to make the use of a share-based instrument restrictive or impossible. In this event, the principles and criteria for the determination, distribution and maximum allocation of shares stipulated in the policy relating to share plans will be used in the structuring of such variable multi-year compensation using the most similar appropriate procedures possible.

Exceptional compensation

In accordance with the AFEP-MEDEF Code (25.3.4), the Board of Directors has adopted the principle by which the Executive Director may receive exceptional compensation in certain circumstances (particularly in the case of transformational operations), which must be explicitly disclosed and justified.

Moreover, in accordance with the AFEP-MEDEF Code (article 25.4), in the case of external recruitment of a new Executive Director, the Board of Directors may also decide to pay an amount (in cash or in shares) to compensate the new Executive Director for loss of all or part of his or her compensation (excluding retirement benefits) related to leaving his or her previous position. This compensation may not exceed the amount lost by the person in question.

In all cases, the payment of such compensation may only be made subject to the prior approval of the Ordinary General Meeting pursuant to article L. 22-10-34 of the French Commercial Code.

(1) Most recent fixed and variable annual compensation decided by the Board of Directors.

Other benefits

Company car

For fulfilling his or her duties as a representative of the Company, the Executive Director has a company car. Insurance, maintenance and fuel costs are borne by the Company.

Collective healthcare and welfare schemes

The Executive Director enjoys the benefit of the collective healthcare and welfare schemes offered by the Company under the same terms as those applicable to the category of employees to which they belong for the determination of their welfare benefits and other additional components of their compensation.

Exception to the implementation of the compensation policy for the Chairman and CEO

In accordance with the second paragraph of III of article L. 22-10-8 of the French Commercial Code, in the event of exceptional circumstances, the Board of Directors may depart from applying elements of the compensation policy, provided that such a departure is temporary, is in the Company's interest and is necessary to ensure the Company's continued existence or viability. Any departure will be decided by the Board of Directors, on the recommendation of the Compensation Committee and after obtaining the opinion, where necessary, of an independent consulting firm, it being understood that reasons must be given for this departure.

Such a departure may only be temporary and in exceptional circumstances, in particular a major event affecting markets in general or that of wines & spirits in particular.

The compensation elements that may be departed from, in either a positive or negative sense, are the annual or long-term variable compensation (but without the limits being modified).

Employment contract/corporate office (Table 11 AMF nomenclature)

	Employment contract		Supplementary defined-benefit pension scheme		Indemnities or advantages due or liable to be due by virtue of the discontinuance of or change in their positions		Indemnities relating to a non-compete clause	
Executive Directors	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Mr Alexandre Ricard, Chairman and CEO[1]		X		X	X		X	

(1) Mr Alexandre Ricard resigned from his employment contract on 11 February 2015, when he was appointed Chairman and CEO. Before this, his employment contract with Pernod Ricard had been suspended since 29 August 2012.

2.8.3 Components of compensation paid or allocated during FY22 to corporate officers (10th resolution)

Table of compensation received (in euros) by Non-Executive Directors (Table 3 AMF nomenclature)

Of the €1,250,000 allocated by the General Meeting of 27 November 2020, a total of €1,012,500 in compensation was paid to Directors in FY22, in accordance with the rules set out in Subsection 2.8.4 below. As a reminder, the Chairman and CEO does not receive compensation as a Director.

	FY21		FY22	
	Amounts allocated	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Ms Patricia Barbizet	166,375	151,625	172,000	180,000
Ms Esther Berrozpe Galindo[1]	30,417	59,417	N/A	N/A
Mr Wolfgang Colberg	100,000	123,000	88,500	89,500
Ms Virginie Fauvel[2]	31,667	5,667	55,333	56,833
Mr Ian Gallienne	99,500	93,000	95,000	104,000
Mr César Giron	83,083	85,583	73,000	77,000
Ms Anne Lange	82,917	65,417	95,500	102,000
Mr Philippe Petitcolin	111,167	98,667	101,000	109,000
Société Paul Ricard[3]	62,917	56,417	61,000	69,000
Mr Gilles Samyn[4]	30,833	67,833	N/A	N/A
Ms Namita Shah[5]	N/A	N/A	36,667	8,167
Ms Kory Sorenson	115,500	114,500	123,500	127,000
Ms Veronica Vargas	62,917	59,417	81,000	80,500
Ms Maria Jesus Carrasco Lopez	15,000	15,000	15,000	15,000
Mr Stéphane Emery[6]	15,000	15,000	7,500	15,000
Mr Brice Thommen[7]	N/A	N/A	7,500	N/A
Total	**1,007,293**	**1,010,543**	**1,012,500**	**1,033,000**

N/A: Not applicable.
(1) Until 22 December 2020, date of her resignation.
(2) Starting 27 November 2020, the date of her appointment by the General Meeting.
(3) Société Paul Ricard was represented until 20 December 2021 by Mr Paul-Charles Ricard and from 21 December 2021 by Ms Patricia Ricard Giron.
(4) Until 27 November 2020, date of his resignation.
(5) Starting 10 November 2021, the date of her appointment by the General Meeting.
(6) Until 13 December 2021, date of the end of his term of office as Director representing the employees.
(7) From 13 December 2021, date of his appointment as Director representing the employees.

Other components of the compensation of corporate officers performing management or executive roles within the Group

In addition to compensation received in respect of their office as Directors, Messrs César Giron and Paul-Charles Ricard and Ms Patricia Ricard received compensation in their respective capacities as Chairman and CEO of Martell Mumm Perrier-Jouët, Innovation Manager of Martell Mumm Perrier-Jouët and Chairwoman of the Paul Ricard Oceanographic Institute.

A summary statement of the compensation and other benefits received by each of these Non-Executive Directors from the companies controlled by Pernod Ricard SA, under article L. 233-16 of the French Commercial Code, is drawn up pursuant to article L. 22-10-9, paragraph 5 of the same Code.

Mr César Giron, member of the Board of Directors and Chairman and CEO of Martell Mumm Perrier-Jouët

Fixed compensation

Mr César Giron receives gross fixed compensation for his duties as Chairman and CEO of Martell Mumm Perrier-Jouët that amounted to €503,244 for FY22.

Variable compensation

In his capacity as Chairman of a direct affiliate and member of the Executive Committee, Mr César Giron receives gross variable compensation for which the quantitative criteria depend, on the one hand, on the financial performance of the entity he manages and, on the other, on the Group's results, with a view to strengthening solidarity and collegiality between the Chairs of the Executive Committee.

Mr César Giron is also assessed on the basis of individual qualitative criteria.

This variable portion is expressed as a percentage of the fixed annual portion. It may reach 70% of his gross fixed compensation if the quantitative and qualitative targets are achieved (target level) and can rise to a maximum of 105% if the Group records exceptional performance in relation to the targets. The criteria are reviewed regularly and may be modified on an occasional basis.

In this respect, during FY22, he received gross variable compensation of €494,736 in October 2021 relating to FY21, *i.e.* 101% of his fixed compensation for FY21.

Exceptional compensation

No exceptional compensation was awarded or paid in respect of FY22.

Allocation of performance shares

On 10 November 2021, the Board of Directors authorised a global performance share allocation plan.

Under this plan, Mr César Giron received the following allocation:

- 1,168 shares subject to an external performance condition (€137,917.44 in IFRS value); and
- 1,661 shares subject to internal performance conditions (€321,928.38 in IFRS value).

The details of the overall performance share allocation policy are shown below (pages 84-85 of this universal registration document).

Severance benefits

Mr César Giron receives no compensation for termination of service.

Supplementary pension scheme

Mr César Giron has a conditional supplementary defined-benefit pension scheme (article 39) under article L. 137-11 of the French Social Security Code, provided that recipients:

- have at least 10 years' seniority within the Group when they leave or retire;
- are at least 60 years of age on the date of leaving or retirement;
- have claimed the basic and complementary French social security pension schemes (ARRCO, AGIRC);
- permanently end their professional career; and
- end their professional career within the Group. In accordance with regulations, employees aged over 55 whose contract is terminated and who do not take up another job are deemed to have retired. The aim of the scheme is to make it possible to supplement the pension provided by France's mandatory state-run pension scheme. It offers retired beneficiaries a life annuity that can be passed on to their spouse and/or ex-spouse in the event of death.

Pensions are proportionate to the beneficiary's length of service, with an upper limit of 20 years. Pensions are calculated on the basis of the beneficiary's average compensation (fixed and variable) over the three years preceding his or her retirement.

The amount of the supplementary annuity is calculated by applying the following coefficients to the basis of calculation:

- for the portion of the compensation between 8 and 12 times France's annual social security ceiling, the coefficient is 2% multiplied by the number of years' service (capped at 20 years, *i.e.* 40%);
- between 12 and 16 times France's annual social security ceiling, the coefficient is 1.5% per year of service (capped at 20 years, *i.e.* 30%); and
- in excess of 16 times France's annual social security ceiling, the coefficient is 1% per year of service (capped at 20 years, *i.e.* 20%).

The supplementary pension equals the sum of the three amounts above.

In addition, the rights granted under this plan, added to those of other pensions, cannot exceed two-thirds of the amount of the beneficiary's most recent fixed annual compensation.

A provision is entered on the balance sheet during the build-up phase and, when the beneficiary claims his or her pension, the capital is transferred to an insurer and thus entirely outsourced.

Funding for this scheme is the responsibility of Pernod Ricard, which pays premiums to a third-party insurance agency to which it has entrusted management of this pension scheme.

In accordance with the provisions of article D. 22-10-16 of the French Commercial Code, at 30 June 2022, the estimated gross amount of the pension potentially paid under the supplementary defined-benefit pension scheme for Mr César Giron would amount to €183,140 per year.

The relevant social security contributions falling due to Pernod Ricard stood at 24% of the contributions transferred to the insurer.

Furthermore, in accordance with the government decree of 3 July 2019:

- the scheme has been closed since 2016;
- no additional rights may vest in respect of periods of employment after 1 January 2020.

Collective healthcare and welfare schemes

Mr César Giron qualifies for the collective healthcare and welfare schemes offered by Martell Mumm Perrier-Jouët under the same terms as those applicable for the category of employees to which he belongs for the determination of his employee benefits and other additional components of his compensation.

Other benefits

For FY22, Mr César Giron was provided with a company car.

Mr Paul-Charles Ricard, Permanent Representative of Société Paul Ricard, member of the Board of Directors until 20 December 2021 and Innovation Manager at Martell Mumm Perrier-Jouët

Fixed compensation

Mr Paul-Charles Ricard receives gross fixed compensation for his duties as Innovation Manager at Martell Mumm Perrier-Jouët.

For the period from 1 July 2021 to 20 December 2021, this compensation amounted to €34,006.

Variable compensation

Mr Paul-Charles Ricard is eligible for variable annual compensation equal to 15% of his fixed compensation if the (individual) qualitative objectives are achieved.

During FY22, Paul-Charles Ricard received gross variable compensation of €10,294 for FY21.

Amounts received in respect of employee profit-sharing plans

Mr Paul-Charles Ricard is eligible for the profit-sharing plans in force at Martell Mumm Perrier-Jouët.

During FY22, Mr Paul-Charles Ricard received €10,437 in profit-sharing schemes and €9,463 in "participation".

Collective healthcare and welfare schemes

Mr Paul-Charles Ricard qualifies for the collective healthcare and welfare schemes offered by Martell Mumm Perrier-Jouët under the same terms as those applicable for the category of employees to which he belongs for the determination of his employee benefits and other additional components of his compensation.

Other components of compensation

No exceptional compensation/No allocation of stock options and/or performance shares/No compensation for termination of service/No supplementary pension scheme/No benefits in kind.

Ms Patricia Ricard Giron, Permanent Representative of Société Paul Ricard, member of the Board of Directors since 21 December 2021, and Chairwoman of the Paul Ricard Oceanographic Institute

Fixed compensation

Ms Patricia Ricard Giron receives gross fixed compensation for her position as Chairwoman of the Paul Ricard Oceanographic Institute.

For the period from 21 December 2021 to 30 June 2022, this compensation amounted to €41,378.

Variable compensation

Ms Patricia Ricard Giron is eligible for variable annual compensation equal to 10% of her fixed compensation if the (individual) qualitative objectives are achieved.

No payments occurred between 21 December 2021 and 30 June 2022.

Amounts received in respect of employee profit-sharing plans

Ms Patricia Ricard Giron is eligible for the profit-sharing schemes in force at Pernod Ricard France.

No payments occurred between 21 December 2021 and 30 June 2022.

Collective healthcare and welfare schemes

Patricia Ricard Giron qualifies for the collective healthcare and welfare schemes offered by Pernod Ricard France under the same terms as those applicable to the category of employees to which she belongs for the determination of her welfare benefits and other additional components of her compensation.

Other components of compensation

No exceptional compensation/No allocation of stock options and/or performance shares/No compensation for termination of service/No supplementary pension scheme/No benefits in kind were received between 21 December 2021 and 30 June 2022.

2.8.4 Compensation policy for the members of the Board of Directors (11th resolution)

The conditions governing Directors' compensation within the total annual amount of corporate officer compensation authorised by the General Meeting are determined by the Board of Directors on the basis of a recommendation from the Compensation Committee.

Arrangements for allocating the compensation budget for FY22

Directors' annual compensation comprises a fixed portion set at €20,000, with an additional €6,000 for members of the Audit Committee and €5,000 for members of the Strategic Committee, the Compensation Committee, the Nominations and Governance Committee, and the CSR Committee. The Chairman of the Audit Committee receives an additional sum of €14,000, while the Chairwomen of the Compensation Committee, the Nominations and Governance Committee, and the CSR Committee each receive an additional €8,500.

The Lead Independent Director receives additional annual compensation of €40,000.

Directors are also eligible for a variable portion, calculated on the basis of their attendance at Board and Committee meetings. The variable portion is €4,000 per meeting.

Furthermore, in order to take account of distance constraints, an additional premium of €1,500 is paid to Directors who are not French tax residents, when they attend Board and/or Committee meetings. Directors who take part in Board meetings by video conference or conference call are not eligible for this additional amount.

As compensation, the Directors representing the employees receive a fixed annual payment of €15,000 for their attendance at meetings of the Board of Directors and, as appropriate, those of the Board of Directors' Committees of which they are members.

The Chairman and CEO does not receive compensation in respect of his office as a Director.

Of the €1,250,000 allocated by the General Meeting of 27 November 2020, total compensation of €1,012,500 was paid to Directors in respect of FY22, in accordance with the rules set out above.

For FY23, no change will be made to the amount and allocation of the budget applied for FY22.

Potential change of governance

If a new Director is appointed, the elements of compensation, principles and criteria provided for in the Compensation Policy for corporate officers would also apply to him/her on a *pro rata* basis.

2.8.5 Other aspects of the compensation policy (not subject to shareholder vote)

Global long-term profit-sharing policy (shares)

During FY22, the Board of Directors reaffirmed its desire to involve key employees in the performance of Pernod Ricard shares, and decided, at its meeting of 10 November 2021, to no longer use the stock option mechanism and to implement an allocation plan composed of performance shares for managers in management-level positions and a share plan without performance conditions for young managers with potential ("Talents") as well as for attracting new talents.

The Board's aim is therefore to continue to align the interests of Pernod Ricard employees with those of the shareholders, by encouraging them to hold shares of the Company. Just over 750 employees were rewarded, making it possible to target not only executives in management positions, but also to retain the "Talents" in all of the Group's affiliates around the world.

The Board of Directors confirmed the following plan features on the recommendation of the Compensation Committee:

- For young managers with potential ("Talents"): allocation of shares without performance condition;
- For executives holding management positions: allocation of shares subject to internal performance conditions, introducing a CSR criterion in addition to the internal financial performance criterion. The conditions applicable to this grant are as follows:

Presence of performance condition	Criterion detail	Performance assessment methods
PRO (Profit from Recurring Operations)	Average achievement of the Group's annual Profit from Recurring Operations (**PRO**) targets restated for the effects of scope and budgeted exchange rates, realised during three consecutive financial years	• average ≤ 0.95: 0% of shares • average between 0.95 and 1: linear increase between 0% and 100% of the shares • average ≥ 1: 100% of the shares
CSR (Corporate Social Responsibility)	Achievement of the following criteria assessed over a period of three consecutive financial years (including that during which the shares were granted): • **carbon:** implementation of the roadmap to reduce direct CO_2 emissions generated by our sites in order to achieve zero net emissions by 2030. • **water:** implementation of the roadmap with the aim of reducing water consumption in our distilleries by 20% by 2030 • **responsible drinking:** Pernod Ricard's strategic brands will launch marketing campaigns focused on responsible drinking, with the aim of ramping this up each year over the next five years. • **employees:** objective of achieving gender balance in our Top Management (at least 40% of each gender) by 2030.	• no objective achieved: 0% of the shares • 1 objective: 25% of the shares • 2 objectives achieved: 50% of the shares • 3 objectives achieved: 75% of the shares • 4 objectives achieved: 100% of the shares

- For the members of the Executive Committee: grants subject to internal performance conditions (described above) and external performance conditions, as described below:

Presence of performance condition	Criterion detail	Performance assessment methods
TSR (Total Shareholder Return)	Positioning of the overall performance of the Pernod Ricard share (**TSR**) compared to that of the panel of 12 peers* over a period of three years following the grant of the plan	• below the median (8th to 13th position): 0% of the shares • at the median (7th position): 66% of the shares • 6th, 5th, 4th position: 83% of the shares • 3rd, 2nd or 1st position: 100% of the shares

* *The Board of Directors has decided that, in addition to Pernod Ricard, the Panel shall comprise the following 12 companies: AB InBev, Brown Forman, Campari, Carlsberg, Coca-Cola, Constellation Brands, Danone, Diageo, Heineken, LVMH, PepsiCo and Rémy Cointreau. The composition of the Panel may be modified depending on changes in the companies, particularly in the event of acquisition, absorption, dissolution, spin-off, merger or change of activity, subject to maintaining the overall consistency of the sample and enabling application of the external performance condition in accordance with the performance objective set on allocation.*

For all beneficiaries of the long-term incentive plan, the share vesting period is extended to three years.

Allocation of performance shares with an external performance condition

The volume of performance shares with an external performance condition granted by the Board of Directors on 10 November 2021 to members of the Executive Committee (including the Executive Director) amounted to 24,215 shares (excluding shares linked to the supplementary pension scheme).

Allocation of performance shares with internal condition

The volume of performance shares granted by the Board of Directors on 10 November 2021 amounted to 161,283 shares (excluding shares linked to the supplementary pension scheme), all subject to two internal performance conditions described above: one relating to profit from recurring operations and the other to the Group's Corporate Social Responsibility (CSR) performance.

Allocation of shares without performance conditions

The volume of shares without performance conditions granted by the Board of Directors on 10 November 2021 amounted to 49,822 shares.

History of allocations of stock options – Situation at 30 June 2022 (Table 8 AMF nomenclature)

	LTIP 2015	LTIP 2016	LTIP 2017	LTIP 2018	LTIP 2019	LTIP 2020
Plan number	27B	28B	29B	30B	31B	32B
Date of authorisation by General Meeting	06.11.2015	06.11.2015	06.11.2015	06.11.2015	08.11.2019	08.11.2019
Date of Board of Directors' meeting	06.11.2015	17.11.2016	09.11.2017	21.11.2018	08.11.2019	27.11.2020
Type of options	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase
Total number of options that can be subscribed or purchased	278,575	150,008	124,050	109,492	131,864	136,711
of which by corporate officers of Pernod Ricard SA	28,200	39,445	32,050	32,006	28,831	29,891
of which by Mr Alexandre Ricard	20,700	31,400	25,050	26,143	22,545	23,374
of which by Mr César Giron	7,500	8,045	7,000	5,863	6,286	6,517
Commencement date for exercise of options	07.11.2019	11.18.2020	10.11.2021	22.11.2022	09.11.2023	28.11.2024
Expiry date	06.11.2023	17.11.2024	09.11.2025	21.11.2026	08.11.2027	27.11.2028
Subscription or purchase price (€)(1)	102.80	105.81	126.53	137.78	162.79	154.11
Number of shares subscribed or purchased	128,809	54,255	21,153	0	0	0
Total number of stock options cancelled or lapsed(2)	96,068	32,183	46,797	23,483	6,286	0
of which those of Mr Alexandre Ricard	7,038	5,338	8,517	0	0	0
of which those of Mr César Giron	2,550	1,368	2,380	0	0	0
Stock options remaining	53,698	63,570	56,100	86,009	125,578	136,711

N/A: Not applicable.

(1) The purchase price of the shares by the beneficiaries corresponds to the average of the closing rates recorded during the 20 trading sessions preceding the day on which the options were granted.

(2) Options cancelled after the beneficiaries failed to meet the continuous service and/or performance conditions. During FY22, 17,620 stock options granted under the 21.11.2018 plan were cancelled in application of the external performance condition (83% of the amounts initially awarded).

As of 30 June 2022, there were 521,666 stock purchase options outstanding, representing approximately 0.20% of the Company's share capital. All these options are "in the money" (closing rate of the Pernod Ricard share on 30 June 2022 at €175.3).

At present, there are no Pernod Ricard "subscription" stock options in circulation.

Stock options granted to the Group's top 10 employees other than corporate officers and options exercised by these employees during FY22 (Table 9 AMF nomenclature)

	Number of options granted/shares subscribed or purchased	Weighted average price (€)	Plans
Options granted during the financial year by the issuer and any companies within its Group granting options to the top 10 employees of the issuer and any such Group company, receiving the highest number of options	No stock options were allocated in FY22		
Options held on the issuer and the companies included in the scope of allocation of the options exercised, during the year by the top 10 employees of the issuer and any company included in this scope, exercising the highest number of options	13,817	111.42	06.11.2015 17.11.2016 09.11.2017

History of allocations of performance shares – Situation as at 30 June 2022 (Table 10 AMF nomenclature)

	LTIP 2017	LTIP 2018	LTIP 2019	LTIP 2020	LTIP 2021
Plan number	29A, 29C	30A, 30C	31A, 31C	31A, 31C	33A, 33B, 33C
Date of authorisation by General Meeting	06.11.2015	06.11.2015	08.11.2019	08.11.2019	10.11.2021
Date of Board of Directors' meeting	09.11.2017	21.11.2018	08.11.2019	27.11.2020	10.11.2021
Number of performance shares awarded	371,511	341,313	269,474	270,838	237,306
of which to corporate officers of Pernod Ricard SA	13,820	14,356	12,566	12,436	16,349
of which to Mr Alexandre Ricard	11,820	12,441	10,570	10,358	13,520
of which to Mr César Giron	2,000	1,915	1,996	2,078	2,829
Vesting date of the performance shares	10.11.2021	22.11.2022	09.11.2023	28.11.2024	12.11.2024
End date for share lock-in period	10.11.2021	22.11.2022	09.11.2023	28.11.2024	12.11.2024
Presence of performance condition	Yes	Yes	Yes	Yes	Yes except plan 33B
Number of performance shares cancelled(1)	187,319	160,214	112,917	15,177	1,947
of which those of Mr Alexandre Ricard	11,820	1,740		-	0
of which those of Mr César Giron	680	651	679	-	0
Number of performance shares vested(2)	184,192	1,089	774	475	0
Unvested performance shares(3)	0	180,010	155,783	255,186	235,359

The shares granted are subject to performance conditions (with the exception of shares granted under plan 33B) and a presence condition. The vesting of the shares is effective subject to the achievement of the performance conditions and the presence of the beneficiaries in the Group's workforce at the vesting date.

(1) *Performance shares cancelled after the beneficiaries ceased to meet the presence condition (through resignation or redundancy) or failed to meet the performance conditions. During FY22, 66% of the shares granted under the 2018 plan were confirmed following the exceptional adjustment on the internal performance condition decided by the Board of Directors (they remain subject to the presence condition until 22 November 2022). For the Executive Director, who had not benefited from the exceptional adjustment and who had lost his performance shares under the 2017 plan, the cap of 66% does not apply and the internal performance condition recorded is 96.07%. For the shares subject to two conditions granted in 2018 to Alexandre Ricard, the external performance condition was confirmed at 83% of the amounts initially allocated.*

(2) *Allocated shares that vested and were transferred to the beneficiaries. Shares relating to plans in the process of vesting were transferred in advance to the beneficiaries following the death of several beneficiaries.*

(3) *For the 2017, 2018, 2019 and 2019 plans, the internal performance condition was assessed in full. For the 2019 plan, the external performance condition applicable to the Executive Director will be assessed in November 2022. For the 2020 and 2021 plans, the internal performance condition will be assessed at the end of FY23 and FY24 respectively.*

Performance shares granted to the top 10 employees other than corporate officers and vested shares received by the latter during FY22

	Number of shares allocated/vested	Value of the shares[(1)] (in euros)	Plans
Options allocated during the financial year by the issuer and any companies within its Group granting options to the top 10 employees of the issuer and any such Group company, receiving the highest number of options	26,908	118.08 (external condition) 193.82 (internal condition)	10.11.2021
Shares vested during the financial year by the top 10 employees of the issuer and any companies within its Group, receiving the highest number of shares	11,377	119.15	09.11.2017

(1) Value of shares according to the method used for the consolidated financial statements (IFRS).

Pernod Ricard has not issued any other options granting access to shares reserved for its Executive Directors or the top 10 employees of the Company and all companies within its Group granting options.

Employee profit-sharing plans

All employees of the Group's French companies are eligible for profit-sharing agreements based on the results of each specific entity. In line with the Group's decentralised structure, the terms and conditions of each of these agreements are negotiated at the level of each entity concerned.

Similarly, outside France, the Group encourages all affiliates to implement local agreements enabling employees to share in the profits of the entity to which they belong.

Profit-sharing agreements of this type exist in countries including Ireland and the United Kingdom: in each of these countries, employees may potentially receive Pernod Ricard shares based on their entity's annual results.

Provisions for pension benefits

Details of the total amount of provisions recorded or otherwise recognised by the issuer for the payment of pensions are set out in Note 4.7 – *Provisions in the Notes to the consolidated financial statements*.

Equity ratio between the level of compensation of Mr Alexandre Ricard, Chairman and CEO, and the average and median compensation of the Company's employees

Information concerning the ratios between the compensation of the Chairman and CEO and the average and median compensation of the Company's employees is presented below in accordance with the provisions of article L. 22-10-9 of the French Commercial Code.

Calculation method

The average and median compensation was established on a full-time equivalent basis for the Company's employees other than the Chairman and CEO.

This compensation, taken into account on a gross basis, includes the following elements: fixed compensation, variable annual compensation, additional payments under the supplementary defined-contribution pension scheme, employee savings schemes and long-term incentive measures valued at their fair value at the date of allocation, as recognised in the consolidated financial statements in accordance with IFRS 2. This valuation corresponds to a historical value at the grant date calculated for accounting purposes. It does not represent a current market value, nor the value that could be received by the beneficiary upon the eventual vesting of these securities, especially if the performance conditions are not met.

The scope of employees included only covers employees who were present continuously for two consecutive financial years. For part-time employees, compensation has been established on the basis of full-time equivalents.

The ratios and annual changes in compensation were calculated on the basis of the gross compensation components paid or awarded in the current year (thus including the variable compensation and profit-sharing allocated in respect of the prior year). The legal scope of this information covers Pernod Ricard SA. In addition, in accordance with recommendation 26.2 of the AFEP-MEDEF Code, the ratios are also published for a broader scope, representative of the Group's business in France, including Pernod Ricard SA and all direct and indirect affiliates located in France.

The table below has been drawn up taking into account the model circulated by the AFEP in its guidelines updated in February 2021.

Table of ratios for I. 6° and 7° of article L. 22-10-9 of the French Commercial Code

	FY18	FY19	FY20	FY21	FY22
Change (%) in the compensation of Mr Alexandre Ricard, Chairman and CEO(1)	17%	19%	5%	-33%	80%
Information on the scope of the listed company					
Change (%) in average employee compensation	-8.1%	-0.4%	7.8%	2.9%	18.5%
Change (%) in median employee compensation	-1.4%	-1.2%	4.5%	2.1%	18.5%
Ratio compared to average employee compensation	33.76	40.17	39.12	25.38	38.60
Change (%) compared to the previous financial year	-29.8%	19.0%	-2.6%	-35.1%	52.1%
Ratio compared to median employee compensation	56.21	67.43	67.68	44.31	67.38
Change (%) compared to the previous financial year	-34.6%	20.0%	0.4%	-34.5%	52%
Additional information on the extended scope					
Change (%) in average employee compensation	N.C.	-0.5%	6.4%	0.6%	4.5%
Change (%) in median employee compensation	N.C.	0.1%	-2.9%	4.2%	6.1%
Ratio compared to average employee compensation	54.15	64.49	63.71	42.24	72.87
Change (%) compared to the previous financial year	N.C.	19.1%	-1.2%	-33.7%	72.5%
Ratio compared to median employee compensation	70.25	83.15	89.86	57.58	97.81
Change (%) compared to the previous financial year	N.C.	18.4%	8.2%	-36.0%	69.9%
Company performance					
Profit from recurring operations	2,358	2,581	2,260	2,423	3,024
Change (%) compared to the previous financial year(2)	6.3%	8.7%	-13.7%	18.3%	19.0%

N.C. Not calculable.

(1) Elements explaining the variation of the ratio as regards the compensation of the Chairman and CEO taken into account:
- *FY18: payment of the FY17 bonus with an achievement rate of 131%, whereas the bonus paid in FY17 in respect of FY16 represented 96%;*
- *FY19: increase in the fixed compensation and payment of the bonus for FY18, with an achievement rate of 161%;*
- *FY20: payment of the bonus due in respect of FY19, with an achievement rate of 159%;*
- *FY21: impact of the Covid-19 crisis on the FY20 variable compensation paid during the financial year;*
- *FY22: increase in the fixed compensation and payment of the bonus for FY21, with an achievement rate of 180%.*

(2) In organic growth, restated for foreign exchange and scope effects.

Compensation of Executive Committee members

The Compensation Committee members are kept regularly informed of changes in the compensation given to members of the Executive Committee. They ensure consistency between the compensation policy for Executive Directors and the members of the Executive Committee and the integration of social responsibility criteria in their variable compensation.

In regularly reviewing the various aspects of compensation, the members of the Compensation Committee pay particular attention to ensuring that the policy applied to the Executive Director is consistent with the policy applied to the Group's Senior Management both in France and internationally.

The compensation of the members of the Executive Board (excluding the Chairman and CEO), which is set by Senior Management, comprises a fixed annual portion, plus a variable portion representing an attractive incentive, for which the criteria are largely based on the Group's financial performance, as is the case for the Executive Director. Qualitative criteria to evaluate individual performance are also applied to this variable financial portion.

The Chairmen of the Group's direct affiliates, who are members of the Executive Committee, also receive compensation comprising a fixed portion, which is set in proportion to individual responsibilities, plus a variable portion, for which the quantitative criteria depend firstly on the financial performance of the entity they manage and secondly on the Group's results, with a view to strengthening solidarity and collegiality. The Chairmen are also evaluated using individual qualitative criteria.

The same performance indicators thus apply to the key players in the Group's business development, through the structure of and the method for evaluating the variable portion of their annual compensation.

For a number of years, all members of the Executive Committee, including the Executive Director, have also been evaluated on the implementation of Corporate Social Responsibility (CSR) projects.

Total fixed compensation awarded to the members of the Executive Committee, including the Executive Director, amounted to €7.9 million for FY22 (compared to €7.3 million for FY21). In addition to this, variable compensation (relating to FY21) of €8.3 million was paid (compared with €3.1 million paid in FY21). This significant change in variable compensation between the two financial years is due to the negative impact of the health crisis on the Group's financial results, *i.e.* the quantitative portion of variable compensation, which sharply reduced the amounts paid out in FY21 (relating to FY20). The amount paid during this financial year is similar to that of year N-2 (€7.1 million) and marks a return to a normal situation.

The total recurring expense in respect of pension commitments for members of the Executive Committee, including the Executive Director, was €3.7 million in the financial statements for the year ended 30 June 2022 (compared with €1.7 million as at 30 June 2021). This significant variation between the two financial years is due to the fact that the variable compensation portion was higher during the financial year, as well as the revaluation of the pension contribution rate of certain members of the Executive Committee.

2.8.6 Summary of transactions involving Pernod Ricard securities made by corporate officers in FY22 (article 223-26 of the AMF General Regulation)

First name, surname, Company name	Title	Financial instrument	Type of transaction	Date	Price (€)	Amount of transaction (€)
Mr Alexandre Ricard	Chairman and CEO	Call option	Exercise of stock options	16.11.2021	126.53	2,091,920
Mr César Giron	Director	Shares	Vesting	10.11.2021	0.00	0
		Call option	Exercise of stock options	03.01.2022	105.81	706,493
		Shares	Disposal	03.01.2022	210.2264	1,403,682
Ms Virginie Fauvel	Director	Shares	Vesting	30.11.2021	197.57	42,082
Ms Namita Shah	Director	Shares	Vesting	23.11.2021	210.10	10,505
Ms Kory Sorenson	Director	Shares	Disposal	31.03.2022	222.00	210,900
		Shares	Vesting	31.03.2022	200.6593	190,626
Société Paul Ricard	Director	Shares	Vesting	01.07.2021	187.0941	4,999,903
		Shares	Vesting	14.09.2021	189.1461	5,980,043
		Shares	Vesting	14.09.2021	188.6785	978,298
		Shares	Vesting	14.09.2021	188.4136	577,299
		Shares	Vesting	14.09.2021	188.6509	403,713
		Transfer of stock put options	Transfer of stock put options	10.05.2022	4.02	499,810.62
Le Delos Invest II SA, legal entity linked to Société Paul Ricard, Director	Director	Shares	Vesting	10.11.2021	209.353	259,597,720.00
		Financial forward instrument with equities as underlying	Conclusion of a forward financial instrument	10.11.2021	0.00	0.00
		Shares	Pledge of shares	10.11.2021	0.00	0.00

2.8.7 Corporate officers' equity investments in the Company's share capital (situation at 30 June 2022)

Members of the Board of Directors	Number of shares at 30 June 2022	Percentage of share capital at 30 June 2022	Number of voting rights at 30 June 2022	Percentage of voting rights at 30 June 2022
Executive Directors				
Mr Alexandre Ricard (Chairman and CEO)	175,099	0.07%	182,825	0.06%
Directors				
Mr Wolfgang Colberg	1,076	NM	2,152	NM
Mr César Giron	6,085	NM	6,085	NM
Société Paul Ricard represented by Ms Patricia Ricard Giron(1)	35,939,659	13.93%	62,413,765	20.09%
Ms Veronica Vargas	9,820	NM	9,820	NM
Independent Directors				
Ms Patricia Barbizet (Lead Independent Director)	3,160	NM	3,160	NM
Ms Virginie Fauvel	263	NM	263	NM
Mr Ian Gallienne	1,000	NM	1,000	NM
Ms Anne Lange	1,000	NM	1,000	NM
Mr Philippe Peticolin	310	NM	310	NM
Ms Kory Sorenson	1,000	NM	1,000	NM
Director representing the employees(2)				
Ms Maria Jesus Carrasco Lopez	-	NM	-	NM
Mr Brice Thommen	-	NM	-	NM

NM : not meaningful.

(1) *Includes shares held by Société Paul Ricard, as well as by Le Garlaban, Le Delos Invest I, Le Delos Invest II and Le Delos Invest III, related to Société Paul Ricard within the meaning of article L. 621-18-2 of the French Monetary and Financial Code.*

(2) *In accordance with the law, Directors representing the employees are not required to hold a minimum number of Company shares.*

2.9 Financial authorisations and delegations

All current delegations and financial authorisations granted to the Board of Directors by the General Meetings of 8 November 2019 and 10 November 2021, and where applicable, the use made thereof over the course of FY22 are summarised in the following tables.

The financial authorisations and delegations listed below were approved by the General Meetings of 8 November 2019 and 10 November 2021 for a period of 18, 26 or 38 months. These authorisations will expire on 7 January 2023, 9 May 2023, 9 January 2024 or 9 January 2025.

2.9.1 General financial authorisations and delegations

Nature of the delegation or authorisation	Maximum nominal amount of the issue of debt securities*	Maximum nominal amount of the capital increase resulting immediately or on completion of the issue (excluding adjustments)	Use of existing authorisations during the financial year ended 30.06.2022	Features/terms
Ordinary shares and/or securities granting access to the share capital with preferential subscription rights (15th resolution of the General Meeting of 10.11.2021)	€12 billion*	€134 million	None	The amount of capital increases carried out under the 16th, 17th, 18th, 19th, 20th and 21st resolutions of the General Meeting of 10.11.2021 will be deducted from the overall limit of €134 million set in this 15th resolution. The nominal amount of debt securities issued under the 16th resolution of the General Meeting of 10.11.2021 will be deducted from the limit of €12 billion set in this 15th resolution. These amounts may be increased by a maximum of 15%, in the event of additional requests on the occasion of a capital increase (17th resolution).
Ordinary shares and/or securities granting access to the share capital without preferential subscription rights by public offer other than those referred to in 1° of article L. 411-2 of the French Monetary and Financial Code (16th resolution of the General Meeting of 10.11.2021)	€4 billion*	€41 million	None	Share and debt security issues granting access to the share capital will be deducted from the limits provided for in the 15th resolution of the General Meeting of 10.11.2021. All of the capital increases carried out under the 17th, 18th, 19th, 20th, 24th and 25th resolutions will be deducted from the limit of €41 million set in this 16th resolution. Amounts may be increased by a maximum of 15% in the event of additional requests (17th resolution).
Equity securities and/or securities giving access to equity securities to be issued without preferential subscription rights by public offer referred to in 1° of article L. 411-2 of the French Monetary and Financial Code (ex-*placement privé*) (18th resolution of the General Meeting of 10.11.2021)	€4 billion*	€41 million	None	Will be deducted from the limits set for capital increases in the 15th and 16th resolutions of the General Meeting of 10.11.2021. Amounts may be increased by a maximum of 15% in the event of additional requests (17th resolution).
Equity securities and/or securities granting access to the share capital in consideration for contributions in kind granted to the Company (19th resolution of the General Meeting of 10.11.2021)	N/A	10% of the share capital at the time of issue	None	Will be deducted from the limits set for capital increases in the 15th and 16th resolutions of the General Meeting of 10.11.2021.

Nature of the delegation or authorisation	Maximum nominal amount of the issue of debt securities*	Maximum nominal amount of the capital increase resulting immediately or on completion of the issue (excluding adjustments)	Use of existing authorisations during the financial year ended 30.06.2022	Features/terms
Shares and/or securities granting access to the Company's share capital, immediately or in the future, in the event of a public offer initiated by the Company (20th resolution of the General Meeting of 10.11.2021)	N/A	10% of the share capital at the time of issue	None	Will be deducted from the limits set for capital increases in the 15th and 16th resolutions of the General Meeting of 10.11.2021.
Capitalisation of premiums, reserves, profits or other items (21st resolution of the General Meeting of 10.11.2021)	N/A	€134 million	None	Will be deducted from the overall limit set for capital increases in the 15th resolution of the General Meeting of 10.11.2021.

* *Maximum nominal amount of securities representing claims on the Company that may grant access to ordinary shares.*

N/A: Not applicable.

2.9.2 Specific authorisations and delegations in favour of employees and/or Executive Directors

Nature of the delegation or authorisation	Date of the delegation or authorisation (resolution)	Term	Expiry of the delegation or authorisation	Maximum amount authorised	Use of existing authorisations during the financial year ended 30.06.2022	Features/terms
Stock options	General Meeting of 08.11.2019 (21st)	38 months	07.01.2023	1.5% of the share capital on the date of Board of Directors' decision to allocate	136,711 (0.05% of the share capital)	Independent limit (sub-limit for Executive Directors of 0.21% of the share capital, which is deducted from the limit of 1.5%).
Performance shares	General Meeting of 10.11.2021 (22nd)	38 months	09.01.2025	1.5% of the share capital on the date of Board of Directors' decision to allocate	187,484 (0.07% of the share capital)	Independent limit (sub-limit for Executive Directors of 0.08% of the share capital, which is deducted from the limit of 1.5%).
Allocation of bonus shares to certain Group employees	General Meeting of 10.11.2021 (23rd)	38 months	09.01.2025	0.5% of the share capital on the date of Board of Directors' decision to allocate	49,822 (0.01% of the share capital)	Cap of 0.5% of the share capital
Shares or securities granting access to share capital, reserved for members of employee saving plans, without preferential subscription rights	General Meeting of 10.11.2021 (24th)	26 months	09.01.2024	2% of the share capital on the date of the General Meeting, shared with the 25th resolution of the General Meeting of 10 November 2021	None	Will be deducted from the limits set for capital increases in the 15th and 16th resolutions of the General Meeting of 10.11.2021.

Nature of the delegation or authorisation	Date of the delegation or authorisation (resolution)	Term	Expiry of the delegation or authorisation	Maximum amount authorised	Use of existing authorisations during the financial year ended 30.06.2022	Features/terms
Shares or securities granting access to the share capital, reserved for a certain categories of beneficiaries, without preferential subscription rights	General Meeting of 10.11.2021 (25th)	18 months	09.05.2023	2% of the share capital on the date of the General Meeting, shared with the 24th resolution of the General Meeting of 10 November 2021	None	Will be deducted from the limits set for capital increases in the 15th and 16th resolutions of the General Meeting of 10.11.2021.

2.9.3 Authorisations relating to the share buyback programme

Type of securities	Date of authorisation (resolution)	Term	Expiry of the authorisation	Maximum amount authorised	Use of existing authorisations during the financial year ended 30.06.2022	Features/terms
Share buybacks	AGM of 10.11.2021 (12th)	18 months	09.05.2023	10% of share capital	(1)	Maximum purchase price: €280
Cancellation of treasury shares	AGM of 10.11.2021 (14th)	26 months	09.01.2024	10% of share capital	None	N/A

(1) A summary of Company transactions carried out during FY22 as part of the share buyback programme is shown below in Subsection 2.10 "Share buyback programme".

N/A: Not applicable.

2.10 Share buyback programme

The following paragraphs include the information that must be included in the Board of Directors' report pursuant to article L. 225-211 of the French Commercial Code and that relates to the description of the share buyback programme in accordance with article 241-2 of the French Financial Markets Authority (AMF) General Regulation.

Transactions performed by the Company on its own shares during FY22 (1 July 2021 – 30 June 2022)

Authorisations granted to the Board of Directors

During the Combined General Meeting of 8 November 2019, the Company's shareholders authorised the Board of Directors to buy or sell the Company's shares for a period of 18 months as part of the implementation of a share buyback programme. The maximum purchase price was set at €260 per share and the Company was not authorised to purchase any more than 10% of the shares making up the Company's share capital; additionally, the number of shares held by the Company could not, at any time, exceed 10% of the shares comprising the Company's share capital.

Furthermore, the Combined General Meeting of 27 November 2020 authorised the Board of Directors to trade in the Company's shares under the same conditions and at a maximum purchase price set at €270 per share, for a period of 18 months. This authorisation cancelled the authorisation granted by the General Meeting of 8 November 2019 with effect from 27 November 2020, for the portion which remained unused.

Pursuant to these authorisations, the liquidity agreement compliant with the AMAFI Code of Ethics and entered into with Rothschild & Cie Banque with effect from 1 June 2012 was renewed on 1 June 2021 for a period of one year. The funds initially allocated to the liquidity account amount to €5,000,000.

The authorisation granted by the General Meeting of 10 November 2021, which remains in force at the date this document was filed, will expire on 9 May 2023. The General Meeting of 10 November 2022 will be called upon to authorise the Board of Directors to trade in the Company's shares under a new share buyback programme described below, under "Details of the new programme to be submitted for authorisation to the Annual Ordinary General Meeting of 10 November 2022".

Position on 30.06.2022	
% of direct and indirect treasury shares	0.38%
Number of shares held	979,454
Number of shares cancelled in the last 24 months	7,474,237
Nominal value	1,518,154
Gross carrying amount	€139,596,701
Portfolio market value*	€171,698,286

* *Based on the closing rate at 30.06.2022, i.e. €175.30.*

Summary at the FY22 reporting date

The following table details the transactions performed by the Company on treasury shares within the scope of the share buyback programme during FY22.

	Total gross flows from 01.07.2021 to 30.06.2022									Open positions at 30.06.2022			
	Liquidity agreement		Transactions carried out (excluding liquidity agreement)							Long positions		Short positions	
Operations	Purchase	Sale	Purchase of securities	Call options purchased	Call options exercised	Exercise of the cancel-lation clause	Sale of secu-rities	Sale and repur-chase agree-ments	Trans-fers[1]	Call options[2]	For-ward pur-chases	Put options	For-ward Sales
Number of shares	110,668	110,668	4,542,388	88,000	160,000	-	-	-	234,032	325,077	-	-	-
Maximum term	-	-	-	23.10.2024	13.12.2021	-	-	-	-	23.10.2024	-	-	-
Average Price (€)	189.31	189.40	190.96	-	-	-	-	-	131.36	-	-	-	-
Average strike price (€)	-	-	-	212	137.78	-	-	-	-	172.77	-	-	-
Amount (€)	20,950,852.00	20,960,502.35	867,414,412	18,656,000.00	22,044,800.00	-	-	-	30,742,103	56,163,553.29	-	-	-

(1) Transfers of treasury shares.
(2) American call option.

Under the treasury share buyback programme authorised by the General Meeting of 10 November 2021 and implemented by the Board of Directors, 3,929,205 shares were bought back at the weighted average price of €189.91. These securities were cancelled.

Pursuant to authorisations granted by the Combined General Meeting of 10 November 2021, the Board of Directors of the same date implemented a performance share allocation plan. As part of this, an option hedge was subscribed for 88,000 shares by acquiring the same number of three-year American call options. The Company also purchased 88,000 shares at the price of €212.90, as well as 160,000 shares through the exercise of American call options. The 160,000 Pernod Ricard SA shares resulting from the exercise of the American call options, which serve to cover the various plans, were sold off-market to an investment services provider at an average price of €137.78.

A reallocation of shares acquired on the stock market in previous financial years to cover various stock option or performance share plans and the 88,000 American calls, enabling the same number of Pernod Ricard shares to be acquired, were allocated to cover part of these stock option and performance share allocation plans.

In addition, 512,183 shares were acquired on the stock market and allocated to cover an Employee Shareholding Plan.

Treasury shares constitute reserves covering the various stock option and performance share allocation plans still in force. During the period, the following transfers were made within these reserves of treasury shares: 183,600 shares were allocated to beneficiaries of the performance share plan of 9 November 2017 (at the end of the four-year vesting period), 48,932 shares were transferred to cover the rights of beneficiaries who had exercised stock options, and 1,500 shares were transferred to cover early release events as provided for by law.

Under the liquidity agreement signed with Rothschild & Cie Banque, during the period, the Company:

- purchased 110,668 shares for a total amount of €20,950,852; and
- sold 110,668 shares for a total amount of €20,960,502.35.

Distribution of treasury shares by purpose on 30 June 2022

Treasury shares are all allocated as reserves for different stock option and performance share allocation plans.

Details of the new share buyback programme to be submitted for authorisation to the Annual Ordinary General Meeting of 10 November 2022

The description of this programme (see below), which was established in accordance with article 241-3 of the AMF's General Regulation, will not be published separately.

As the authorisation granted by the General Meeting of 10 November 2021 allowing the Board of Directors to trade in the Company's shares is due to expire on 9 May 2023, a resolution will be proposed at the General Meeting of 10 November 2022 (12th resolution – see Section 8 "Annual Ordinary General Meeting" of this universal registration document) to grant a further authorisation to the Board of Directors to trade in the Company's shares at a maximum purchase price of €320 per share, excluding acquisition costs.

This authorisation would enable the Board of Directors to purchase Company shares representing a maximum of 10% of the Company's share capital. Thus, in accordance with the law, the Company may not at any time hold a number of shares representing more than 10% of its share capital.

As the Company may not hold more than 10% of its share capital, and given that it held 979,454 shares (*i.e.* 0.38% of the share capital) at the time of the last declaration relating to the number of shares and voting rights on 30 June 2022, the maximum number of shares that can be bought will be 24,815,281 (*i.e.* 9.62% of the share capital), unless it sells or cancels shares it already holds.

The purpose of these share buybacks and the uses that may be made of the shares repurchased in this manner are described in detail in the 12th resolution to be put to the vote of the shareholders on 10 November 2022. The share buyback programme would enable the Company to purchase the Company's shares or have them purchased for the purpose of:

(i) allocating shares or transferring them to employees and/or Executive Directors of the Company and/or its current or future affiliates under the terms and conditions provided for by law, in particular by granting stock options or as part of employee profit-sharing plans; or

(ii) covering its commitments pursuant to financial contracts or options with cash payments relating to positive changes in the stock market price of the Company's shares, granted to employees and/or Executive Directors of the Company and/or its current or future affiliates under the terms and conditions provided for by law; or

(iii) making free allocations of shares to employees and/or Executive Directors of the Company and/or its current or future affiliates, under the terms and conditions of articles L. 22-10-59 *et seq.* of the French Commercial Code, it being specified that the shares may be allocated, in particular, to an employee savings plan in accordance with the provisions of article L. 3332-14 of the French Labour Code; or

(iv) retaining them and subsequently tendering them (in exchange, as payment or otherwise) within the scope of external growth transactions, subject to the limit of 5% of the number of shares comprising the share capital; or

(v) delivering shares upon the exercise of rights attached to securities granting access to the share capital through reimbursement, conversion, exchange, presentation of a warrant or in any other manner; or

(vi) cancelling all or some of the shares repurchased in this manner, under the conditions provided for in article L. 22-10-62 paragraph 4 of the French Commercial Code and in accordance with the authorisation to reduce the share capital granted by the Combined General Meeting of 10 November 2021 in its 14th resolution valid until 9 January 2024; or

(vii) allowing an investment services provider to act on the secondary market or to ensure liquidity of the Company's shares by means of liquidity agreements in compliance with the terms of a Code of Ethics approved by the French Financial Markets Authority (AMF).

This programme is also intended to enable the Company to trade in the Company's shares for any other authorised purpose or any purpose that might come to be authorised by law or regulations in force.

The number of Company shares purchased may be such that:

- the Company does not purchase more than 10% of the shares comprising the Company's share capital at any time during the term of the share buyback programme; this percentage applies to the share capital adjusted in accordance with capital transactions carried out after this General Meeting; in accordance with the provisions of article L. 22-10-62 of the French Commercial Code, when shares are repurchased to favour the liquidity of the share under the conditions set out by the applicable regulations, the number of shares taken into account for calculating the 10% cap is equal to the number of shares purchased, less the number of shares sold during the authorisation period; and
- the number of shares held by the Company at any time does not exceed 10% of the number of shares comprising its share capital.

These shares may be purchased, sold, transferred, delivered or exchanged, on one or more occasions, by any means authorised or that may come to be authorised by the regulations in force. These means include, in particular, over-the-counter transactions, sales of blocks of shares, sale and repurchase agreements and the use of any financial derivatives, traded on a regulated market or over-the-counter, or setting up option strategies (purchases and sales of puts and calls and any combinations thereof in compliance with the applicable regulations). Transactions involving blocks of shares may account for the entire share buyback programme.

These transactions may be carried out during periods considered appropriate by the Board of Directors. However, during a public offer period, the repurchases would only be carried out subject to the conditions that they:

- enable the Company to comply with its prior commitments undertaken before the launch of the public offering;
- are undertaken in connection with the pursuit of a share buyback programme that was already in progress;
- fall within the scope of the objectives referred to in items (i) to (iii) above; and
- cannot cause the offer to fail.

The Board of Directors may also carry out, in accordance with applicable legal and regulatory provisions, the reassignment to another objective of shares previously bought back (including under a previous authorisation) and their disposal (on- or off-market).

This authorisation would be valid for a period of 18 months from the General Meeting of 10 November 2022 and would cancel, as from this same date, for any unused portion, the authorisation granted to the Board of Directors to trade in the Company's shares by the Combined General Meeting of 10 November 2021 in its 12th resolution.

2.11 Items liable to have an impact in the event of a public offer

In accordance with article L. 22-10-11 of the French Commercial Code, the items liable to have an impact on the Company's securities in the event of a public offer are set out below.

2.11.1 Capital structure of the Company

The Company's capital structure is shown in the table "Breakdown of share capital and voting rights on 30 June 2022" in Section 9 "About the Company and its share capital", Subsection 9.2 "Information about the share capital".

Threshold crossings declared during FY22 are also indicated in the table entitled "Breakdown of share capital and voting rights on 30 June 2022" in Section 9.2 "About the Company and its share capital" of this universal registration document, Subsection 9.2 "Information about the share capital".

2.11.2 Statutory restrictions on the exercise of voting rights and double voting rights

The Company's articles of association[1] provide for a limit on voting rights. This mechanism is described in Subsection 2.12.3 "Voting conditions" below.

In addition, certain shares of the Company have double voting rights as described in Subsection 2.12.3 "Voting conditions" below.

2.11.3 Agreements between shareholders of which the Company is aware

The Shareholders' agreement between shareholders of the Company (agreement between Mr Rafaël Gonzalez-Gallarza and Société Paul Ricard, owned by the Ricard family) is described under "Shareholders' agreements" in Subsection 2.5.8 "Declaration of Directors" of this universal registration document and also appears on the AMF website (www.amf-france.org).

2.11.4 Agreements entered into by the Company which are modified or become void as a result of a change of control of the Company

Under certain conditions, the Company's financing agreements provide for the early repayment of its debts. The description of the change of control clauses of these contracts is given under Subsection 5.6 "Material contracts" in Section 5 "Management report" of this universal registration document.

2.11.5 Other items

The Company's articles of association[2] are amended in accordance with the applicable legal and regulatory provisions in France.

There is no specific agreement providing for indemnities in the event of the termination of the position of Directors, with the exception of the commitments to the Executive Director described in Subsection 2.8.2 "Compensation policy for the Chairman and CEO", in the "Policy on deferred commitments" paragraph.

2.12 General Meetings and attendance procedures

It is reminded that article 32 of the articles of association[1] sets out the procedures that shareholders must follow in order to attend General Meetings.

The shareholders meet every year at a General Meeting.

2.12.1 Notice to attend meetings

Both Ordinary and Extraordinary General Meetings are called, held and voted in accordance with the conditions provided for by law. They are held at the Company's registered office or at any other place stated in the notice of meeting.

Decisions by the shareholders are taken at Ordinary, Extraordinary or Combined General Meetings depending on the nature of the resolutions they are being asked to adopt.

2.12.2 Participation in General Meetings

All shareholders have the right to attend the Company's General Meetings and to participate in the deliberations, either in person or by proxy, regardless of the number of shares they hold. In order for a shareholder to have the right to participate in Ordinary or Extraordinary General Meetings, the shares must be registered in the name of the shareholder or in the name of the financial intermediary acting on the shareholder's behalf at 00.00 (Paris time) two business days prior to the General Meeting, either in the registered share accounts kept by the Company or in the bearer share accounts kept by the authorised financial intermediary.

(1) The articles of association may be consulted on the Company's website (www.pernod-ricard.com)
(2) The articles of association may be consulted on the Company's website (www.pernod-ricard.com).

The entry or recording of the shares in bearer share accounts kept by the authorised financial intermediary are acknowledged *via* a share certificate issued by the financial intermediary and attached as an appendix to the postal voting form, proxy form or application for an admission card made out in the name of the shareholder or on behalf of the shareholder represented by the registered financial intermediary. Any shareholder wishing to attend the General Meeting in person who has not received their admission card by 00.00 (Paris time) two business days before the General Meeting may also ask for such a certificate to be issued.

If a shareholder does not attend the General Meeting in person, he or she may choose one of the following options:

- give a proxy to the Chairman of the General Meeting; or
- give a proxy to a spouse or partner with whom he or she has entered into a civil union agreement, or to any other person; or
- vote by post or *via* the Internet.

A shareholder who has already cast a postal or Internet vote, sent in a proxy form or applied for an admission card or a share certificate may sell all or some of his or her shares at any time. However, if the disposal takes place before 00.00 (Paris time) on the second business day prior to the General Meeting, the Company will invalidate or modify accordingly, as appropriate, the postal or Internet vote cast, proxy form, admission card or share certificate. For this purpose, the authorised financial intermediary in charge of the shareholder's account will inform the Company or its duly authorised agent of the disposal and will provide it with the necessary information.

No disposal or other form of transaction carried out after 00.00 (Paris time) on the second business day prior to the General Meeting, regardless of the means used, will be notified by the authorised financial intermediary or taken into consideration by the Company, notwithstanding any agreement to the contrary.

Furthermore, in view of the still uncertain situation with regard to the development of the Covid-19 epidemic, Pernod Ricard may have to change the attendance procedures for the General Meeting on 10 November 2022.

We would therefore ask you to regularly check the General Meeting section on the Pernod Ricard website, which will confirm the final arrangements for attending this General Meeting depending on the sanitary and/or legal requirements.

2.12.3 Voting conditions

The voting right attached to the shares is proportional to the share capital they represent. Each share grants the right to at least one vote (article L. 225-122 of the French Commercial Code).

Restriction on voting rights

However, each member of the General Meeting has as many votes as shares he or she possesses and represents, up to 30% of the total voting rights.

Double voting rights

A double voting right is granted to other shares (in light of the fraction of the authorised share capital they represent) to all fully paid-up shares that can be shown to have been registered for at least 10 years in the name of the same shareholder, from 12 May 1986 inclusive (article L. 22-10-46 of the French Commercial Code).

In the event of a share capital increase through the capitalisation of reserves, profits or share premiums, registered shares allocated as bonus shares to a shareholder, on the basis of existing shares for which he or she benefits from this right, will also have double voting rights as from their issuance (article L. 22-10-46 of the French Commercial Code).

Any share loses the double voting right if converted into bearer shares or if its ownership is transferred. Nevertheless, transfer following the division of an estate or the liquidation of assets between spouses and *inter vivos* donation to a spouse or relation close enough to inherit will not result in the loss of the acquired right and will not interrupt the aforementioned 10-year period.

Declaration of statutory thresholds

Any individual or corporate body acquiring a shareholding greater than 0.5% of the share capital must inform the Company of the total number of shares held by registered letter, with return receipt requested, within four trading days from the date on which this threshold is exceeded. This notification must be repeated, under the same conditions, each time the threshold is exceeded by an additional 0.5%, up to and including 4.5%.

In the event of non-compliance with the notification obligation mentioned in the previous paragraph, shares in excess of the undeclared amount shall be stripped of their voting rights, at the request, as set forth in the minutes of the General Meeting, of one or more shareholders holding at least 5% of the share capital, for any General Meeting held until the expiry of the period stipulated in article L. 233-14 of the French Commercial Code following the date when the notification is made.

2.12.4 Modification of shareholders' rights

The Extraordinary General Meeting has the power to modify shareholders' rights, under the conditions defined by law.

2.13 Management structure

2.13.1 Senior Management

As of 1 July 2022, the Group's Senior Management is ensured by the Executive Board, which includes the Chairman and CEO. It forms the permanent body for coordinating the Management of the Group.

Composition of the Executive Board on 1 July 2022:

- **Alexandre Ricard, Chairman and CEO**, Corporate Officer;
- **Hélène de Tissot,** EVP Finance, IT and Operations;
- **Anne-Marie Poliquin,** Group General Counsel and Compliance Officer;
- **Christian Porta,** Managing Director, Global Business Development;
- **Cédric Ramat,** Group EVP Human Resources;
- **Conor McQuaid,** EVP Corporate Communication, Corporate Social Responsibility and Public Affairs[1].

The Executive Board prepares, examines and validates all decisions concerning the operation of the Group and submits them to the Board of Directors when its approval is necessary. It organises the work of the Executive Committee.

In addition, the Group Communications Department, the Public Affairs Department and the Internal Audit Department report to the Chairman and CEO.

The Executive Board meets weekly.

2.13.2 Executive Committee

The Executive Committee is the Group's management body bringing together the Executive Board and the Chairmen of the direct affiliates.

The Executive Committee ensures coordination between the Head Office and its affiliates, as well as between the affiliates themselves (Brand Companies and Market Companies). Under the authority of Senior Management, the Executive Committee is responsible for the conduct of the Group's activities and the implementation of its main policies.

In this respect, the Executive Committee:

- examines the Group's activity and changes in relation to the business plan;
- expresses its opinion on the setting of objectives (income statement, debt and qualitative objectives);
- periodically conducts brand strategy reviews;
- analyses the performance of the network of Market Companies and Brand Companies and proposes the necessary organisational adjustments; and
- validates and monitors the Group's main policies (Human Resources, best marketing and sales practices, Quality, Safety, Environment (QSE) policy, social responsibility, etc.).

It meets between eight and 11 times a year.

Composition of the Executive Committee on 1 July 2022:

- the Executive Board;
- the CEOs of the Brand Companies:
  - Chivas Brothers, Jean-Étienne Gourgues, Chairman and CEO,
  - Martell Mumm Perrier-Jouët, César Giron, Chairman and CEO,
  - Pernod Ricard Winemakers, Bryan Fry, Chairman and CEO,
  - Irish Distillers Group, Nodjame Fouad[2], Chairman and CEO,
  - The Absolut Company, Stéphanie Durroux, Chairwoman and CEO;
- the CEOs of the Market Companies:
  - Pernod Ricard North America, Ann Mukherjee, Chairwoman and CEO,
  - Pernod Ricard Asia, Philippe Guettat, Chairman and CEO,
  - Pernod Ricard Europe, Middle East, Africa and Latin America, Gilles Bogaert, Chairman and CEO,
  - Pernod Ricard Global Travel Retail, Mohit Lal, Chairman and CEO,
  - Pernod Ricard France, Philippe Coutin, Chairman.

(1) Mr Conor McQuaid, previously Chairman and CEO of Irish Distillers Group, was appointed member of the Executive Board on 1 July 2022.
(2) Ms Nodjame Fouad, previously Chairwoman of Pernod Ricard Japan, was appointed Chairwoman and CEO of Irish Distillers on 1 July 2022, replacing Mr Conor McQuaid.

2.13.3 Non-discrimination policy and diversity in Top Management

The policy is based on reliable and consistent global talent identification and management processes, as well as succession planning focused on performance and potential. Considerable effort has been made in recent years to ensure the quality and objectivity of the assessment. This resulted in the implementation three years ago of the "Let's Talk Talent" assessment and calibration process powered by the Workday platform, deployed globally, and which ensures the greatest possible consistency in performance assessment, personal development and career advancement for all our employees.

In addition, in the wake of the global "Better Balance" initiative conducted from 2017 to 2019 on the two main dimensions of the Group's diversity challenges (gender and nationality), the Senior Management and the Human Resources Department have been encouraged to identify measures specific to their own diversity challenges on at least these two dimensions and to make them objectives for the members of the affiliates' Management Committees. Moreover, objectives have been defined for the Group's Management bodies, identified as the "Top 500"[1] employees, and a series of actions have been taken to help achieve these objectives[2].

In 2019, Pernod Ricard's Board of Directors, on the recommendation of the Nominations and Governance Committee, established binding objectives within its CSR roadmap relating to diversity in the Group's management bodies: by 2030, the Group's management bodies will have to include a minimum of 40% of each gender. In addition, Pernod Ricard estimates that it will achieve a 30% gender balance in its management bodies by 2025.

All of the initiatives undertaken by Pernod Ricard in favour of diversity help to make all the processes that lead to the selection of candidates and their assignment to the highest positions of responsibility in the Company more equitable and have produced the following results over the recent period:

- for the Executive Committee, the proportion of women increased from 7% to 31.25% between 2015 and 2022; and
- for the "Top 500", the proportion of women rose from 19% to 35% between 2015 and 2022.

This diversity policy and the results obtained are presented annually to the Board of Directors by Senior Management.

(1) The "Top 500" comprised 457 employees in 2015, 484 in June 2021 and 498 in June 2022. It includes 49 different nationalities.
(2) Note that the diversity policy within the management bodies is detailed in the Extra-Financial Performance Statement in section 3.3.2.2.

part

3.

Sustainability & Responsibility

3.1 Pernod Ricard brings good times from a good place

3.1.1 A strategy built around a vision: "Créateurs de convivialité"

3.1.1.1 A roadmap that is fully embedded in the business

Pernod Ricard's history is rooted in Sustainability and Responsibility (S&R). Its founder Paul Ricard was an early philanthropist who created the Paul Ricard Oceanographic Institute in 1966 in response to the first industrial pollutions in the Mediterranean Sea. This commitment lives on today with the Group's 2030 S&R roadmap, « Good Times from a Good Place » launched in 2019.

Built around four pillars – Nurturing Terroir, Valuing People, Circular Making and Responsible Hosting, the S&R roadmap addresses all the Group's activities from grain to glass. Pernod Ricard's S&R ambition sits at the heart of the Company's mission to "unlock the magic of human connection by bringing Good Times from a Good Place".

For Pernod Ricard, S&R is a key business driver and is proving an important lever to accelerate transformation, by driving innovation, building purposeful brands, attracting talents and bringing to life the vision of a more convivial world.

GOOD TIMES FROM A GOOD PLACE

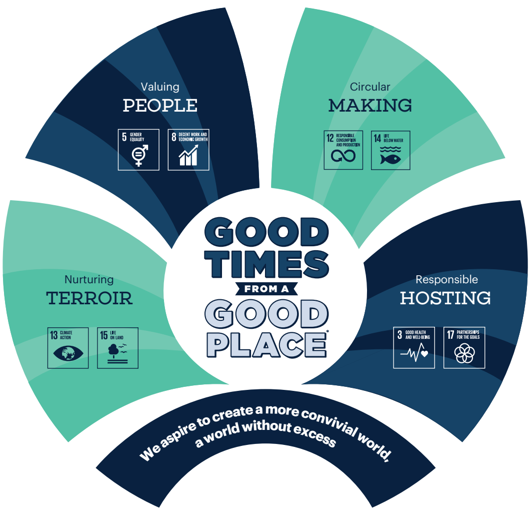
Pernod Ricard's Manifesto

"**Créateurs de convivialité**: true to Pernod Ricard's founding spirit, the Group has been bringing people together since its beginning, inviting them to share privileged moments and forge new friendships every day through our world-class portfolio of premium wines and spirits.

We are passionate hosts... a family of exceptional people who are committed to fighting alcohol misuse and creating a better way of living and working together, bringing good times today and for generations to come.

We are respectful guests... who care for and strive to protect and nurture the terroirs and environments in which we live. We partner with local farmers and respect local communities to benefit our planet, our consumers and business.

We bring good times from a good place, to create a more convivial world, a world without excess."



3.1.1.2 Addressing all stakeholder expectations, from grain to glass

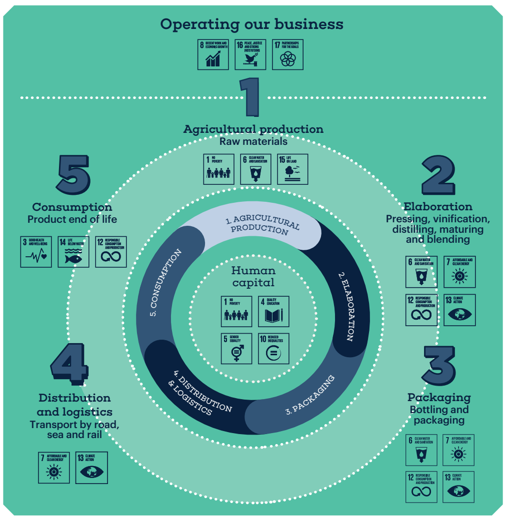
Pernod Ricard's 2030 S&R roadmap addresses the material risks facing its business along with consumer concerns whilst using the UN Sustainable Development Goals (SDGs) as a guiding beacon. The roadmap is built on four pillars:

- nurturing terroir;
- valuing people;
- circular making; and
- responsible hosting.

Since 2018, the UN Global Compact has recognised Pernod Ricard as a LEAD participant for its contribution to the UN SDGs.

Each pillar sets ambitious commitments based on a 2030 timeline in line with the SDGs, with 2022 and 2025 milestones. The strategy primarily contributes to eight SDGs, though it addresses 14 SDGs across the Group's entire value chain.

The S&R roadmap is the result of a long process of interviews and consultations with over 300 internal and external stakeholders globally and other experts. Over 20 workshops were held with representatives of Brand Companies, Market Companies, Regions, HQ and the Top Management team.



The Group closely monitors its commitments, objectives and performance indicators. It reviews, challenges and adapts its strategy and related roadmap according to its progress and the surrounding context. This ensures long-term consistency between the Group's growing ambitions and its impact, while enabling new, more effective monitoring tailored to the expectations of the various stakeholders.

To monitor progress towards the targets set in its S&R roadmap, Pernod Ricard uses a traffic lights system. This aims to visually identify progress on all S&R KPIs:

Achieved	KPI/Commitment has been **achieved** by the Group through effective action plans of affiliates meeting all the necessary criteria set in Global guidelines.
On plan	KPI/Commitment currently **not yet achieved but strong progress made** and **action plans defined** to reasonably expect the KPI/Commitment to be achieved within the required timeframe.
In progress	KPI/Commitment currently **not yet achieved, no progress made or no clear action plan defined but under consideration** (with dedicated governance, resources, next steps…). In progress can also occur when it is decided to postpone actions on a KPI/Commitment due to unexpected events (for exemple, a crisis such as Covid-19).

3.1.2 A robust governance structure

A robust governance structure has been established to ensure the S&R roadmap is fully implemented throughout the Group. This identifies specific responsibilities and clear reporting lines at each level, from affiliates right up to the Board of Directors' S&R Committee.

As of 1 July 2022, Conor McQuaid has been appointed to the Executive Board as EVP Corporate Communications, S&R and Public Affairs. This newly created role will strategically lead and bring together these three global functions. He will be an additional member of the Executive Committee and the S&R Senior Steering Committee.

TOP MANAGEMENT

BOARD OF DIRECTORS S&R Committee	• Monitors progress of the S&R strategy, challenges ambition and reports to the wider Board • 3 meetings per year • Raises awareness on long-term sustainability trends
COMEX	• Ultimately accountable for the company's performance against the S&R strategic goals • S&R strategy discussions/updates in at least 2 COMEX meetings per year • S&R topics are discussed at each Executive Committee meeting
S&R SENIOR STEERING COMMITTEE	• Oversees the advancement of strategy implementation, ensures proper resourcing and raises any challenges to the COMEX • 11 members meeting 4 times per year: CEO, Managing Director GBD, Group EVP Human Resources, EVP Finance, IT and Operations, Group General Counsel and Compliance Officer, Chief Sustainability Officer, VP Global Public Affairs and Alcohol in Society, Group Operations Director, Global Marketing & Commercial Director, Group Communications Director, Global SVP, Investors Relations and Treasury

HQ FUNCTIONS

S&R	• Empowers HQ functions to become a centre of expertise • Ensures S&R strategy is embedded into processes and practices • S&R HQ team to review all Brand Company and region action plans

Drive the coordinated implementation of the S&R Strategy, report progress to the S&R team and support the S&R Steering Committee

Terroir	People	Making	Hosting
OPERATIONS	HUMAN RESOURCES; OPERATIONS	OPERATIONS; GLOBAL BUSINESS DEVELOPMENT	PUBLIC AFFAIRS & ALCOHOL IN SOCIETY

ISSUE TASKFORCES	• Established where necessary to 1. coordinate the implementation of the S&R strategy in specific areas, and 2. support the Senior Steering Committee with specific issues and targets • Made up of experts from Market Companies, Brand Companies and lead HQ functions
REGIONS & BRAND COMPANIES	• CODI member responsible for the S&R strategy design, implementation and progress monitoring • Senior Steering Committee relevant to their business activity • Meeting at least 2 times/year to report to HQ Senior S&R Steering Committee (through the S&R HQ team) • Affiliates' action reviewed by Regional S&R Leader and to be signed off by the affiliate CODI/MD
AFFILIATES	A network of S&R Leaders to coordinate the implementation of the affiliate S&R action plan, signed off by local CODI/MD.

3.2 The main sustainability risks and opportunities

In line with Directive 2014/95/EU on non-financial reporting as transposed into French law[(1)], Pernod Ricard publishes a "Non-Financial Statement". This statement requires the Group to disclose its business model and information on key non-financial risks. These include risks related to the environment, employment, society, Human Rights, tax evasion[(2)] and corruption.

For more information on Pernod Ricard's business model, please see Section 1 "Extracts from the integrated annual report".

For more information on the Group's key non-financial risks please see Subsections 3.2.1 and 3.2.2 below.

3.2.1 Presentation of the methodology

Updated in FY21, the Group's risk mapping presents and classifies the risks based on their potential impact and probability of occurrence across the Group's activities[(3)]. Some of these risks are specific to sustainability. To ensure such risks and any opportunities are properly identified and mapped, Pernod Ricard uses the following methodology:

- every three years, the main risks faced by Pernod Ricard are:

1. mapped by direct affiliates and HQ functions, and
2. then consolidated at HQ level by the Group's Internal Audit Department;

- the same Group risk mapping methodology and tool are used to identify the main sustainability risks for the "Non-Financial Statement";
- led by the S&R Department, these sustainability risks are subject to in-depth analysis through research, competitive benchmarking and internal and external stakeholder dialogue[(4)]. The Group's materiality matrix was last updated in 2020. Other key HQ experts including operations, legal, HR, public affairs and finance were also involved in confirming the top eight risks and opportunities;
- the identified sustainability risks and opportunities were then cross-referenced with the 2021 Group Risk Mapping to confirm them and ensure consistency with the Group's major risks in Section 4;
- the resulting eight non-financial risks and opportunities were subsequently presented to and signed off by the S&R Senior Steering Committee and the Board of Directors' S&R Committee.

3.2.2 Key risks and opportunities

As any company, Pernod Ricard may be exposed to external or internal risks whilst also potentially benefitting from opportunities. It is thus essential to identify such potential risks and opportunities and ensure the roll-out of adequate action and/or mitigation plans.

The definitions of the eight main risks and opportunities can be found in the table below. Targets, policies, due diligence procedures and key performance indicators are presented in detail in sections 3.3 "The four pillars of the Good Times from a Good Place roadmap" and 3.4 "Ethics and compliance". In the interest of transparency, other indicators have been presented alongside the policies applied, depending on the issues addressed.

Given the nature of Pernod Ricard's activities, the Group does not consider "tax evasion[(5)]" to be a major non-financial risk. It was therefore not felt necessary to explore it in this "Non-Financial Statement". Nevertheless, "tax evasion" is discussed in Subsection 3.4.1.5 "Tax policy".

(1) Article R. 225-105 of the French Commercial Code.
(2) Pursuant to Act no. 2018-898 on combatting fraud.
(3) The Group's major risks and the process for identifying them are discussed in Section 4.
(4) See Subsection 3.1.1.2 "Addressing all stakeholder expectations, from grain to glass".
(5) Referred to in article L. 225-102-1 of French Commercial Code.

Risk/ opportunity	Sub-risk/opportunity	Definition	Subsections of Section 3
Responsible supply chains	**Responsible supply chains**	**Risks:** supply chains in the beverage industry are diverse and fragmented due to the multiplicity and diversity of actors, from agriculture to merchandising. Pernod Ricard may be legally involved with suppliers whose practices do not comply with: • Human Rights (child labour, forced/bonded labour, health and safety etc.); • environmental standards (CO_2 emissions, toxic emissions etc.); or • compliance and business regulations (corruption, fraud etc.). This might cause reputational damage, financial loss and legal liabilities.	***3.3.2 Valuing People*** 3.3.2.4 Human Rights 3.3.2.5 Responsible Supply Chain
	Sustainable agricultural supply chain	**Risks:** agricultural practices in Pernod Ricard's supply chain may have various negative effects on: • the environment (soil degradation, poor water quality and availability, CO_2 emissions, biodiversity loss and deforestation); and on • the Human Rights of farmers or local communities (remuneration of farmers, health and safety, child or forced labour, land grabbing). This might also cause reputational damage and legal liabilities. Moreover, climate change may alter crop quality and areas of production leading to: • increased prices; or • even the inability to source in a specific area or produce a specific brand.	***3.3.1 Nurturing Terroir*** 3.3.1.1 Supporting communities to regenerate ecosystems and tackle climate change 3.3.1.3 An agile and ambitious journey to regenerate terroirs 3.3.1.4 Impactful programmes on regenerative agriculture and biodiversity preservation
Compliance and business ethics	**Anti-corruption & antitrust**	**Risks:** given the international scope of its activities Pernod Ricard may be exposed to compliance issues related to anti-corruption laws and other regulations. This may be in its own operations or through its supply chain. This might cause reputational damage and lead to criminal fines.	***3.4 Ethics & Compliance*** 3.4.1.3 Prevention of corruption and anti-competitive practices 3.4.1.4 Transparency and integrity of strategies and influencing practices
	Data privacy	**Risks:** in light of the digital transformation of its activities and the increasing number of regulations, Pernod Ricard may face compliance issues related to data protection regulations[(1)] and fail to protect the personal data of its consumers. This might cause reputational damage, liability and financial loss.	***3.4 Ethics & Compliance*** 3.4.1.2 Personal data protection

3.

Risk/ opportunity	Sub-risk/opportunity	Definition	Subsections of Section 3
People development and safety	**Talent management**	**Risks:** Pernod Ricard may have difficulties attracting and retaining the skilled people it needs due to: • the competitive talent market; • changes in the aspirations of younger generations; • new global work outlook as a consequence of the pandemic; and • the future of work that may require a new set of skills or skill-scarcity in specific domains. This may cause reputational & operational difficulties and impact financial performance.	***3.3.2 Valuing People*** 3.3.2.1 Talent management
	Diversity & Inclusion	**Opportunities:** diversity and inclusion are a strategic priority for Pernod Ricard. Its goal is to have management teams and a workforce that reflect the diversity of its consumers globally. This will be achieved by: • fostering an inclusive organisational culture; • creating an environment of equity, engagement and empowerment that facilitates everyone's involvement in support of its business strategy.	***3.3.2 Valuing People*** 3.3.2.2 Diversity & inclusion
	Working conditions and Health & Safety at work	**Risks:** Pernod Ricard's employees and contractors in production sites may be exposed to occupational injuries(2) or potentially permanent disability and death due to industrial processes or as a result of major industrial accidents or natural disasters. In addition, despite strict health measures, employees may have been exposed to Covid-19. Repeated lockdowns and remote working measures may have caused disruptions in the social ties and work-life balance of employees. The Group may also suffer reputational and operational difficulties.	***3.3.2 Valuing People*** 3.3.2.3 Employee engagement & culture, working conditions and health & safety 3.3.2.4 Human Rights
Physical risks of climate change and natural disasters	**Pernod Ricard production sites**	**Risks:** severe weather events or natural disasters may damage physical assets at production sites. Moreover, rising temperatures and changing seasons may alter industrial processes and the availability of ingredients. Pernod Ricard might be slow to react to such climate change and fail to adapt its supply chain resulting in financial losses and operational disruptions.	***3.3.1 Nurturing Terroir*** 3.3.1.1 Supporting communities to regenerate ecosystems and tackle climate change 3.3.1.4 Impactful programmes on regenerative agriculture and biodiversity preservation
	Pernod Ricard suppliers	**Risks:** these phenomena may also damage suppliers' physical assets and affect the quality, quantity and geographical location of agricultural raw materials, resulting in operational disruptions.	***3.3.3 Circular Making*** 3.3.3.2 Climate change: reduction and adaptation

Risk/ opportunity	Sub-risk/opportunity	Definition	Subsections of Section 3
Environmental impacts of operations	**CO_2 emissions** **GHG emissions** **Water management** **Waste management**	**Risks:** due to the industrial nature of its activities and fast-changing environmental regulations, Pernod Ricard may fail to be fully compliant with new regulations and respond to stakeholder expectations. This may cause reputational damage. Moreover, distilleries emit CO_2 through the energy they use. Pernod Ricard may be impacted by energy supply and price volatility. In addition, Pernod Ricard most water-intensive activities may impact water availability, causing operational disruption and financial losses. This is especially true in water-stressed areas. **Opportunities:** by reducing energy consumption and associated CO_2 emissions and by building an offsetting and insetting strategy for its residual carbon emissions, Pernod Ricard can reduce its operating costs and anticipate carbon regulations in a volatile market. By implementing a virtuous circular mindset, Pernod Ricard could minimise waste at each step of its value chain and help preserve natural resources. Moreover, through good waste management, Pernod Ricard could transform waste into potential new raw material.	***3.3.1 Nurturing Terroir*** 3.3.1.1 Supporting communities to regenerate ecosystems and tackle climate change 3.3.1.4 Impactful programmes on regenerative agriculture and biodiversity preservation ***3.3.3 Circular Making*** 3.3.3.2 Climate change: reduction and adaptation 3.3.3.3 Preserve water resources 3.3.3.5 Reduce waste
Packaging lifecycle management	**Packaging and point of sale material development**	**Risks:** packaging and point of sale material are some of the Group's most carbon-intensive activities. They generate large quantities of post-consumer waste. Inadequate sustainable packaging policies or innovation might limit Pernod Ricard's ability to attract clients and consumers. The lack of recycling infrastructure or consumer awareness in some markets might hinder the Group's efforts to address packaging end-of-life locally. This may result in reputational damage and financial loss. **Opportunities:** by minimising waste at each step of its packaging life cycle and exploring the use of alternative distribution mechanisms, Pernod Ricard can preserve natural resources and reduce costs.	***3.3.3 Circular Making*** 3.3.3.2 Climate change: reduction and adaptation 3.3.3.4 Circular packaging and distribution
Quality, food safety and product compliance		**Risks:** Pernod Ricard's product quality may be subject to an undetected deterioration (toxic contamination, alteration of taste, introduction of foreign objects into the bottles etc.). This may lead to health hazards, reputational damage, financial liabilities and product recalls.	***3.4 Ethics & compliance*** 3.4.1.1 Quality, food safety and product compliance

3.

Risk/ opportunity	Sub-risk/opportunity	Definition	Subsections of Section 3
Alcohol in Society	**The harmful use of alcohol by consumers** **Excessive and/or punitive alcohol regulations implemented by Government to tackle harmful alcohol use**	**Risks:** Pernod Ricard's reputation may be impacted by consumers' misuse of alcohol. Its activities may also be impacted by ongoing anti-alcohol sentiment or excessive and/or punitive regulations[3]. This may lead to lower revenues and profits without effectively reducing the harmful use of alcohol. **Opportunities:** Pernod Ricard's Premiumisation ambition is about drinking less but better. This supports its responsible drinking goal. The Group's digital marketing drive enables better targeted advertising. This allows even better self-regulation and prevents the inadvertent exposure of minors or non-drinkers.	***3.3.4 Responsible Hosting*** 3.3.4.1 Responsible drinking initiatives 3.3.4.2 Brand campaigns 3.3.4.3 Responsible marketing 3.3.4.4 Responsible sales 3.3.4.6 Consumer information ***3.4 Ethics & Compliance*** 3.4.1.4 Transparency and integrity of strategies and influencing practices

(1) General Data Protection Regulation, California Consumer Privacy Act, etc.
(2) Burns, physical trauma, falls, toxic inhalation, etc.
(3) Restrictions on sales and marketing, availability of its products, increased taxes and duties.

3.3 The four pillars of the Good Times from a Good Place roadmap

3.3.1 Nurturing Terroir

All Pernod Ricard products take their character from the land where they were grown. The Group is committed to nurturing every terroir and its biodiversity and respond to the challenges of climate change to ensure quality ingredients now and for generations to come.

The Group has been working hand in hand with its farmers, suppliers and communities to develop sustainable and regenerative agriculture practices in its terroirs, including its own vineyards, in order to:

- protect ecosystems, enhance biodiversity and natural capital (wild or cultivated) by preserving habitats and trophic chains;
- tackle climate change, by reducing its greenhouse gas emissions and exploring potential carbon sinks within its agricultural chains. This also involves adapting its crops and agricultural practices;
- support agricultural communities and smallholders, in order to:
  - develop sustainable practices,
  - improve livelihoods,
  - increase access to health and education, and
  - more broadly, empower local populations.

3.3.1.1 Supporting communities to regenerate ecosystems and tackle climate change

Objectives and policies

The Group's core business is inextricably linked to well-functioning ecosystems. Any disruption to one component (soil, water, climate, landscape…) has a direct impact on natural balances. Pernod Ricard therefore pays close attention to each element to better understand the mechanisms at work and restore natural balances.

The Group believes in the strength of a holistic and systemic approach to agriculture that covers the entire farming system, maximises the shared benefits and, ultimately, the overall resilience of the terroirs over the long term. The objectives include:

- maximising positive interactions between agricultural and wild ecosystems;
- paying particular attention to soil life and its ability to restore carbon cycles;
- reducing dependency on agrochemicals;
- sustainably managing water resources;
- looking after those who work the land.

The Group believes that regenerative agriculture is a significant part of the solution. This holistic approach aims to enrich soil life and its natural fertility, improve water retention capacity, and protect and enhance biodiversity.

Over the long run, regenerative agriculture will improve the vitality of plants, whilst maximising carbon storage in the soil, ensuring high-quality harvests and yield stabilisation.

The Group thus intends to gradually move away from conventional models to reduce pressure on resources[1] and promote regenerative agricultural models. The terroirs will thereby be more resilient to climate change and farming communities will see a sustainable improvement in their livelihoods.

In FY20, Pernod Ricard rolled out its Sustainable Agriculture Key Principles throughout the Group. This document guides all affiliates with a set of best practices related to landscape management, biodiversity, plant health and soil life, water, Human Rights and relations with suppliers. This document covers all the various contexts and agricultural systems as part of a continuous improvement process.

3.3.1.2 Pernod Ricard's agricultural footprint

Pernod Ricard produces and sources more than 120 natural ingredients from around 70 countries. Each ingredient is grown in a terroir with unique climate conditions, soil type, ecosystems and the know-how specific to its people and local communities.

Policies	Objective	Progress in FY21	Progress in FY22	Performance
2030 S&R Roadmap	100% of key agricultural raw materials (*annual purchases*) covered by risk mapping by 2022.	• 86% of key agricultural raw materials (*annual purchases*) covered by mapping, starting with priority terroirs this year. • 93% of priority terroirs with a full risk mapping exploring eight environmental and nine social risks. • All terroirs assessed under the Partner Up process (*see Subsection 3.3.2.5 "Responsible supply chain"*).	• 98% of key agricultural raw materials (*annual purchases*) covered by mapping, starting with priority terroirs this year. • 100% of priority terroirs with a full risk mapping exploring eight environmental and nine social risks.	On plan

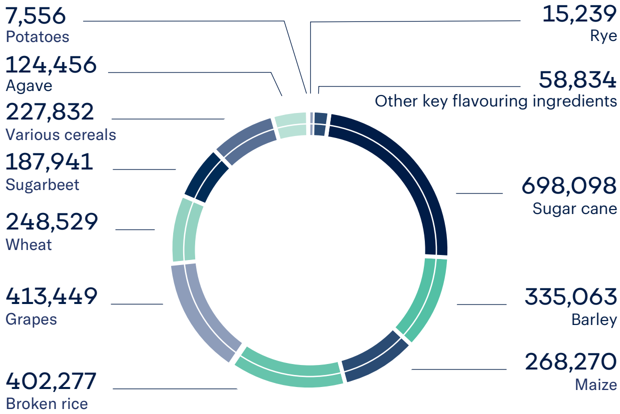
Pernod Ricard sources its ingredients from more than 350 terroirs, with an estimated footprint of 800,000 hectares.

Some of these terroirs are directly operated by Pernod Ricard:

- 5,634 hectares are dedicated to vineyards in eight different terroirs:
  - New Zealand (45%),
  - Australia (24%),
  - France (12.5%) [Cognac & Champagne],
  - Argentina (8.5%),
  - Spain (5.6%),
  - US (2.5%),
  - China (1.9%);
- 948 hectares are used for agave crops in Mexico.

A total of three million tonnes of raw agricultural materials are sourced to make Pernod Ricard's iconic brands, including a variety of grains[2], grape, sugar cane, agave and sugar beet, and flavouring ingredients[3] *(Sustainability Accounting Standards – SASB)*[4].

Breakdown of key agricultural raw materials in tonnes (*SASB*)



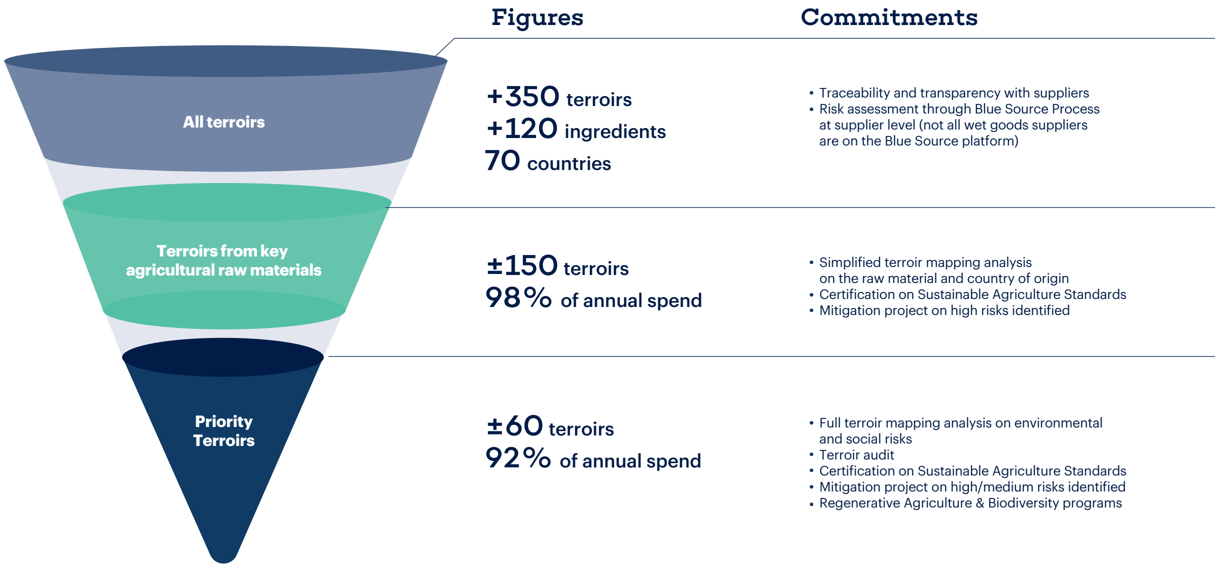
(1) For example, by implementing alternative practices that avoid the use of synthetic inputs.
(2) Wheat, barley, rye, maize, rice, sorghum.
(3) Coffee, coconut, fennel, star anise, liquorice, juniper, coriander, gentian and orange.
(4) Information with SASB reference is aligned with the industry-specific activity metrics identified in the framework standards.

Objectives & Policies

To manage risks within agricultural supply chains, address the duty of care and achieve its ambition of nurturing terroirs, the Group has implemented a 3-level action plan. The action plan helps map the various terroirs to achieve full traceability, assess environmental and social risks to these terroirs, and implement sustainability programmes.

Action plans & Next steps

3-level action plan for nurturing terroirs by 2030

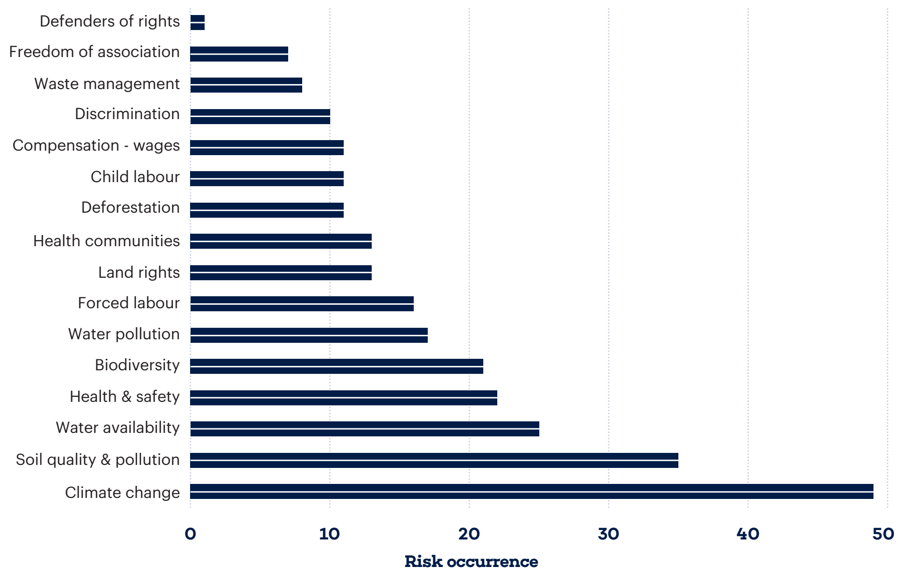


Since FY21, 60 terroirs have been identified as strategic priorities under the action plan. This is because they represent a large amount of annual purchases (by spend) and supply key or iconic raw materials[(1)]. All have been subject to a full risk-mapping analysis:

- 28 were assessed as high-risk;
- 18 were found to be medium-risk; and
- 14 were judged to be low-risk.

Frequency of potential risks in priority terroirs

By mapping its terroirs, the Group has identified the most pressing issues for its ingredients: climate change, soil erosion, water availability, pollution on soil and water *(SASB)*.



The carbon footprint of agricultural raw materials accounts for 48% of the Group's Scope 3 emissions (2.3 million tonnes of GHG). The methodology used is described in Subsection 3.3.3.2.

(1) *An ingredient is considered emblematic if it is a flagship ingredient for a strategic brand (such as star anise for Ricard), if it has a major sensory contribution or if it is promoted by the brand with a high reputational risk.*

Otherwise, learnings from the terroir risk mapping point to crop sensitivity to the effects of climate change, including high sensitivity to drought, as well as its impact on ecosystems (biodiversity, soil and water) and on communities.

Given the importance of this issue, the definition of climate strategies (carbon reduction and sequestration) for terroirs is a high priority.

Very closely linked to climate change, the subject of deforestation is also assessed within the terroirs. This is a global issue often induced by the agricultural expansion that might occur within the Group's terroirs. Pernod Ricard is not involved in the sectors that contribute the most to deforestation, however analysis is underway to more accurately identify sensitive areas. This will allow the implementation of plans to combat deforestation jointly with suppliers.

3.3.1.3 An agile and ambitious journey to regenerate terroirs

The Group has committed to implementing resilient agricultural practices by building strong and fair relationships with its suppliers.

Policies	Objectives	Progress in FY21	Progress in FY22	Performance
2030 S&R Roadmap	• 100% of key raw materials produced or sourced[(1)] in line with selected sustainability standards.	• 28% of key raw materials produced or sourced in line with selected sustainability standards.	• 31% of key raw materials produced or sourced in line with selected sustainability standards.	On plan
	• Reduce carbon footprint of agricultural raw materials to contribute to the Group's overall Scope 3 target (50% intensity reduction)[(2)].	• Harmonised GHG calculation methodology developed for cereals.	• Harmonised GHG calculation methodology developed for cereals, vineyards and some distilled products • Specific study for broken rice and Indian Grain Neutral Spirit to better approach the baseline.	In progress

(1) Calculation based on annual purchases.
(2) See Subsection 3.3.3.2 "Climate change: reduction and adaptation".

Action plans and next steps

Certification

Pernod Ricard aims to certify all its key raw materials to recognised sustainability standards. The Group has developed a benchmarking tool to help select the best standards, in line with the Sustainable Agriculture Key Principles. The Group also allows affiliates to develop their own standards with their local partners. All must then be verified by third parties.

The standards are chosen to cover most of the high and medium risks identified through the terroir risk mapping. For example, given the risk profiles of the various sugar cane terroirs, the Bonsucro certification has been identified as the most suitable. It will be rolled out to all suppliers.

This approach was designed to be tailored to each terroir by factoring in local cultures, work habits as well as the potential for transforming practices.

Risk mitigation projects

For terroirs which have demonstrated a high-level of risk, Pernod Ricard develops actions to mitigate these risks. This can be achieved through implementing certifications, engaging in specific local programs or, if needed, rethinking the sourcing strategy.

Focus on water use in the vineyards

Pernod Ricard sources grapes from 17 wine-growing countries, seven of which have vineyards directly operated by the Group.

As perennial crops, vineyards are particularly sensitive to the effects of climate change and in particular droughts, fires or even frost. The trend towards the increasing frequency and severity of such events has been confirmed over the past three years in the Group's vineyards. Despite the use of precision farming tools like drip irrigation systems, a significant increase in water consumption has been observed during the last years. It amounted to 11.5 million m^3 this year. Improving the resilience of vines to water scarcity will be at the heart of pilot programmes on regenerative viticulture.

3.3.1.4 Impactful programmes on regenerative agriculture and biodiversity preservation

Regenerative agriculture can be considered a "nature-based solution" designed to:

- mitigate climate change;
- protect ecosystems and biodiversity;
- restore the soil; and
- improve the livelihoods of farmers.

Policies	Objectives	Progress in FY21	Progress in FY22	Performance
2030 S&R Roadmap	• 100% of direct affiliates with a regenerative agriculture or biodiversity programme, linked to the Group's priority terroirs (supply chains or landscape, usually addressing both agriculture and biodiversity).	• 54% of direct affiliates with a programme. • Four programmes launched.	• 73% of direct affiliates with a programme. • Thirteen programmes launched (*cumulatively*).	On plan
	• By 2025: test local models for regenerative farming systems in the Group's vineyards in eight wine regions. The goal is to capture more carbon in the soil and share knowledge with the wine industry.	• Two regenerative viticulture pilot programmes. • Coaching and training sessions designed for each vineyard.	• Five regenerative viticulture pilot programmes (*cumulatively*).	On plan
	• 5,000 farmers empowered, trained or supported.	• 8,830 farmers empowered, trained or supported.	• 9,933 farmers empowered, trained or supported (*cumulatively*).	Achieved

Action plans and next steps

The key to success will be to define appropriate "transition paths" for different types of agricultural products. For example, transitioning to regenerative practices for large industrial corn farmers in the US will require different supports and milestones compared with the transition for small Indian rice farmers.

The programmes aim to better understand and factor in local contexts, measure the dynamics of natural cycles, train partners in regenerative practices and design continuous improvement plans over the long term.

To support this journey on priority terroirs, Pernod Ricard decided to join the French PADV (*Pour une Agriculture Du Vivant*) movement. Using its regeneration index, the Group measured the starting point of its partner farms and then put in place drivers to improve the resilience of the terroirs.

In 2021, the Group became the first corporate partner of the IUCN[(1)] "Agriculture and Land Health initiative", which aims to build a global movement for sustainable and regenerative agriculture and create metrics to monitor progress. Pernod Ricard was the first corporate company to join the initiative, which aims to bring together businesses, experts, academia and international organisations.

For its own vineyards, the Group has committed to run regenerative viticulture pilot programmes. Following a comprehensive diagnosis of the two French terroirs, Martell cognac and Mumm and Perrier-Jouët champagnes set up a pilot programme to explore three main areas: soil life; plant health and nutrition; and landscape management.

Various trials are run to test combinations of cover-crops, develop grape varieties resistant to climate constraints, or even implement specific technologies or machinery.

In the south of France, where Irish Distillers source their maize, the Group has enrolled 27 farmers in the regenerative index to identify their areas of progress and transform their practices, such as no or low tillage. As part of this project, the Group is also working to develop a fair economic model to ensure long-term mutual commitments.

In India, Pernod Ricard India Foundation's flagship programme WAL (Water, Agriculture, Livelihoods) aims to foster water resilience, promote sustainable and regenerative resource management, while securing the livelihoods of disadvantaged communities such as smallholder farmers, women and young people.

In Mexico, Kahlúa works with coffee-producing communities and local NGO Fondo Para La Paz to support agricultural practices like the planting and development of climate resistant varieties as well as fair compensation, with a specific focus on female empowerment.

(1) International Union for the Conservation of Nature.

3.3.2 Valuing People

Convivialité is about sharing, warmth, care and respect for people everywhere. Pernod Ricard is committed to increasing diversity and fairness for all its people and empower people across its supply chain.

This pillar is all about respect: for the Group's 18,721 employees (FY22 average) as well as throughout its global supply chain. This means:

- increasing employee loyalty and engagement;
- lowering supply chain risks; and
- meeting rising consumer expectations around transparency.

Due to the seasonal nature of its activities, especially during harvest periods, 5.3% of the annual average headcount is on fixed-term contracts. Rather than using contractors, Pernod Ricard prefers to hire this temporary workforce so that they can also benefit from its development and health & safety policies.

3.3.2.1 Talent management

Talent management is and will remain a key strategic priority.

Pernod Ricard's people strategy is based on the Group´s Leadership Attributes. These were rolled out across the organisation four years ago.

Policies	Objectives	Progress in FY21	Progress in FY22	Performance
2030 S&R Roadmap	• Pernod Ricard is committed to developing the employability of all its employees throughout their working lives.	• 98% of employees received at least one training during the fiscal year.	• 91% of employees received at least one training during the fiscal year.	On plan
	• This means offering all employees at least one future-fit training session every three years to ensure their employability.	• In progress.	• In progress.	In progress

Objectives & Policies

The Leadership Attributes represent the leadership behaviours Pernod Ricard needs to ensure its future success. They are embedded in its global Human Resources strategy through the annual performance appraisals, 360 feedback process, assessment centres and leadership development programmes. All these processes and programmes help Pernod Ricard´s employees grow their leadership skills and be better prepared to master challenges and drive change to deliver its business goals.

The Group-wide HR strategy TransfoHRm is powered by a single Group-wide global digital platform, Workday. This sets the goal of making "Convivialité" a true performance driver by:

- putting the employee experience centre stage;
- recruiting diverse teams to improve individual and collective performance; and
- introducing a performance and success culture built around ownership and accountability, supported by digital tools.

In the past year, Pernod Ricard has continued running 360 feedbacks to continue developing its leaders, promote the Leadership Attributes and further embed them across all affiliates. In FY22, 188 employees participated in the 360 feedback assessments with an overall satisfaction rate of 98%.

Action plans and next steps

HR management system: Workday

The Group introduced and started benefiting from the new employee-centric tool, Workday, three years ago. This has been very successful in helping manage the key group HR processes. Pernod Ricard has been able to quantify the return on investment:

- having streamlined business processes;
- established a common language;
- created unified and reliable information worldwide.

It has significantly improved HR efficiency, facilitating decision-making so as to put the right talent in the right positions with the right skills at the right time in their career. Employees and their managers now have a robust and reliable tool to access information about their position, career path, compensation and evaluation any time, any place. Employees are fully empowered to promote themselves and be proactive with their career development.

With the experience built up since Workday's launch and the improved efficiency, Pernod Ricard is now committed to introducing additional functionality to support the ongoing improvement of the employee experience. This will help improve interaction and dialogue between employees, managers and HR teams. The Group has continued to analyse and regularly revisit what has been accomplished using agile ways of working.

The Group has continued to leverage technology for more transparency, planning and forecasting accuracy within HR. This was achieved in a very agile and collaborative manner through the ongoing improvement of the Adaptive Insight module in Workday. A strategic project for Pernod Ricard, launched simultaneously across all Group affiliates, it allows HR to forecast, plan and manage employee-related costs as these represent the largest overhead.

With an eye on the importance of adopting, embedding and achieving proficiency in new ways of working, in FY22, Pernod Ricard continued to consistently enhance process efficiency and HR capability through a new operating model for the HR Transformation team and a change management plan involving extensive upskilling. This was delivered through various trainings, toolkits and Q&A sessions. These ambitious initiatives will ensure that HR effectively embeds the new ways of working and pro-actively partners and supports managers & employees to co-create their unique experience at Pernod Ricard.

"Let's Talk Talent": a global talent management approach shared across all affiliates thanks to a common language to assess performance and potential

The engagement and performance of Pernod Ricard's employees continue to be the foundation of the Company's success. It is important not only to look at the "what" has been achieved, but also to assess the "how", especially in relation to the previously mentioned Leadership Attributes.

The "Let's Talk Talent" process looks at both factors (What and How) in the annual performance review, assigning each a 50% weighting. Pernod Ricard employees are evaluated not only on what they have accomplished, but also on how they have accomplished it through their Leadership Attributes.

Let's Talk Talent is designed to create a systematic process that is comprehensive, fair and developmental. It enables Pernod Ricard to assess, provide feedback and develop teams, identifying the skills and competencies that are needed to support the strategic plans whilst fostering a diverse, high-performing culture. This process, along with the learning agility assessment of individual growth potential, forms the basis for identifying and developing talent within the Company for career development and succession planning.

As part of this Let's Talk Talent process, the Company fosters a culture of continuous feedback between supervisors and employees. It also supports People development within an environment in which everyone is accountable for their professional development (with the support of managers and the business). Pernod Ricard offers employees opportunities and resources to grow and empowers them to take steps to advance their careers and development within the business.

Furthermore, this feedback culture is reinforced through the various assessment and development programmes Pernod Ricard offers: 360 feedback surveys, assessment centres, leadership programmes and mentoring.

Pernod Ricard University

Pernod Ricard University actively partners with the business and HR Departments to:

- identify Learning & Development (L&D) needs; and
- design programmes with high-end institutions, consultants and internal experts.

Over the past two years, despite all the challenges surrounding Covid-19, the Group remained committed to growing talent by building up and refining the necessary functional skills. The current learning offering is based on a mix of formats – approximately 80% online and hybrid, and 20% in-person. This new mix helps the Group to enhance its own strategic delivery through:

1. adequate response to the demand for more customisation, accessibility & convenience using an anytime anywhere approach;
2. breadth and depth of the offering to address the varying needs across the organisation, functions and locations, and the life stage and growth aspirations of individual employees;
3. delivery of more sustainable Learning & Development experiences with a reduction in L&D-related CO_2 emissions;
4. inclusive and purposeful development opportunities to help all employees keep up with the changing world, technology advancement and generational differences.

Pernod Ricard's learning offering is built around co-creation, blended learning, dynamic sessions using a 70/20/10 approach to upskill employees. 91% received some training this year. In the post-Covid environment Pernod Ricard reopened its historical Domaine de La Voisine near Paris. Acquired by Paul Ricard in 1957, it was transformed into a state-of-the-art campus in 2017. The site is once again fully operational and is welcoming learners from both Pernod Ricard and other leading companies. Internal and external participants experience sharing and new discoveries with colleagues from a host of backgrounds and cultures worldwide.

True to its "Créateurs de Convivialité" vision, Pernod Ricard creates special moments for all learners, moments that enrich them both on a professional and personal level. In this way, the Group shares its values and culture of "Convivialité", creating a special bond for the entire community.

In 2022, the key focus was on:

1. **Massive upskilling in the Digital sphere with D-Passport Season 2:** This is a Group-wide programme designed to:
   - increase digital knowledge and skills;
   - make work processes more agile;
   - lay the foundations for more "phygitally" attuned business processes and customer interactions.

The programme continues to primarily focus on digital upskilling of the Marketing, Commercial and Leadership teams, but is available to all Group employees. 5,898 employees received fully online training, built around customised learning paths. This included a whole series of micro-learnings, webinars, external speakers, quizzes and tests.

2. **Recovery and enhancement of Leadership Programmes:** Pernod Ricard's tailored "Mixers" and "Shakers" programmes re-started in spring 2022. In addition, the first pilot of the "Role of the Finance Leader of the Future" was successfully delivered. Determined to increase customisation, the Leadership offering was expanded with a selection of online and in-person leadership development programmes from top executive education institutions and platforms like Exec Online. And broader coaching support was provided to global talent *via* two coaching platforms – Better Up in North America and CoachHub for the rest of the world.
3. **Acceleration of self-learning and continuous development:** To support the continuous growth of Group employees through new knowledge, skills acquisition, gratifying learner experience, and in a truly inclusive manner, Pernod Ricard granted all employees free access to the Coursera platform. This made over 7,000 programmes, specialisations and guided workshops available anytime, anywhere. It allows individual learners to take control of their own development and growth. In the first nine months, there were 4,766 sign-ups to 1,127 different courses, representing approximately 12,410 learning hours.
4. **Enhancement of functional capabilities:** This was achieved through the effective delivery of iGrow programmes in online and hybrid formats. This ensured that Group talent could continue growing with no risk to their health and well-being and still experience the precious moments of sharing, cross-fertilisation and community through the increased interaction offered by hybrid formats. iGrow programmes were initially rolled out to the Marketing and Commercial teams and continued with the strong delivery of iGrow Finance and the ambitious upskilling in Operations.

   The flexible iGrow approach allowed Pernod Ricard to embed continuous learning, ensuring that employees get the right skills at the right proficiency level in a dynamically evolving environment. This year, functional skills enhancement through instructor-led sessions benefited 7,687 employees across different functions, positions and locations, and 3,559 learners also utilised existing functional e-learnings.

Acting as true growth catalysts, the Group's holistic offering and L&D customisation efforts effectively contribute to the transformation of the organisation into a more agile, digitally savvy, innovative and consumer centric one, led by future-fit leaders and capable and engaged employees.

Leadership Assessment and Development programmes

The Group has developed a full range of leadership assessment and development programmes in response to Pernod Ricard's business goals and to better prepare top executives in terms of succession and career planning. In 2022, 71 participants took part in "Blenders", a global assessment and development programme for Top Management to assess them against the Group's Leadership Model and help with their career development. The main objectives are to create space for leaders to reflect and then put in place tailored development plans to enhance their growth and development as leaders.

The Group has also established global leadership assessment and development centres ("LeAD UP") *via* an external provider. This helps assess skills and leadership potential, identify strengths and development opportunities, develop people with high potential and better prepare them for future leadership roles. The goal is to encourage all employees to take ownership of their careers. The "LeAD UP" programme offers two-day sessions in which participants conduct one-on-one interviews, tests and case studies. They also receive in-depth feedback and participate in workshops. In FY22, over 115 participants took part in these development programmes with over 60% of participants being female. This helps better support them with their career development at Pernod Ricard as part of its efforts to accelerate the D&I agenda and female talent development.

Key performance indicators

Number and %	FY21	FY22
% of the payroll invested by the Group in training	1.5%	1.5%
Number of employees trained[(1)]	17,636	17,103
% of total workforce trained[(1)]	98%	91%
Training hours[(1)]	378,082	423,129
Average number of hours of training received by training beneficiaries[(1)] per year	21	25
% of employees who received at least one performance review[(2)]	91%	91%
Number of employees who participated in the LeAD UP programme[(2)]	157	115

(1) Fixed-term and permanent contracts.
(2) Permanent contracts.

3.3.2.2 Diversity & Inclusion

As a consumer-oriented Company, Pernod Ricard believes that its employees must reflect consumers and the world in which it operates. Pernod Ricard sees diversity as a source of wealth prosperity and a real performance factor driver for the Company.

Policies	Objectives	Progress in FY21	Progress in FY22	Performance
2030 S&R Roadmap	• By 2022, ensure equal pay across the business (gender pay equity).	• 1.8% gap worldwide.	• 0.9%[3] gap worldwide.	Achieved
	• By 2030, the Top Management team[1] will be gender balanced[2].	• 29% women.	• 35% women.	On plan

(1) Internal definition: Band C and above.
(2) Balanced teams considered achieved with a range of 40-60% men and women.
(3) Fixed-term and permanent contracts only (excluding Cuba and COMEX, excluding seasonal and casual contracts).

Objectives & Policies

In recent years, with initiatives such as "Better Balance for Better Business" and "Live without Labels," the Group has continued to accelerate its D&I agenda. Pernod Ricard believes in an inclusive culture where everyone is valued for who they truly are, and where their experiences, perspectives and uniqueness drive collective performance.

From a gender diversity perspective, since 2015 the Group has increased the percentage of women in top management from 19% to 35% Furthermore, 45% of managerial positions are held by women.

The Group continues to focus on gender parity. The Group is implementing internal development programmes and processes to increase the representation of women, in line with the S&R roadmap for 2030. The D&I strategy is also firmly embedded in the annual global strategic talent review process and succession planning at senior executive level. These processes focus on identifying and preparing the talent pipeline and continue to help develop female talent.

Over the past year, Pernod Ricard has also launched a Senior D&I Council comprising diverse senior executive leaders globally. This senior leadership group has worked on the development of a new global D&I strategic framework. This will be rolled out in the new financial year and will allow all market and Brand Companies to come into alignment from a D&I perspective. The goal is to further support and drive D&I and empower all affiliates with appropriate guidance and toolkits.

Action plans and next steps

In addition to this global framework and priorities, management at the local affiliates have established their own D&I agendas and plans aligned with their local markets and business needs.

The "TransfoHRm" HR Strategy announced in 2018 is inherently a diversity-centric strategy. TransfoHRm is about ensuring that key processes such as talent development and management are fair and equitable. Let's Talk Talent is a consistent process based on an objective assessment of performance and potential, with a common language and methodology across all affiliates. This offers all employees an equal opportunity for a successful and fulfilling career at Pernod Ricard. Because the "How" of performance is as important as the "What", managers and HR are also supported and trained in performance evaluation and calibration. The process is designed to overcome the traditional pitfalls of talent management and make Pernod Ricard more open to diversity and inclusion thanks to objective and fair global processes.

The Group has also become more visible in the diversity sphere through its active participation in the main event at the last four Women's Forums in Paris (20 participants and sponsorship of the event).

In terms of gender pay equity, the Group has completed the third global analysis in partnership with an independent specialist. This global initiative involved an audit of over 70 countries. The objective is to identify the behavioural drivers and roots of gender pay gaps to ensure strict pay equity across the Group through a long-term systematic compensation review. Results for FY22 show great progress with a 0.9% gap worldwide. External providers consider a pay gap below 1% to be essentially zero and in line with best practice. This result has been achieved through the implementation of gender pay equity initiatives by all affiliates of the Group. The strategy has consisted in adjusting the lowest salaries (negative outliers) to achieve a reduction in pay gap globally. But more than just adjusting remuneration, affiliates have also included in their Gender Pay Equity strategy, other actions including: hiring policies, promotion & retention strategies, employee assessment and development, pay for performance linkage, review of any bias in their talent management and performance management process.

From a generational diversity perspective, the Group is committed to attracting and hiring young people on various contracts (apprenticeships, training, etc.). The Group also recruits and develops young graduates through VIE (international volunteers in industry) and international young graduate programmes. These include the Jameson International Graduate Programme, the Pernod Ricard Asia Regional Management Trainee Programme and the Martell Mumm Perrier-Jouët Ambassadors Programme. In addition, Pernod Ricard University and Global Talent Management support the work of the Youth Action Council (YAC)[(1)].

In terms of disability, affiliates comply with local laws. Efforts are also made to make work environments friendlier to workers with disabilities. For example:

- adapting premises and investing in appropriate equipment;
- providing training;
- raising employee awareness;
- conducting joint projects with specialised establishments;
- participating in dedicated forums; and
- recruiting workers with disabilities.

In 2003, Pernod Ricard also signed up to the Business Workplace Diversity Charter. This aims to encourage the employment of people from across French society. This Charter bans all forms of discrimination in recruitment, training and professional development.

Key performance indicators

Representation of women at 30 June (permanent contracts)

Number and %	FY21	FY22
Group employees	6,592 (38%)	7,088 (39%)
Non-managers	3,656 (35%)	3,767 (35%)
Managers	2,936 (43%)	3,321 (45%)
Top management	136 (29%)	194 (35%)

This breakdown reflects the Group's strong presence in countries where the labour market is male-dominated. For example, in India men account for over 84% of the workforce. Amongst managers, the proportion of women has been constantly rising over the last decade: from 30% in FY12 to 45% in FY22.

Breakdown of positions with permanent contracts filled by women

Number and %	FY21	FY22
Internal transfers	657 (45%)	208 (39%)
External hires	817 (46%)	1,480 (48%)

3.3.2.3 Employee engagement & culture, working conditions and health & safety

Employee engagement & culture

Since the Group started measuring Global employee engagement through "I Say", it has had a very high level of employee engagement.

The Global Employee Engagement Survey, "I Say 2.0," was reinvigorated in 2021 leveraging digital and data in partnership with Glint and moving to an annual global survey. Pernod Ricard will be rolling out the 7th edition of "I Say 2.0" in Autumn 2022. This revised survey empowers managers and HR to leverage advanced analytics and insights to better understand employee needs. It also allows them to more quickly roll out action plans to address the improvement areas identified. I Say 2.0 has been improved this year with a streamlined structure that is supported by a digital platform that managers and HR are able to access and extract results. This allows for targeted action plans. The results can then be benchmarked against engagement data from external organisations.

Additionally in 2022, Pernod Ricard conducted a separate global well-being survey on top of the now annual engagement survey to measure corresponding employee well-being indicators.

Number and %	FY22
% of employees completing the "I Say" Survey	86%
Engagement score ("I Say")	76*

* *One point above Glint's global benchmark and 4 points above Glint's FMCG benchmark.*

(1) *Founded in 2013, YAC is a think tank comprising nine employees under 30. They are asked to provide Top Management with their generation's view on the Group's strategic issues. YAC has a two-year mandate to develop cross-company initiatives such as the "Green Office Challenge" and "Talent 4 Talent".*

Number and %	FY21	FY22
Total departure rate*[(1)]	14.6%	14.3%
Number of resignations*	1,106	1,657
Voluntary departure rate*[(2)]	6.4%	9.4%
Absenteeism rate**	4.1%	4.1%

(1) The rate of total departure is calculated by dividing the number of departures by the average workforce with permanent contracts.
(2) The rate of voluntary departure is calculated by dividing the number of resignations by the average workforce with permanent contracts.
* *Permanent contracts.*
** *Fixed-term and permanent contracts.*

Welfare, social protection and labour relations

Objectives & Policies

Compensation policy

Except for Group Senior Management, whose compensation is overseen by HQ, the compensation policy reflects the decentralised business model. Each affiliate manages its policy locally while upholding a set of common rules. These include developing a performance culture and offering compensation that is competitive locally, leveraging external benchmarking and compensation data. This also involves setting up straightforward, meaningful and motivating compensation packages.

Total payroll is discussed in Note 3.5 *"Expenses by type"* in Section 6 *"Consolidated financial statements"*. This year, payroll accounted for 12.8% of net sales.

Signing of labour agreements

The affiliates sign roughly 170 agreements annually with a range of social partners worldwide. This encourages improved social dialogue. The number of agreements signed reflects changes in local legislation.

The agreements signed by affiliates during the past year mainly covered:

- compensation and profit-sharing;
- Group welfare schemes;
- remote working; and
- occupational health and safety.

Performance culture: employee profit-sharing policies

Performance is encouraged through favourable profit-sharing and incentive policies. A gross amount of €42 million was paid under such plans to over 5,335 employees, to which contributions[(1)] of over €7 million were added. Moreover, long-term profit-sharing policies (such as allocating performance-based shares or restricted shares for example) were once again implemented in FY21 for over 750 employees worldwide.

In 2019, the Group launched its first ever Employee Share Ownership Plan called "Accelerate". The second such Plan was rolled out in 2022 in 24 markets (including seven new markets), covering around 80% of Group employees. The initiative once again proved highly successful, with an overall sign-up rate of 45.7% (*versus* 41.5% for the first plan). The sign-up rate was over 60% in several markets including India (76.7%), Hong Kong (66.1%) and Taiwan (60.4%). In France, the sign-up rate was 64.9% (*versus* 56.9% in 2019).

In 2021, the Group launched Pay for Performance directly linking reward and recognition to performance. This will help build a high-performance culture across the organisation, allowing managers to differentiate the reward and recognition received by their teams based on their contribution and performance both on the "What" and the "How".

Action plans and next steps

Welfare protection and health insurance

In line with the Group's commitment, all employees are offered a welfare protection plan covering major risks (death and invalidity). Some choose not to be covered or are covered by their spouse's employer.

Social dialogue

The Group has a long tradition of social dialogue and promotes freedom of association in every country in which it operates. In addition, it firmly believes in the importance of providing a working environment with optimal working conditions:

- **EU Works Council**: with over 50% of its staff based in the EU, the Group has mainly focused its efforts on EU employee representatives, through the EU Works Council. This council brings together one or more representatives from every affiliate within the EU with over 50 people. It had a total of 24 representatives in FY22.

  The EU Works Council meets at least once a year. A Select Committee, elected by their peers, of five members from five different countries, meets at least once a year. The Select Committee may act on its own initiative in response to any social measure that might be taken within the EU involving at least two countries in which Pernod Ricard has local teams.

  To share information, an intranet publishes content annually co-written by delegates and the HR Department.

  The France Group Committee meets once a year. It brings together employee representatives appointed by the largest trade unions in the French affiliates. The purpose of this meeting is to review the Group's business activities, together with an analysis of employment trends and forecast changes for the year ahead.

  The Group Committee and the EU Works Council are chaired by the Group Chairman & CEO, Alexandre Ricard, and moderated by the HR Department.

(1) Additional sum paid to employees for investments in the Company savings plan.

- **The Global Deal**: Pernod Ricard has officially signed up to the Global Deal. This is a multi-stakeholder partnership intended to address challenges in the global labour market and enable everyone to benefit from globalisation. It aims to encourage governments, businesses, unions and other organisations to make commitments to enhance social dialogue and promote joint solutions. The deal entails exchanges of ideas, joint projects, lessons learned and policy advice. It also promotes concrete initiatives and voluntary commitments. Pernod Ricard affiliates in partner countries will have access to their own local platforms.

Key performance indicators

Number and %	FY21	FY22
Employees covered by a welfare protection plan (death and invalidity) with a benefit equivalent to at least one year of the employee's fixed annual salary[1]	93.3%	94.2%
Employees benefitting from health insurance[1][2]	98.1%	98.1%
Total gross amount paid under profit-sharing and incentive plans	€34 million	€42 million
Number of agreements signed with social partners	167	170
Number of affiliates signing at least one company-wide agreement during the year	28	30

(1) Fixed-term and permanent contracts.
(2) Health insurance is defined as the regime that is compulsory at local level, whether or not supplemented by a company plan.

Health and safety

Pernod Ricard constantly strives to eliminate occupational accidents, hazards, and illness for employees and contractors. Pernod Ricard's approach to Health & Safety (H&S) is underpinned by the "Créateurs de convivialité" vision. Standards and process are developed to manage onsite subcontractors including but not limited to permits to work, safety briefings and on field audits.

Policies	Objective	Progress in FY21	Progress in FY22	Performance
2030 S&R Roadmap	• By 2025: become "best in class" in the Wines & Spirits industry with a target of zero accidents with lost time (employees and temporary staff) by 2025.	• Frequency rate cut by 32%	• Frequency rate cut by 3.6%	● On plan

Objectives & Policies

The Group is committed to developing a culture in which everyone has a role to play and where employees take ownership for safety by sharing responsibility for their own and their co-workers safety.

This vision was turned into a Global Health & Safety Policy called "Taking Care of Each Other" in 2019.

The strategic priorities to achieve Pernod Ricard's goal are to:

- develop a culture where safety is at the heart of Convivialité;
- develop leadership through engagement, motivation and empowerment;
- improve business performance through excellence in Health & Safety.

This policy was approved by Pernod Ricard's Chairman, Chief Executive Officer, the Executive Committee and the Board of Directors. The Group Human Resources EVP oversees the implementation of the Group's health and safety policy. The management of the local subsidiaries is responsible for its implementation.

Actions plans and next steps

Delivering on this vision requires management systems. In that respect, the Group's production sites are required to be OHSAS 18001/ISO 45001 certified. In addition, Pernod Ricard is committed to and actively fosters a health & safety culture in which everyone is involved in taking care of each other through a culture of interdependence.

To drive this change, third party audits on safety culture and performance are being rolled out across the major production sites. Each audit gives rise to:

- an assessment of the maturity of the site; and
- an action plan to move to the next level on the maturity scale.

The Pernod Ricard training programme "Care by Learning" continues to be rolled out through a pre-defined sequence of modules. Over one hundred Safety Champions from the affiliates are on a train-the-trainer programme. In terms of high-risk activity, there was a strong focus in FY22 on machinery safety to reduce accidents involving machines. All affiliates with production activities have implemented prevention measures following an assessment of their local practices.

The "Key Health & Safety Principles" operational requirement published in FY21 for the non-industrial affiliates continued to serve as a self-assessment to satisfy minimum requirements of action plans.

Another key action launched in FY22 was the Pernod Ricard "Duty of Care" e-learning. All Pernod Ricard employees have to complete the Health and Safety e-learning programme. The aim is to deepen the H&S culture, through engagement, motivation and empowerment.

In FY23, the implementation of the roadmap will be accelerated with:

- the appointment of a Group Health and Safety Director, in March 2022;
- the extension of the reporting platform functionalities to ensure management of safety incidents across the whole Group;
- the extension of the safety culture audits;
- the completion of the "Duty of Care" e-learning programme by all Pernod Ricard employees; and
- the global cascade of the Care by Learning programme to local teams.

Note: all these actions cover both Pernod Ricard employees and contractors under direct supervision.

As a result of this global effort, since 2019, the accident frequency rate was reduced by more than 50%. This is a significant achievement in line with the objective in the Health & Safety roadmap.

Key performance indicators

Workplace accidents and % of sites certified	FY21	FY22
Number of workplace accidents with lost time (1)	68	72
Frequency rate (1) (2)	3.6	3.5
Severity rate (1) (3)	143	83
Number of fatalities (1)	0	0
% of production sites OHSAS 18001/ISO 45001 certified	91%	91%

(1) *Employees with interim, fixed-term and permanent contracts.*
(2) *Frequency rate = number of non-fatal workplace accidents with lost time × 1,000/total number of employees and interim staff expressed in full time equivalents.*
(3) *Severity rate = number of days of absence for workplace accidents × 1,000/total number of employees and interim staff expressed in full time equivalents.*

3.3.2.4 Human Rights

Operating worldwide, and mindful of the new challenges arising from globalisation, Pernod Ricard values its employees, suppliers and communities. It also recognises that it has a responsibility and an ethical duty to ensure Human Rights are respected across the Group's global operations and value chain. This means adhering to internationally recognised standards and addressing gaps.

Policies	Objective	Performance
2030 S&R Roadmap	By 2025: align with the United Nations Guiding Principles (UNGPs) on Human Rights. This includes: • due diligence across the Group's operations; and • strengthening the Group's responsible procurement processes.	● In progress

Objectives & Policies

Developed together with numerous internal stakeholders, Pernod Ricard introduced its first Global Human Rights Policy in FY19. It is divided into three key areas:

- "in our own operations";
- "in the supply chain"; and
- "in our local communities".

Since FY19, the Pernod Ricard Code of Business Conduct and the Supplier Standards have included such commitments.

The Group EVP Human Resources oversees the implementation of the Group's Human Rights Policy. HR Directors and Managing Directors at local level are responsible for implementing the Pernod Ricard Global Human Rights Policy.

As a decentralised organisation, Pernod Ricard hands responsibility for adopting, respecting and promoting the policy to its affiliates. Visits to affiliates by cross-functional internal audit teams include some labour evaluation. The performance evaluations of Managing Directors cover labour matters together with societal and financial performance. Any targets are specific to each affiliate.

Action plans and next steps

From FY18 to FY22, Pernod Ricard contributed to the UN Global Compact's Decent Work in Global Supply Chains Action platform. This is an alliance of companies committed to respecting Human Rights and fundamental principles and rights at work. This involved working through their supply chains and taking collective action to address decent work.

In FY19, a study based on the UNGPs and Human Rights was conducted on the Group's supply chain to identify gaps and improve its due diligence on Human Rights over the long term.

In FY21, within its agricultural supply chain, the Group mapped the risks of its priority terroirs through the Terroir risk mapping tool to achieve full traceability; assess environmental and social risks on these terroirs; and implement sustainability programmes[1].

In parallel, Pernod Ricard launched an assessment questionnaire through its HR network to embed a UNGPs approach. This reflects its Human Rights policy and was focused on its own employees and internal practices. In addition, there was independent country-level screening and mapping of potential Human Rights risks. With these two tools, the goal was to:

- help affiliates raise awareness;
- identify gaps in relation to the eight commitments to the Group's employees in the Human Right policy; and
- develop appropriate action plans.

Overall, the findings demonstrated the implementation of a number of best practices. The findings also pointed to the need for increased communication and best practice sharing of the Health & Safety and Diversity & Inclusion efforts and roadmaps, and better dissemination of the Group's Human Rights policy and whistleblowing tool, Speak-Up. In FY22, the Group developed and promoted a video on Human Rights and the different Group tools and topics associated to raise employee awareness.

The top priorities identified by affiliates were Health & Safety, Discrimination and Diversity & Inclusion.

This demonstrated alignment with the Group's growing efforts in developing roadmaps in these areas[2]. In FY23, the Group intends to extend its impact assessment beyond its own operations to suppliers. This involves identifying salient Human Rights issues, prioritising actions and exploring capacity building.

3.3.2.5 Responsible supply chain

Due to the wide range of its procurement and supplies, Pernod Ricard relies on many suppliers across its supply chain. From farming and manufacturing through distribution and merchandising, some of the Group's impact on society and the environment is managed by its suppliers. Pernod Ricard believes in building strong business relationships.

Policies	Objective	Performance
2030 S&R Roadmap	• By 2025, Pernod Ricard aims to have no lack of mitigation plans with high or medium risks[1].	On plan

(1) *The internal risk mapping tool is used for all suppliers providing dry goods (packaging), wet goods (raw material), point of sale material and the terroirs risk mapping tool for key agricultural raw materials and priority terroirs.*

Objectives & Policies

Agricultural products supply

See Subsection 3.3.1 "Nurturing Terroir".

Product & services supply

- Have precise knowledge of the sustainability impacts and supply chain risks and collaborate with key suppliers to reduce the impact and accelerate improvements.
- Expand the Responsible Procurement and due diligence process across the supply chain with a focus on critical suppliers (high-risk and spend).

Pernod Ricard's responsible procurement actions are driven by the following main policies:

- Responsible Procurement Policy, covering all product and service purchases across the entire workforce. It is available in English, French, Spanish, Portuguese, and Mandarin;
- Pernod Ricard Procurement Code of Ethics, embedded in the Code of Business Conduct. It establishes rules for balanced and healthy relationships with suppliers as well as the basic sustainability principles. It is available in French, English and Spanish;
- model sustainability clauses for contracts. These are available in English, French, Spanish, Portuguese and Mandarin.

The Responsible Procurement process applies throughout the Group and is supported by General Management. Affiliates are responsible for its application and monitor any suppliers or subcontractors identified as risky.

(1) *For further information on the risks identified and the related action plans, see Subsection 3.3.1.2 Pernod Ricard's agricultural footprint.*
(2) *For further information, see Subsections 3.3.2.2 "Diversity & Inclusion" and 3.3.2.3 "Employee engagement & culture, working conditions and health & safety".*

Action plans and next steps

The Blue Source process, which is implemented throughout the Group, allows affiliates to apply the Responsible Procurement strategy locally with their suppliers and subcontractors:

- **Supplier Standards**: to be signed by all suppliers on the Partner Up platform. The aim is to increase awareness around:
  - Human Rights and labour law;
  - health & safety;
  - environmental impact;
  - responsible drinking;
  - integrity and fair business practices.

  This document was updated in 2019 and includes commitments pertaining to "respecting land and water rights of communities", "environmental regulations", "animal welfare", and "tax evasion".

  Moreover, the Group took the opportunity to raise awareness amongst suppliers and encourage them to do likewise. Pernod Ricard will suspend dealings with any direct suppliers (Wet and Dry Goods) and key indirect suppliers (POS/VAPs) who fails to sign the updated version.
- **Risk mapping tool** for each affiliate to identify which suppliers (Wet and Dry Goods, POS/VAPs) and subcontractors should be assessed first according to set criteria regarding:
  - production or service;
  - size;
  - country footprint;
  - net sales;
  - dependence of the supplier on the affiliate;
  - annual expenditure;
  - critical nature of the product;
  - social, environmental and supply chain risks of the supplier.
- **Sustainability assessment using the EcoVadis platform** around four key topics: environment, labour, ethics and supply chain.

  Pernod Ricard asks for an annual reassessment of its high-risk suppliers and every two years for its medium-risk suppliers. This is in order to identify areas for improvement and review the effectiveness of their action plans.
- **Social and ethical audit standards in line with the SMETA** (Sedex Members Ethical Trade Audit) standards and any other similar audits covering the same criteria of analysis.

For this Blue Source analysis, Pernod Ricard assumes that the risk does not stop at the amount of the expense: due to its activity and location, a supplier with a low expense may be just as much at risk as a supplier with a high expense. Accordingly, expense coverage is not calculated in this analysis.

Key performance indicators

Number of suppliers	FY21	FY22
Having signed the Supplier Standards[(1)]	1,719	2,049
Analysed using the risk mapping tool	1,900	2,304
Identified as risky (high or medium risk)	1,351	1,852
Identified as risky and covered by an EcoVadis assessment	220	318
Identified as at risk with production sites covered by an audit in accordance with social, environmental and ethical standards	108	70
Identified as at risk following the results of the assessment/audit (EcoVadis, SMETA) but not having started the implementation of the required mitigation plan	N/A	56

(1) Trading with a supplier can only commence once they have signed the Supplier Standards. In case of refusal, on-going orders are suspended until signature. In last resort, the supplier is phased out from Pernod Ricard supplier database.

As far as employee commitment is concerned, Pernod Ricard makes a number of training documents available to employees on the Group's Responsible Procurement process. These also indicate what actions employees can take to mitigate risks with their suppliers.

For example, Pernod Ricard offers an online learning module covering all fundamental aspects of sustainability and responsibility applied to Procurement which includes interactive explanations of what "buying responsibly" means, why it is an important topic for the Group and how the employees can practice responsible procurement locally. In addition, other trainings are offered in various formats throughout the year, including individual calls with procurement teams, specific workshops and seminars.

The Group will take the following steps:

- ask all suppliers, across all categories, to sign up to the Supplier Standards on Partner Up[(1)];
- complete an analysis of direct suppliers (Dry and Wet Goods) and key indirect suppliers (POS/VAPs)[(2)];

(1) Partner Up is the Pernod Ricard digital platform which allow employees, before signing on a new contract, to quickly and efficiently check that this third party does not raise any ethical compliance red flag.
(2) The following categories are excluded from this analysis: A&P (Advertising & Promotions), IT, Business Services, Travel, Co-packing and Manufacturing (incl. Logistics).

- explore partnership plans to engage in a multi-stakeholder programme. Pernod Ricard is already working with Bonsucro, a global multi-stakeholder NGO to promote sustainable sugarcane production, processing and trade worldwide.

  As a signatory of the UN Global Compact (UNGC), Pernod Ricard also participates in various webinars on Human Rights, decent work and living wages;
- train Procurement Managers or functions on Responsible Procurement processes including labour rights and Human Rights considerations;
- expand Responsible Procurement processes to other key indirect categories.

In early 2022, to reinforce the Responsible Procurement programme and enable Pernod Ricard to achieve the Group 2030 S&R roadmap targets, the Company decided to launch the "Amazone project". It aims to enhance the procurement-related risk management and the value creation on S&R that the programme can bring. This project is divided in two phases:

1. a diagnostic with the objective to understand the program maturity, challenge the existing model and get best practices and recommendations adapted to Pernod Ricard organisation;
2. a preparation phase to implement the new Pernod Ricard Responsible Procurement model in FY23.

The Amazone project aspires to transform Pernod Ricard Responsible Procurement model in terms of scope, methods, technology used and resources involved.

3.3.2.6 The Bar World of Tomorrow

The hospitality sector, just like other sectors, has a role to play in the transition to a more sustainable and responsible world. To guide bartenders and bar owners with this transition, Pernod Ricard has created The Bar World of Tomorrow (BWOT).

Policies	Objective	Progress in FY21	Progress in FY22	Performance
2030 S&R Roadmap	• By 2030, train 10,000 bartenders on all aspects of sustainability and responsibility – from using fresh ingredients to responsible serving of alcoholic beverages and waste management.	• In-person: 914 at 30 June. • E-learning: 668 at 30 June.	• In-person: 4,887 at 30 June (*cumulatively*). • E-learning: 1,496 at 30 June (*cumulatively*).	On plan

Action plans & next steps

The BWOT is an in-person and online training course, created in partnership with the Trash Collective and the Sustainable Restaurant Association. The course is available worldwide and covers all aspects of S&R from fresh ingredient use to responsible serving of alcoholic beverages to waste management. It is directly aligned with the UN SDGs.

It is based on four pillars:

- ingredients;
- service;
- bar;
- staff.

and the 5Rs model:

The free e-learning course is available to all adults of legal-drinking age[(1)]. It is available in English, French, Spanish, Portuguese, Russian, German, Polish, Turkish and Mandarin. In FY20, a toolkit was shared on how to run training sessions online or in-person on the key principles of the BWOT. This is aimed at guiding S&R leaders, brand ambassadors and/or advocacy colleagues to train bar owners and bartenders. All training sessions are reported to local S&R leaders to report back the number of attendees to HQ. In addition, several tools were created to share with participants:

- trash collective cocktail recipes;
- a detailed checklist for the BWOT;
- a responsible serving cheat sheet; and
- a "badge" of completion.

In two years, the Group has already achieved more than half of its target to train 10,000 bartenders by 2030. This is the result of a large-scale roll-out of the programme and the efforts of affiliates to train bars, hotels and other partners. Thanks to the improvement of the health situation, the Group has been able to massively expand face-to-face training in FY22, and promote e-learning, resulting in a total of 6,383 bartenders trained since the launch of the BWOT.

In FY23, the Group will complement the training module with a self-assessment tool to generate a list of recommended actions for bar owners.

3.3.3 Circular making

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

14 LIFE BELOW WATER

The world's finite resources are under huge pressure. Pernod Ricard is committed to minimising waste at every step by imagining, producing and distributing products and experiences in ways that optimise and help preserve natural resources.

The traditional single-use consumption model has now reached its limits. New circular models must emerge to protect the planet and natural resources. Circularity is one of the Group's key priorities. To become more circular, Pernod Ricard is committed to moving its business towards a circular making model that fosters reduction, reuse and recycling. Such a shift will see fewer resources consumed, less waste generated and ultimately reduce Pernod Ricard's environmental impact.

3.3.3.1 Environmental management

Pernod Ricard strives to implement strong environmental management systems throughout the business. They are the cornerstones of the Group' strategy, helping it to:

- tackle long-term environmental risks;
- reduce its environmental impact; and
- seize opportunities at every level.

Environmental management systems are designed to disseminate the Group's environmental standards throughout the business and embed environmental considerations into its management practices. This helps manage risks and create a more circular business.

Pernod Ricard uses environmental management systems to address environmental priorities and implement tangible actions across the business. Environmental management systems are built around the following principles:

- the Headquarters' Sustainable Performance Division oversees and coordinates measures at Group level by:
  - setting shared goals,
  - monitoring performance,
  - circulating guidelines with minimum requirements, and
  - sharing best practices.

  Each Brand Company is required to evaluate its performance against these requirements annually. Where necessary, compliance action plans must be implemented;
- Pernod Ricard's activities, both for the Brand Companies and the Market Companies, must comply with the environmental requirements outlined in the Group's environmental guidelines:
  - affiliates are accountable for complying with local legal requirements. They must also report any local incidents or non-compliance to Headquarters,
  - affiliates are accountable for assessing their long-term risks. They must thus identify ways of reducing their own environmental impact and apply the Group's policy locally;
- major production sites are required to be ISO 14001 certified. In FY22, 92.0% of production sites were ISO 14001 certified (covering 99.6% of production);
- Group employees and administrative sites are required to satisfy the "S&R Office" guidelines regarding different topics such as green offices, governance, energy, water, waste and business travel.

This year, seven environmental incidents were reported to local authorities. Two complaints were received from third parties. This includes all possible potential impacts from an industrial site. This year, they were all related to spillage or leakage events, either of alcohol or oil affecting waters. A root cause analysis was conducted for all these events and corrective action plans drawn up. Operational procedures are in place to prevent and control various forms of spillage, and limit their impact on the environment.

3.3.3.2 Climate change: reduction and adaptation

Alignment with TCFD recommendations

Pernod Ricard generates carbon emissions in a range of ways. These contribute to climate change:

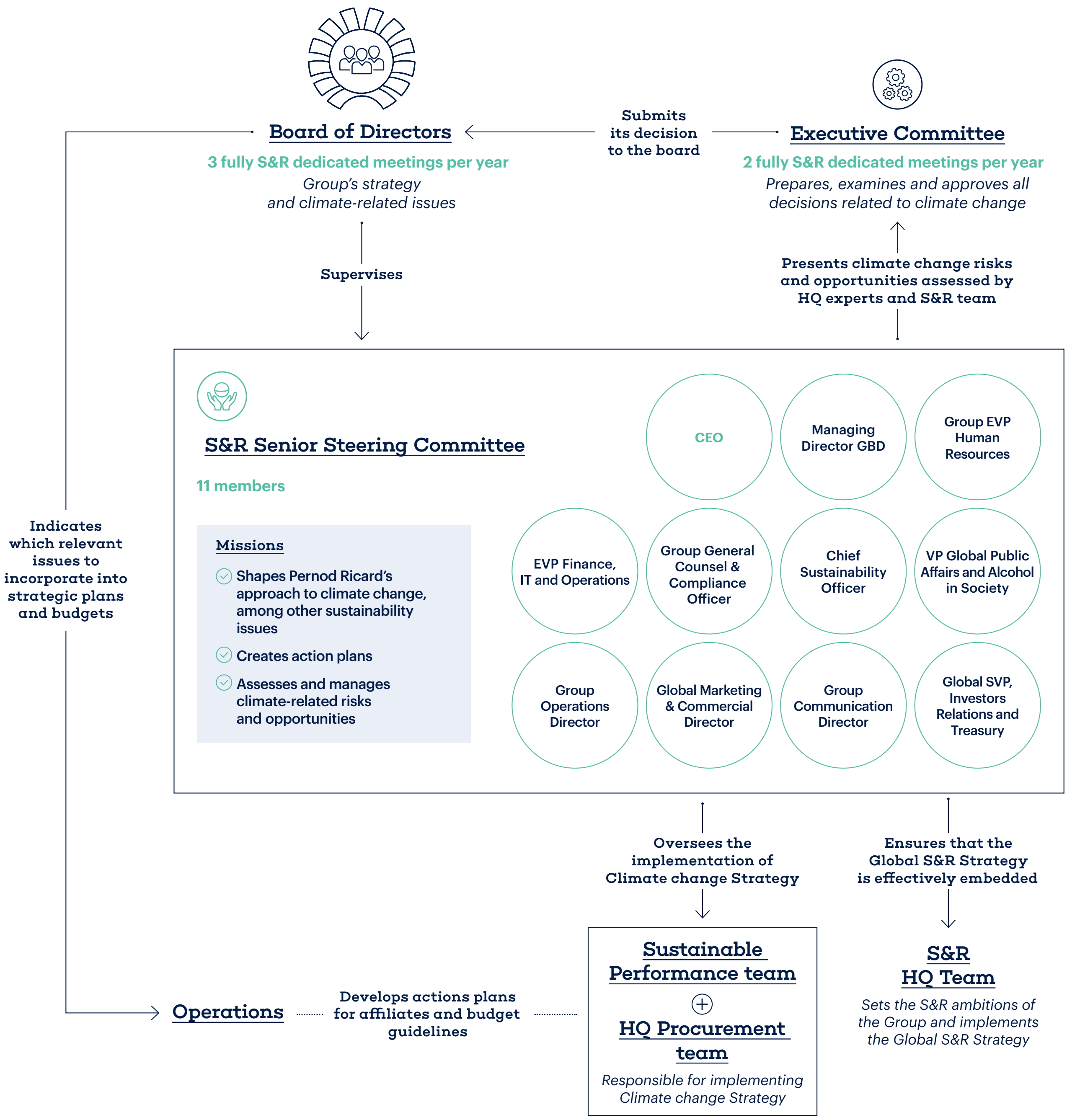
- directly, through the use of fossil fuels on sites (Scope 1) and consumption of electricity that generates greenhouse gas emissions (Scope 2);
- indirectly, through the products (agricultural raw materials, packaging, etc.) and services (transport, etc.) purchased (Scope 3).

(1) It is hosted on EdApp and UNITAR's (United Nations Institute for Training and Research) EducateAll platform.

Climate change is one of the most urgent challenges facing this generation. Combatting it is a major focus of Pernod Ricard's environmental policy. The Group plans to reduce the CO_2 equivalent emissions generated throughout its supply chain and adapt its business to ensure it is resilient. For greater transparency, Pernod Ricard follows the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

Governance

Pernod Ricard has a governance and organisational structure to ensure that climate change issues are fully incorporated into its strategy.



Strategy

Climate-related risks and opportunities

Type	Climate-related risks and horizon	Area of business impacted	Potential financial impact and magnitude of impact	Impact on the Group's strategy and financial planning
Transition risks	Policy and legal			
	Long-term risk: Energy and GHG emissions regulations may affect the Group: • directly through its own operations; or • indirectly through its suppliers (especially with respect to glass, alcohol and transportation).	**Operations & Supply Chain**	**Medium impact:** • Regulations may have an impact on direct costs should, for example, the Group have to buy carbon quotas. In Europe, the Group's four largest distilleries are subject to the EU Emissions Trading System (EU-ETS). • There may be indirect impact through raw material price increases (especially for glass manufacturing, which is energy-intensive).	Pernod Ricard takes measures to reduce greenhouse gas emissions: • directly at production sites through energy efficiency and renewable energy; and • indirectly with its suppliers and by optimising the logistics chain.
	Reputation			
	Long-term risk: • Consumers may prefer products that are perceived as more responsible. This could affect Pernod Ricard sales and market share if not anticipated.	**Products**	**Medium impact:** • The Group feels that a shift in consumer preferences might lead to a fall in market share.	• The risk of shifting consumer preferences is factored into the Group's marketing strategy. For example, Pernod Ricard's eco-design policy aims to make products more sustainable (see Subsection 3.3.3.4).
Physical risks	Extreme			
	Long-term risks: • Extreme weather variability, such as frost, hail and drought, can affect the supply and quality of agricultural raw materials and, more broadly, their price. For example, price volatility might impact grains and grapes. Wine alcohol content might increase, and different parameters might impact wine quality. • Changes in precipitation patterns can affect groundwater reserves on which some production sites rely. This may ultimately impact the availability and quality of water.	**Supply chain & Operations**	**High impact:** • The financial implications of agricultural supply chain disruption could be significant. It could lead to higher prices for raw materials.	• To face extreme variability in weather patterns, the Group uses hedging to limit the extent of seasonal volatility due to climate factors. • The Group supports more resilient regenerative agricultural systems (see Subsection 3.3.1) • It also includes environmental factors in its Responsible Procurement Policy and Procurement Code of Ethics (see Subsection 3.3.2.5). • Water management is a significant component of the Group's environmental strategy (see Subsection 3.3.3.3).

Type	Climate-related risks and horizon	Area of business impacted	Potential financial impact and magnitude of impact	Impact on the Group's strategy and financial planning
Physical risks	Chronic			
	Long-term risk: • The facilities used by the Group and its suppliers are exposed to the risk of natural disasters (fire, hurricanes, flooding etc.).	**Supply chain & Operations**	**High impact:** • This risk could lead to the loss of a strategic industrial site. The impact could result in a significant operating loss and hence a sharp drop or prolonged shut-down in the supply of certain products. This might prevent the Group from meeting consumer demand.	Implementation of preventive measures and physical protection systems: • audit of industrial sites along with insurers; • establishment of business continuity management systems.
Resource efficiency	**Short-term risk:** • Pernod Ricard's exposure to future energy and tax regulations are accelerating the implementation of energy efficiency programmes at its operational sites as well as in its supply chain.	**Supply chain & Operations**	**Low impact:** • Efficiency programmes can reduce operating costs and provide the Group with a competitive advantage.	• Climate change is an important part of one of the key pillars of the Group's S&R roadmap. The Group will continue to roll out energy efficiency programmes (see Subsection 3.3.3.2). • The lower operating costs are factored into financial planning.
Market	**Long-term opportunity:** • Consumers are increasingly sustainability conscious. Developing quality environment-friendly products may encourage them to choose Pernod Ricard.	**Products**	**Medium impact:** • The Group feels that this might grow market share.	• This factor is considered in the Group's marketing strategy and environmental roadmap. The focus is on sustainable agriculture practices and eco-design practices (see Subsections 3.3.1.1, 3.3.3.4).
Products and services	**Short-term opportunity:** • Higher demand for lower-emission products and services and the incorporation of sustainability concerns are strong drivers in fostering innovation and increasing market share.	**Product & Services**	**High impact:** • This will generate new product and service offerings. The Group feels this might result in greater market share.	• Innovation and digital are considered strategic priorities; different entities are working on innovative projects.

When considering future acquisitions, divestments or fundraising, the significance of climate-related risk should be assessed.

Resilience of the organisation

In June 2019, the Science-Based Targets (SBT) initiative approved the Group's greenhouse gas emission reduction targets. These are aligned with a well-below-2°C scenario for Scopes 1 and 2 emissions and the 2°C scenario for the target intensity of the Scope 3 emissions.

In July 2021, Pernod Ricard joined the "Business Ambition for 1.5°C" to align its climate mitigation objectives with the Paris Agreement: achieve net zero global emissions by 2050 at the latest in order to limit global warming to 1.5°C. Through this commitment, the Group is revising its near-term ambitions in accordance with new SBTi recommendations defined by Net Zero Standard, FLAG guidance and GHG protocol – Land Sector and Removals.

In addition, an on-going study has been kicked off to quantify the impact of a potential climate scenario, in line with the TCFD recommendations.

Risk management

Climate-related risks and opportunities are identified in the course of the Group's global risk mapping:

- the global risk mapping, based on local risks identified by Group affiliates and functional risks identified by the Group's functions, is updated every three years by the internal audit team. This team reports to the Chairman and CEO. It also presents its results to the Executive Committee and the Audit Committee. The Group's major risks are monitored annually;
- environmental risk mapping is based on a multi-criteria mapping tool. Affiliates input the data, which is then monitored at Group level. Affiliates identify and rate environmental risks throughout a product's life cycle based on two criteria:

I. severity (including potential financial impact – scored from 1 to 7), and

II. probability (scored from 1 to 5).

In terms of managing these risks, each major risk identified is placed under the responsibility of a Group Director. Environmental risks and their mitigation plans are under the responsibility of the Group Operations Director. The Group's environmental roadmap also encompasses environmental action plans for the main environmental risks.

Help reduce climate change

Policies	Objectives	Achievements and next steps	Performance
2030 S&R Strategy	Through its new S&R strategy, the Group has set itself ambitious goals to speed up progress and extend its actions (Scopes 1, 2 and 3), as follows: • by 2030: 54% reduction of Scopes 1 and 2 CO_2 emissions (in absolute value), aligned with 1,5°C, which goes beyond the initial target of 30% reduction submitted to SBTi in 2019.	• A decarbonisation roadmap has been defined for the main distilleries of the Group. This is based on major Capex projects which start being implemented and will be developed further in the coming years. • Since FY18, despite a +24% growth of production, the increase of Scopes 1 and 2 carbon emissions has been limited to +1% in absolute value, reflecting a significant reduction of the carbon intensity of the distillation process.	On plan
	• by 2025: 100% renewable electricity used on production sites and in administrative offices (through green supply or Renewable Electricity Certificates);	• The proportion of renewable electricity used is 81% for production sites and administrative offices.	On plan

Policies	Objectives	Achievements and next steps	Performance
2030 S&R Strategy	• by 2030: 50% reduction in the intensity of the Scope 3 carbon footprint (base year 2018, SBT reporting scope: packaging & POS, liquid product and transportation). This reduction is aligned with the 2°C scenario and will be reviewed next year to be aligned with new SBTi Net Zero requirements.	• Discussions are being held with the main suppliers – especially glass manufacturers – to set carbon reduction action plans regarding Scope 3 emissions. • In FY22, the Group validated the CSR criteria for the long-term incentives plan. One of the CSR criteria is linked to the implementation of the roadmap to reduce CO_2 emissions from sites (Scopes 1 and 2) to a maximum of 240,000 tonnes emitted by the end of FY24. This equates to an absolute reduction of 58,000 tonnes compared to the baseline year (FY18). • In FY22, the Group successfully launched its first sustainability-linked bond, linked to a carbon-related target (on Scopes 1 and 2) and reduction of water use for distilleries. • Next year, a carbon management tool will be designed and implemented to better measure progress towards the Science-Based Targets objectives.	● In progress

Overview of the Group's carbon footprint and energy consumption

The overall Group carbon footprint represented in FY22 a total of 4,819,057 tonnes of CO_2e, of which 301,707 tonnes come from the direct use of energy (Scopes 1 and 2) and 4,517,350 tonnes are related to products and services purchased (Scope 3).

Overall performance	Unit	FY18	FY22
Carbon footprint			
Direct emissions (Scope 1)	t CO_2e	250,542	273,580
Indirect emissions (Scope 2) – Market-based	t CO_2e	47,429	28,127
Indirect emissions (Scope 2) – Location-based	t CO_2e	91,685	68,555
Direct and indirect emissions (Scope 1 + Scope 2)(1)	t CO_2e	297,971	301,707
All other indirect emissions (Scope 3)	t CO_2e	3,873,667	4,517,350
Group carbon footprint (Scopes 1, 2 and 3)(2)	t CO_2e	4,171,638	4,819,057
Carbon emissions intensity at production site level (Scope 1 + Scope 2)(1)	t CO_2e/kl PA	1.28	1.05
Scope 3 emissions compared to SBT targets(2)	t CO_2e	3,402,022	4,031,786
Scope 3 emissions intensity compared to SBT targets	t CO_2e/€m income	1.443	1.333

(1) Market-based.
(2) Covering packaging and point of sale material, agricultural raw materials and transport.

Overall performance	Unit	FY18	FY22
Energy (production sites only)			
Total energy consumed *(SASB)*	MWh LHV	1,447,315	1,600,121
Energy consumption per unit (distilled alcohol)	MWh PCI/kl PA	6.22	5.56
% renewable energy *(SASB)*	%	14	18
% renewable electricity	%	74	84

Overview of the relevant categories of the Group's carbon footprint

Pernod Ricard's overall carbon footprint shows that across the value chain:

- 48% come from the production of agricultural raw materials;
- 28% of emissions are generated by the production of packaging (mainly glass) and point of sale (POS) materials.

These are followed by emissions from:

- transportation (8%);
- acquisition of fixed assets (7%);
- energy used on production sites (Scope 1 + Scope 2) (6%); and
- other activities such as business travel (3%).

This year, the Group's carbon footprint has been reviewed following methodological changes on some agricultural raw materials and on point of sale materials.

For agricultural raw materials, the Group used some specific emission factors this year for components within the following categories: cereals, neutral alcohol, sugar, agave, grapes and wine products. This was done thanks to the development of an internal GHG calculation protocol and tools plus third party assessments.

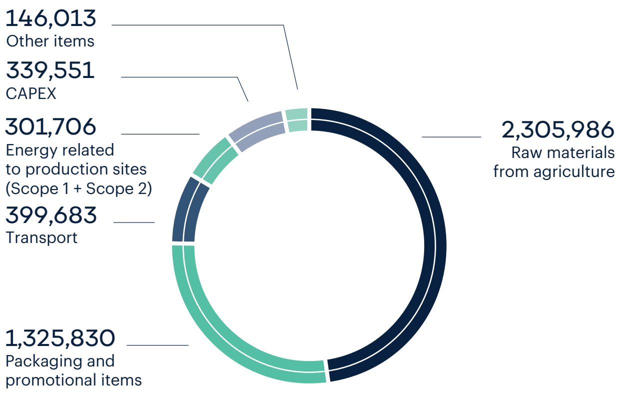
More specifically, an initial study was undertaken with a third party to find a more relevant Emission Factor (EF) for Indian grain alcohol, taking into account the local specificities of the raw material (broken rice) and local energy mix for distilleries. Instead of the generic factor for grain alcohol used so far, the emission factor has been revised accordingly in this reporting to more realistically reflect the local context. It remains an interim value, pending more precise data. This updated methodology has resulted in a very significant revision to the Group's carbon emissions (+1.1 $MtCO_2e$). The FY18 baseline has also been recalculated accordingly with the same emission factor for those raw materials.

For point of sale materials, the methodology has been revised to better reflect the average weight of each specific material category. This updated methodology has resulted in a slight change to the Group's carbon emissions (-51 $ktCO_2e$). The FY18 baseline has been adjusted accordingly.

Besides this, the FY18 baseline year has been adjusted to reflect any other significant changes such as acquisitions, and divestments.

It should be noted that packaging-related carbon emissions do not take into account minor components, such as plastic sleeves, wire caps, security labels and glass decoration.

Breakdown of Group carbon footprint by category (tons CO_2e)



Agricultural practices

Agriculture is the main contributor to Pernod Ricard's value chain carbon footprint. Pernod Ricard's products inherently rely on agriculture. Establishing and helping improve agricultural practices is therefore a strategic priority for the Group.

In its own vineyards, the Group has been running regenerative viticulture pilot projects to test new practices. It is also working with suppliers of agricultural raw materials to establish the best pathways to lower carbon emissions and increase carbon sequestration within the terroirs.

The commitments and actions of Pernod Ricard in the field of agriculture are described in a dedicated pillar of the Group Sustainability & Responsibility strategy Good Times from a Good Place, presented in Subsection 3.3.1 of this report. They represent major opportunities to reduce carbon emissions but also to sequestrate atmospheric carbon into the agricultural ecosystems producing the raw materials used by the Group.

Packaging and point of sale materials

Packaging and point of sale materials are the second source of carbon emissions in Pernod Ricard's value chain. To reduce their carbon impact, the Group focuses on:

- enhancing the eco-design of its packaging;
- better understanding suppliers' carbon footprint composition by collecting primary data that allows to pinpoint hotspots and develop relevant action plans;
- exploring new technologies and innovative low-carbon ways to produce needed packaging;

- exploring alternative packaging and distribution models;
- mandating suppliers to come up with CO_2 reduction roadmaps that align to Group's Scope 3 Science-Based Target;
- implementing actions, in collaboration with suppliers and as per CO_2 reduction roadmap, to reduce CO_2 emissions from their manufacturing (see Subsection 3.3.3.4 "Circular packaging and distribution").

Transport

Pernod Ricard seeks to optimise land transport by:

- improving vehicle loading;
- adjusting schedules;
- using multi-modal options whenever possible (train, barge, etc...);
- using alternative biofuels for truck transportation and more efficient vehicles.

In the US, the Group is also a member of Smartways Association, which aims to reduce land transportation emissions. In Europe, the Absolut Company is a member of the Clean Shipping Project, and Martell-Mumm Perrier Jouët (MMPJ) is a partner of TransOceanic Wind Transport (TOWT). TOWT is a sailing transport company that has been implementing low-carbon sailing transport logistics solutions since 2011.

Production sites

On production sites, the Group is working on two fronts:

- improving energy efficiency; and
- using less and less carbon-intensive energy.

To encourage such transitions, the Group introduced an internal carbon price (shadow cost of carbon). It is used to prioritise low-carbon Capex projects, by improving the economic business case compared to a pure economic analysis. In FY22 the price used was €80 per tonne of CO_2 equivalent.

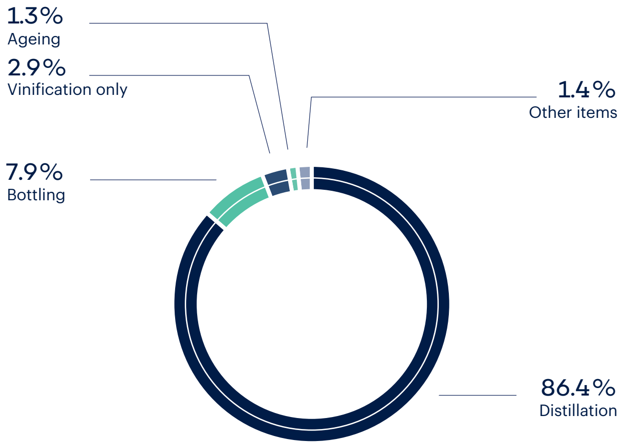
Operationally, production sites must improve energy efficiency through continuous monitoring of energy consumption and in-depth energy assessments. The idea is to set energy-efficiency targets and launch consumption reduction programmes (i.e.: renewal of processes, technologies, etc.). Several large sites have implemented ISO 50001 certified energy management systems.

Moreover, the Group is working to reduce the use of fossil fuels and plans to only use renewable electricity by 2025 (either through direct sourcing or Renewable Electricity Certificates). This year, as part of the acceleration of its carbon reduction roadmap, the Group has consolidated reduction opportunities with projected investments for main contributing production sites to achieve Scopes 1 and 2 targets. The main actions and levers identified are the replacement of boilers with high energy efficiency units, steam recycling through mechanical vapor recompression (MVR) technology, the use of biofuels and biomass at distilleries, installation of on-site solar panels and renewable electricity procurement through power purchase agreements (PPA) and green certificates.

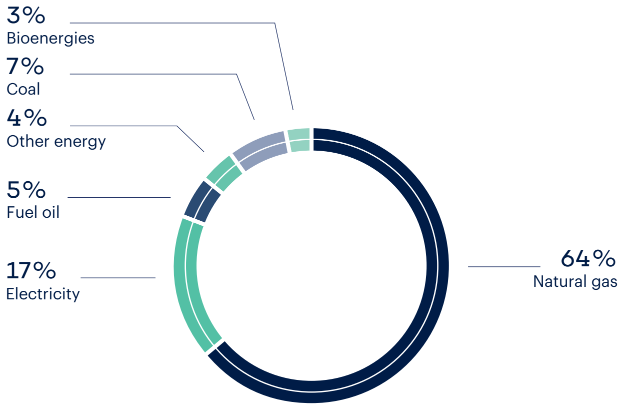
Two major Brand Companies of the Group (Irish Distillers and Chivas Brothers) are currently investing at Midleton distillery and at two single malt distilleries respectively with break-through emissions reducing technologies (MVR and bioenergy usage). They plan to deliver a carbon-neutral operation by end of 2026, having drastically reduced their emissions and by offsetting the residual balance.

Compared to FY21, the carbon intensity of direct activities (measured by the Scopes 1 and 2 emissions per kL of alcohol distilled) improved by 13%. Added to the reduction obtained in the three previous years, the total reduction of the Scopes 1 and 2 intensity of production activities amounts to -18% compared to FY18 baseline. Despite this very good result, the absolute value of Scopes 1 and 2 emissions slightly increased to 301,706 t CO_2e, a 2% increase from FY21 and 1% increase from FY18. The Group expects FY22 to be the peak of its Scopes 1 and 2 emissions in absolute value, and plans to reduce in FY23 and following years despite the growth of production volumes, thanks to the implementation of its decarbonisation roadmaps and its on-going related Capex projects.

Breakdown of energy consumption by activity



Sources of energy used by the production sites (*SASB*)



Other emissions indirectly contributing to climate change

- Emissions from refrigerants: a programme to eliminate the most environmentally harmful refrigerant gases has been ongoing for years. This has resulted in the complete elimination of CFCs and the ongoing reduction of HCFCs.
- Nitrogen and sulphur oxide emissions (NO_x and SO_x) contributing indirectly to the greenhouse effect and environmental acidification. These compounds are produced by fossil fuel combustion. As emissions of these atmospheric pollutants are low in the alcoholic beverages sector relative to global emissions, they do not seem to have a material impact on Pernod Ricard. The Group does not therefore feel it needs to monitor such emissions annually. The major distilleries nevertheless ensure they comply with legal limits on the discharge of such pollutants.

3.3.3.3. Preserve water resources

Water is an essential component of the products manufactured by Pernod Ricard. From irrigating crops to processing raw materials, distilling, blending *eaux-de-vie* and formulating products, water is involved at every stage of a product's life cycle.

The Group thus faces several challenges. It must:

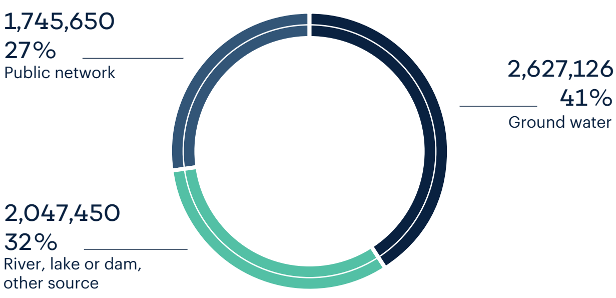
- reduce water consumption, particularly in areas with shortages;
- preserve water quality by monitoring pollutants released by production sites;
- fully comply with evolving environmental regulations; and
- support replenishment in water-stressed basins.

Pernod Ricard has been a member of the UN CEO Water Mandate since September 2010, reaffirming its commitment to protecting water resources.

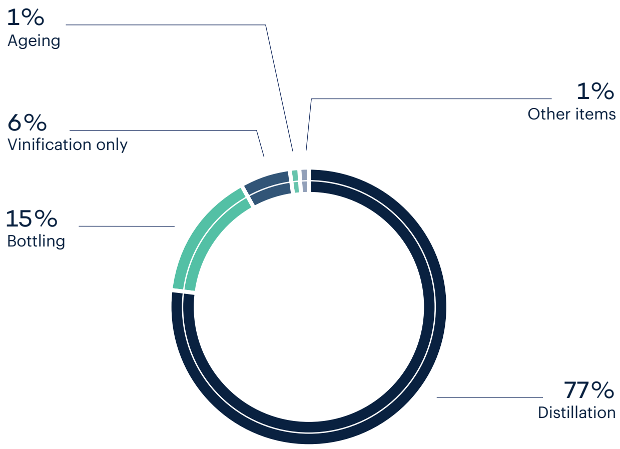
Policies	Objectives	Achievements and next steps	Performance
2030 S&R Strategy	• A further 20% reduction in water usage from FY18 to FY30.	• Since FY18, water consumption per unit produced has been reduced by 13%.	On plan
	• 100% of water replenished in watersheds with same level of risk for production sites and dedicated copackers located in high-risk areas.	• 68.7% of the total water used in high-risk locations over the past year was replenished. • In FY22, the Group validated the CSR criteria for the long-term incentives plan. One of the CSR criteria is linked to the implementation of the water roadmap with the goal of reducing water consumption in distilleries by 20% by 2030: to achieve a minimum reduction of 10% in the water consumed per unit of distilled alcohol by the end of FY24.	On plan

Production site water consumption and performance

Origin of the water consumed by industrial sites (m^3 and %)



Breakdown of water consumption by activity



To reduce direct water consumption at production sites, the Group focuses its efforts on two main drivers, setting up systems to measure and monitor water use and identifying measures to save, reuse and recycle water.

This year, the ongoing improvement in efficient water management led to a 5.6% reduction in water use per litre of pure alcohol produced in distilleries compared to last year.

For the years to come, the Group has consolidated the water reduction roadmaps from the main contributing affiliates and identified associated investment plans to achieve the 2030 targets.

Regarding the agricultural supply chain, the drip irrigation technique is used in all vineyards irrigated and operated by the Group. This reduces the water used to what is strictly necessary. Moreover, given the predominance of agricultural raw materials in Pernod Ricard's water footprint, the Group works locally with the affiliates' suppliers to establish sustainable agriculture standards that minimise water consumption (see Subsections 3.3.1.3 "An agile and ambitious journey to regenerate terroirs" and 3.3.1.4"Impactful programmes on regenerative agriculture and biodiversity preservation").

Water resource preservation strategy tailored to meet local challenges (*SASB*)

Because water resources are unevenly distributed, risk levels vary depending on the location of the Group's production sites and dedicated co-packing activities. To better understand and identify priorities, sites have been categorised as extremely high-risk, high-risk and medium-low risk, using an internal Water Risk Index, calculated with the use of indicators from the Aqueduct Water Risk Atlas Tool. The Group aims to replenish the water used by its sites in high-risk areas through local projects to preserve the water ecosystems. This led to support for watershed management by:

- improving access to safe water and sanitation;
- promoting sustainable water use; and
- integrating water resource management among communities.

Area's risk level	Pernod Ricard situation
Extremely high-risk *(SASB)*	• 8 company-owned sites (India, Armenia, Mexico and China). • 8.2% of the Group's total water consumption.
High-risk *(SASB)*	• 7 company-owned sites (Armenia, Australia, Spain and France). • 5.4% of the Group's total water consumption.
Medium-risk	• 25 company-owned sites. • 8.2% of the Group's total water consumption.
Low-risk	• 47 company-owned sites. • 78.2% of the Group's total water consumption.

The water resource preservation strategy has been rolled out to sites in "extremely high-risk" and "high-risk" areas. PR India has already implemented water projects in such watersheds. It is actively engaged with communities through the development of water replenishment projects to support water conservation and ensure and improve access to safe water and sanitation. Eight dedicated Indian co-packers located in high-risk areas are covered by the Group's water resource preservation strategy.

This year, the affiliates in Armenia, Mexico and China implemented a water replenishment project. In Armenia, Yerevan Brandy Company developed a project intended to reduce drinking water wastage in Yerevan City. Penord Ricard Mexico has joined a collaborative project led by the Beverage Industry Environmental Roundtable (BIER) called "Charco Bendito" in the Guadalajara basin to improve water availability and eliminate unsustainable water use with reforestation and restoration actions. In China, Helan Mountain initiated a project in the Yinchuan Baohu Wetland Park to implement water efficiency and reduction measures such as the reparation of leaking pipelines and the installation of drip-irrigation systems.

Other affiliates are in the process of finding project partners and exploring water project options. The methodology used to calculate water returned to the environment for each project must be verified by a third party.

Treatment of waste water

Production sites are fitted with various technologies depending on waste water quality requirements[(1)] to reduce the pollutants released into the natural environment. They also ensure that water discharged by production sites does not damage surrounding ecosystems or other natural resources. The Group is also exploring innovative projects for treating waste water.

This year:

- 80% of waste-water was discharged into a public sewage system;
- 15% was discharged into the environment following treatment; and
- 5% was recycled for vineyard irrigation.

(1) Such as aerobic, anaerobic treatments, filtration, etc.

Overall performance	Unit	FY18	FY21	FY22
Total volume of water used *(SASB)*	m³	6,008,142	5,781,472	6,420,226
Total volume of water abstracted *(SASB)*	m³	25,195,334	22,752,799	27,223,807
Total volume of waste water released	m³	4,390,900	4,266,566	4,972,026
Water consumption per unit produced at production sites	m³/kl PA	25.82	23.68	22.35

3.3.3.4 Circular packaging and distribution

The environmental impact of the Group's activities begins with product, packaging & point of sale material design and continues throughout the life cycle.

The packaging and point of sale material development phases represent a key means of minimising waste and reducing the Group's environmental footprint. For this reason, Pernod Ricard adopts eco-design principles when designing new packaging and point of sale material and ensures it can be used sustainably. It also participates in local packaging collection and recycling schemes to address packaging end-of-life.

Pernod Ricard aims to be recognised as a pioneer in the definition of industry standards relating to the circularity of packaging and point of sale material. With this in mind, Pernod Ricard became a partner of the Ellen MacArthur Foundation, a key step towards increased circularity, during FY22.

Policies	Targets	Achievements in FY22	Performance
2030 S&R Roadmap	PACKAGING	PACKAGING	PACKAGING
	• From 2022: 100% of new projects developed will comply with the directives on sustainable packaging and point of sale material. • By 2025: 100% of packaging will be reusable, recyclable or compostable.	• During FY22, the Group began rolling out the "EcoPack" tool to assess compliance with internal sustainable packaging guidelines. This tool will make it possible to measure the percentage of recyclable packaging.	In line with the plan
	• By 2025: post-consumer recycled content for glass will reach 50% and 25% for PET and 100% of cardboard will be certified to standards ensuring sustainable forest management.	• PET post-consumer recycled content is estimated at 17% *(SASB)*. • 47% of cardboard is certified to standards ensuring sustainable forest management. • For glass, the communication of recycled content requires additional work planned for 2022/23.	In line with the plan
	• By 2030: the Group will pilot five R&D projects on circular distribution of Wine and Spirits.	• This year, the Group launched a circular pilot project in the Asia on-trade with ecoSPIRITS (Hong Kong and Singapore).	In line with the plan
	• By 2030: initiatives will be launched to support recycling in 10 key markets.	• The selected markets[(1)] explore local projects and partnerships to improve glass recycling.	Ongoing
	POINT OF SALE MATERIAL	POINT OF SALE MATERIAL	POINT OF SALE MATERIAL
	• Since 2021: 100% of single-use plastic point of sale materials are banned.	• 100% of point of sale materials made from single-use plastic have been banned.	Achieved
	• By 2025: 100% of point of sale material spend will be reusable, recyclable or compostable.	• 95% of point of sale materials are reusable, recyclable or compostable for the Group's key markets (scope of 32 subsidiaries).	In line with the plan

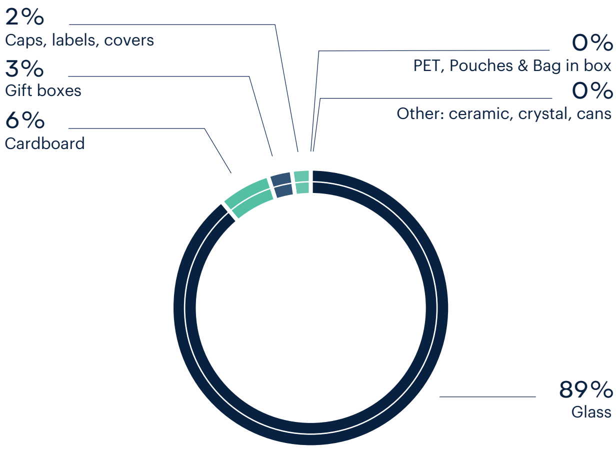
(1) India, USA, Canada, China, France, Brazil, Spain, Russia, South Africa and Poland.

The internal sustainable packaging and point of sale material guidelines underpin the Group's ambition regarding circular packaging and point of sale material. They are based on the five eco-design principles discussed below *(SASB)*.

Eco-design Principles	Definitions	Achievements examples over the past years
Rethink	• Think outside the box to challenge the need for each packaging component and point of sale material and explore new circular solutions.	• The Absolut Company piloted & developed a project to produce a first-generation paper Absolut bottle. • Lillet received the French Ecodesign award from Adelphe in FY22 for having improved multiple aspects of its packaging (bottles & cardboard).
Reduce	• Optimise the design to reduce size and weight. Limit the number of items, nothing unnecessary.	• Chivas 12 reduced the weight of its 70 cL glass bottle by 11%. • Plymouth Gin reduced the weight of its glass bottle by 15%.
Reuse	• Move away from single-use to keep packaging and point of sale material reusable as long as possible. Point of sale material should be designed to be reused for the same purpose.	• Imperial Blue and Royal Stag bottles in India are being collected from bars and restaurants before being washed, refilled and reused by consumers. • EcoSPIRITS reuse system launched in Asia for Absolut, Beefeater and Havana Club (Hong Kong and Singapore).
Recycle	• Design packaging & point of sale material with a recyclable mindset: using mono-materials when possible and avoiding non-separable material solutions, choosing recyclable materials only and checking if there is a recycling collection bin for this item in the main markets of use and existing recycling infrastructure.	• Over 95% of the Group's primary and secondary packaging (by weight) is made from material recyclable at scale (Glass, Carboard, PET) *(SASB)*. • Royal Salute switched from porcelain to glass bottles for recyclability purposes.
Respect	• Ensure materials are responsibly sourced, with recycled content and sustainable origins.	• Absolut increased the percentage of recycled glass in its glass bottles to 53%.

Glass and cardboard are the main materials used. Production of packaging and point of sale material accounts for 28% of the Group's carbon emissions (see Subsection 3.3.3.2). Plastics account for less than 5% of primary packaging and Pernod Ricard strives to limit the quantities used, as part of its commitment to the New Plastics Economy initiative of the Ellen MacArthur Foundation.

Breakdown of the weight of packaging



Participation in systems that collect packaging in support of recycling and reuse (*SASB*)

Most packaging waste produced by the Group's activities is generated after final consumption of products. The key issue is therefore to improve waste sorting solutions for consumers so that packaging can be recycled or reused. Pernod Ricard has set up or joined various programmes worldwide to improve recycling or reuse packaging:

- Europe: Group contribution of around €10 million to national schemes designed to improve the collection and recycling of domestic packaging, including glass;
- United States: joined the "Glass Recycling Coalition" to foster efficient and economically viable recycling channels by involving all players in the chain (glass manufacturers, bottlers, recycling service providers, etc.);
- Brazil: joined the "Glass is Good" project, designed to increase the glass recycling rate by involving all industry players.

Projects are being explored with local partners in 10 key markets (India, US, Canada, China, France, Brazil, Spain, Russia, South Africa and Poland) to increase glass collection, recycling and reuse.

3.3.3.5 Reduce waste

Limiting waste across the production chain and at end-of-life is an integral part of the Group's circular economy approach. Pernod Ricard is committed to minimising waste disposal and maximising the recycling and reuse of its products. Pernod Ricard's policy is focused on limiting food waste and eliminating landfill waste, ensuring all waste generated on industrial sites is recycled.

Policies	Objective	Achievement in FY22
Waste management ambition	• Zero waste sent to landfill at production level.	• 94 tonnes of waste disposed in landfill sites this year, 36% down on FY21.

Limiting of food waste

The Group takes steps to minimise food waste throughout its value chain:

- upstream agriculture: by reusing by-products from the production of certain foods. For example:
  - broken rice in India or sugarcane molasses in Cuba are used to produce alcohol,
  - in developed countries, where most of the Group's agricultural raw materials are sourced, the quality of infrastructure plus short supply routes prevent products such as cereals from perishing;
- production sites: focus on recycling waste generated through the transformation of raw agricultural materials (spent grains, vinasse and grape pomace). The majority of waste is reused to make animal feed, biogas, farm compost or used for other industrial purposes;
- consumer level: the waste generated is very low since wine & spirits can be kept for a long time, and the packaging is designed to last until the product is fully consumed.

Reducing waste and improving recycling on industrial sites

The production sites mostly generate non-hazardous waste (99% of total waste *vs.* 1% hazardous waste):

- non-hazardous waste:
  - packaging waste (glass, paper, cardboard and plastics),
  - waste from the transformation of agricultural raw materials not recovered as by-products (grape marc, stalks, lees, etc.),
  - waste produced by the site's activities (sludge from treatment plants, office waste, green waste, etc.);
- hazardous waste: products used for site operations (chemical product containers, used oils, solvents, electrical and electronic waste, neon tubes, batteries, etc.).

The Group is moving towards zero landfill waste. To achieve this goal, the affiliates are pursuing efforts to reduce the quantity of waste generated and identify recycling and energy recovery processes. The Group will continue to identify appropriate treatment processes locally for hazardous waste requiring the use of a specific treatment process to prevent environmental risks.

Key performance indicators

Overall performance	Unit	FY21	FY22
Total quantity of waste	t	36,687	36,542
Quantity of waste recycled	t	35,161	34,338
Quantity of waste incinerated	t	1,380	2,110
Quantity of waste sent to landfill	t	147	94
% of solid waste recycled	%	96	94
Quantity of waste sent to landfill per litre of finished product	g/L	0.14	0.08
Quantity of hazardous waste treated externally(1)	t	410	413

(1) It should be noted that this figure represents the volume of waste collected but not necessarily the amount of waste generated throughout the year. Although small in quantity, this waste is most often stored on site for a certain time. Moreover, this waste may also be generated during occasional cleaning operations.

This year, the total quantity of waste sent to landfill has kept reducing, reaching 94 tonnes, thanks to noticeable improvements this year for Pernod Ricard France, Pernod Ricard Spain & Pernod Ricard North America. This is a significant reduction from the 10,253 tonnes in FY10. This is the result of the Group campaign towards zero waste to landfill implemented across all production sites.

3.3.4 Responsible Hosting

Pernod Ricard believes that its products bring people together and have a valuable place in society. The Group nevertheless acknowledges that alcohol can be misused and the inappropriate consumption of alcohol can cause serious problems to individuals and communities.

This is why the Group is committed to promoting responsible alcohol consumption and combating harmful drinking. This involves working with stakeholders to achieve real change and continuously developing and strengthening its responsible business practices.

Pernod Ricard is not alone in promoting responsible drinking. Collaboration with industry peers, governments and local communities is essential in this area. Positive change can only be achieved through collective action.

Responsible Drinking Roadmap

The Group fully supports the World Health Organisation's (WHO) goal of reducing harmful drinking by 10% worldwide by 2025. Pernod Ricard does not, however, believe that a cut in average per capita consumption supports public health needs. In fact, the pursuit of such a strategy in the past has led to lower consumption amongst moderate drinkers without any meaningful impact on those who drink at harmful levels. To this end, the Group has a responsible drinking strategy focused on tackling the harmful use of alcohol.

This responsible drinking strategy is fully aligned with the Group's "Créateurs de convivialité" vision to unlock the magic of human connection by bringing good times from a good place, as there is no conviviality in excessive or inappropriate drinking. Adult consumers are encouraged to make responsible choices about whether to drink or not, and how much alcohol to drink. This strategy is also aligned with Pernod Ricard's premiumisation strategy. The Group wants adult consumers to consume high-quality products, not increase their overall alcohol consumption.

The Group's roadmap encompasses a wide range of initiatives aimed at its employees, consumers, target audiences and the society as a whole. The set of tools includes in-house trainings, self-regulating standards, labelling initiatives, communication campaigns and evidence-based prevention programmes. By taking a comprehensive approach, the Group aims to find the most effective ways of combatting the harmful use of alcohol for each target group and context.

This year, Pernod Ricard has reviewed its responsible drinking strategy for a more streamlined and ambitious roadmap. Building on the efforts of its affiliates, the updated KPIs set a new level of ambition for the Group, in particular regarding its global responsible drinking initiatives, brand engagement and labelling initiatives.

The Alcohol in Society team within the Public Affairs Department coordinates the Group's Responsible Hosting strategy. This is implemented through the network of S&R and Public Affairs leaders.

Pernod Ricard is a founding member of the International Alliance for Responsible Drinking (IARD)[1]. It specifically supports IARD's commitments on digital marketing, commercial practices and a series of measures to combat underage drinking (more information below).

3.3.4.1 Responsible drinking initiatives

Pernod Ricard is committed to preventing and reducing alcohol misuse through targeted responsible drinking initiatives rolled out in all markets in which it has an affiliate.

Policies	Objectives	Progress in FY21	Progress in FY22	Performance
2030 S&R Roadmap	In all its markets, Pernod Ricard will contribute to at least one global or local responsible drinking initiative to fight alcohol misuse (2025): • global initiatives to fight binge drinking including amongst young adults (Responsible Party and other) or address drink-driving (Autosobriety); • support local engagement against the harmful use of alcohol.	N/A	93% of markets have contributed to a local or global responsible drinking initiatives.	On plan

(1) *A non-profit organisation regrouping leading global beer, wine & spirits producers to fight the harmful use of alcohol. For more information, visit https://www.iard.org/*

Objectives and policies

Pernod Ricard wants to fight alcohol misuse in a meaningful way through targeted responsible drinking initiatives, as an appropriate level of investment in responsible drinking is crucial for the long-term sustainability of its business.

All the Group's Market Companies will contribute, as a minimum, to either one responsible drinking initiative implemented locally in partnership with industry peers, civil society or local authorities, or one global responsible drinking initiative developed by the Group.

Local initiatives

Pernod Ricard believes that targeted preventive actions, rolled out locally with industry partners and others, are an effective way of tackling alcohol abuse and make alcohol consumption a safe and enjoyable experience.

Unfortunately, the Covid-19 pandemic has had a dramatic impact on the roll-out of many local initiatives, which were put on hold or stopped altogether. This is notably why the Group has intensified its work this year on its global initiatives to help its affiliates fight alcohol misuse in their market in a meaningful way.

This year, Pernod Ricard contributed to local responsible drinking initiatives in 53 markets.

Global initiatives

Pernod Ricard developed two types of global responsible drinking initiatives which are being rolled out by its Market Companies:

(i) global initiatives to fight binge drinking including amongst young adults; and

(ii) "Autosobriety", a global partnership with UNITAR to prevent drink-driving.

Global initiatives to fight binge drinking

Pernod Ricard is committed to fighting binge drinking around the world, notably through its Responsible Party flagship programme and its digital campaign "Drink More Water".

Responsible Party was originally launched in 2009 through a partnership between Erasmus Student Network, the largest European student organisation, and Pernod Ricard. It has expanded since then to all young adults.

It raises awareness about the risks of binge drinking among young adults and aims at reducing alcohol-related harm linked to this dangerous drinking practice, in Europe and beyond. This programme is not linked to any brand, has its own visual identity, and is based on a peer-to-peer approach. Its 13 years of experience have successfully challenged the concept of responsibility of young adults by empowering them to make the right decisions.

Drink More Water is the new digital campaign under the umbrella of Responsible Party, released in July 2021 to broaden its scope and reach more young adults during covid times. The message chosen with "Drink More Water" is a clear and universal call for action. The campaign is bold, targeting Gen Z with their own codes. Initially rolled out digitally, Drink More Water is currently expanding to bars, festivals, and other festive venues.

The Drink More Water campaign has already shown its success by reaching over 134 million young adults digitally in 34 markets.

The Responsible Party programme has reached 500,000 young adults on the field through activations during student parties over the last 10 years. During this fiscal year, the physical activations of this initiative remained quite low due to Covid restrictions.

Pernod Ricard also rolled out a successful digital campaign in Asia this year to fight binge drinking. At the beginning of 2022, Pernod Ricard Asia launched a cross-market digital campaign dedicated to responsible alcohol consumption. Five markets (Korea, Japan, Taiwan, Hong Kong and the Philippines) participated in the initiative called "Make Memories, Not Hangovers". The campaign reached 6.3 million individuals and specifically targeted adults between the local legal drinking age and 30 years of age. The goals of "Make Memories, Not Hangovers" were to raise awareness on the dangers of binge drinking with young adults, to educate the audience on responsible drinking by correcting misconceptions about alcohol consumption and to shift the audience's mindset towards responsible alcohol consumption.

Autosobriety

Pernod Ricard strongly believes that alcohol-related road traffic crashes are preventable tragedies. And to this end, education is key: people need to understand how alcohol affects the ability to drive in order to make the right choice not to drink and drive.

For the past two years Pernod Ricard has been partnering with the United Nations Institute for Training and Research (UNITAR) on the roll-out of the Autosobriety training programme. Autosobriety aims at equipping road safety stakeholders with educational tools to raise awareness on the risks of drinking and driving and contributes to preventing and reducing alcohol-related road crashes.

The overall objective of Autosobriety is to contribute to the UN Global Road Safety Performance Target #9 to halve the number of alcohol-related road traffic injuries and fatalities by 2030.

Autosobriety's main asset is an online educational module covering four topics:

- road crash statistics;
- the impact of alcohol on the ability to drive and relevant risks;
- the legal ramifications of drinking and driving; and
- personal responsibility to avoid drink-driving.

In addition, an augmented reality video was developed to simulate the effects of alcohol on driving and the increasing risks of road accidents.

The project was first piloted in the Durban province in South Africa and in the Dominican Republic.

This year, the Group signed, as a strategic ally, the Memorandum of Understanding entered into between UNITAR and the General Secretariat of the Andean Community for the disseminating the Autosobriety programme in the Andean Community. In the same year, Autosobriety was launched in Ecuador.

Autosobriety was also launched in Mexico this year and Poland will soon follow. The programme is expanding in Cambodia and Vietnam where the Group is bringing locally run road safety initiatives under the Autosobriety training programme.

Action plans and next steps

FY22 was a year of transition and the Group took stock of all its responsible drinking initiatives. Most of the Group's markets contribute to at least one responsible drinking initiative, either locally or through a global initiative. Building on this very positive assessment, Pernod Ricard will now accelerate the implementation of its global responsible drinking initiatives by focusing on key markets.

The Group will be rolling out its emblematic binge drinking prevention campaign "Drink More Water" in 40 markets, and will also continue activating this initiative on the field, in bars, in music festivals and with its partners, especially the Erasmus Student Network in Europe.

Pernod Ricard's "Autosobriety" partnership with UNITAR will be expanded in four additional countries in the next financial year, bringing the programme to at least 10 countries by the end of 2023.

3.3.4.2 Brand campaigns

The Group is committed to fight alcohol misuse at every point of the consumer journey. A new commitment has been formally taken to leverage the creativity of its brands to deliver responsibility messages to consumers through dedicated campaigns.

Policies	Objective	Progress in FY21	Progress in FY22	Performance
2030 S&R Roadmap LTIP 2027	The Group's strategic brands will roll out at least 12 campaigns to promote responsible drinking behaviour amongst their consumers (2027).	N/A	1	On plan

Pernod Ricard believes that marketing can be a force for good, creating social value and helping consumers adopt responsible behaviour regarding alcohol. Brands know how to talk to consumers and their campaigns can be an effective way of changing attitudes and making alcohol abuse socially unacceptable.

This new commitment has been embraced by Pernod Ricard's brands, with a first responsible drinking campaign rolled out by Martell in China.

Leveraging the influence of celebrity Tony Leung, Martell sponsored a branded responsible drinking initiative in China in margin of its Cordon Bleu campaign. This first phase was dedicated to spreading messages against drink driving and was amplified through a media effort leading to more than 500 media clipping and a social buzz with more than 55 million individuals.

Action plans and next steps

It is anticipated that at least three responsible drinking campaigns will be rolled out by strategic brands during the next fiscal.

3.3.4.3 Responsible marketing

All Pernod Ricard's brands will communicate externally with a due sense of ethics and social responsibility.

Policies	Objectives	Progress in FY21	Progress in FY22	Performance
2030 S&R Roadmap	• No complaint upheld against Pernod Ricard's marketing campaigns (every year).	• N/A	• No complaint received.	Achieved
	• 95% compliance with IARD Digital Guiding Principles by 2024.	• 89% measured by internal monitoring.	• 95% compliance with Digital Guiding Principles measured through artifical intelligence (AI) and manual checks.	Achieved
	• 100% completion rate on the e-learning[(1)] for the Code for Commercial Communications.	• 75.3%.	• 82% of the targeted population reached.	On plan

(1) *To ensure maximum compliance with the Code, it has been translated into eight languages and the e-learning content is mandatory for over 2,000 employees in the following functions: marketing, public affairs, communications, legal and S&R as well as some commercial functions (trade marketing and retail excellence).*

Objectives and policies

Pernod Ricard believes that strong self-regulation is effective in meeting the ethical expectations of consumers and stakeholders in a rapidly changing media landscape while at the same time building brand equity. Going beyond the Advertising and Marketing Communications Code of the International Chamber of Commerce, Pernod Ricard's Code for Commercial Communications (CCC) has been in place since 2007. It ensures that the Group's commercial communications do not encourage or condone irresponsible consumption or misuse of any kind.

Pernod Ricard is also committed to industry leadership in helping raise standards for the responsible marketing of alcoholic beverages. Hence, the Group has extended its disciplines on traditional advertising to online advertising, namely Digital Guiding Principles (DGPs) for the most commonly used platforms (Facebook, Instagram, Twitter and Youtube) and websites. The internal monitoring in 2021 allowed 647 URLs to be checked. The external audit mandated in 2022 captured a larger scope of 1,032 URLs, thus allowing better compliance with IARD standards.

Also, in 2020, the Group updated its CCC, strengthening all guidelines (provision mandating models be over 25 years of age and meet certain requirements). In 2021, it added guidelines regarding product placement to keep raising standards.

In view of achieving a 95% compliance goal Pernod Ricard decided to take a more ambitious stance and has launched an artificial intelligence-based audit to better capture and expand the scope of the measurement for this achievement.

Responsible Marketing Panel (RMP)

Created in 2005, the RMP is responsible for the ethical oversight of advertising. It thus screens all advertising material due to be rolled out. It has six members and a secretary general. They are all independent of the Marketing Department. The RMP reports to the Executive Committee every month. Two Executive Committee members act as sponsors and are also consulted on any changes to the CCC or the drafting of implementing guidelines to ensure Pernod Ricard is as fully compliant as possible with the most stringent Responsible Marketing standards.

All commercial communications must be submitted to the RMP. It issues an opinion within seven days. All decisions are taken collectively by RMP members and are binding on everyone in the Group.

For FY22, as the result of an internal communication campaign and more trainings, the RMP was able to assess a total of 836 requests including:

- 543 campaigns approved with no restrictions;
- 68 campaigns approved and subject to modifications;
- 2 campaigns rejected;
- 223 requests for advice.

Due to the pandemic, it was not possible to systematically train face-to-face all affiliates on Responsible Marketing. Nevertheless, 347 people from various affiliates received a dedicated training.

Action plans and next steps

With the implementation of the Pernod Ricard CCC, the Group will continue to deliver a Convivialité brand experience and responsibility in compliance with industry commitments and advertising authority requirements. Pernod Ricard will explore how to accelerate through digital and AI to ensure even stricter control of marketing assets.

Pernod Ricard believes there is a need for some industry guidelines for new modes of marketing (*e.g.* gaming, metaverse). It will engage in constructive dialogue on this with all stakeholders.

3.3.4.4 Responsible sales

Pernod Ricard is committed to fighting underage drinking, notably by preventing the online sale and delivery of its products to minors.

Policies	Objectives	Progress in FY21	Progress in FY22	Performance
2030 S&R Roadmap	• All Pernod Ricard's Direct To Consumer (D2C) sites will be age-gated (2022).	On track	100% compliance (audit *via* AI).	● Achieved
2030 S&R Roadmap	• The Group will share global standards and trainings with all its e-commerce and delivery partners (2025).	N/A	2 webinars with all affiliates involved in e-commerce to inform them on what they have to deliver in FY23.	● In progress

Objectives and policies

The Group endeavours to combat underage drinking by ensuring that its products are not sold or delivered to intoxicated people. As part of this, the Group played a very active role in drawing up the IARD global standards for online alcohol sales and delivery[1].

These global safeguards mark the first coalition globally to prevent the online sale and delivery of alcohol to underage individuals and to reduce the harmful consumption of alcohol among adults. The Group has shared these standards with the affiliates involved in e-commerce.

(1) 01052022Global-standards-for-online-alcohol-sales-and-delivery.pdf (iard.org)

Action plans and next steps

The Group will verify the implementation of these standards on its own online sales platforms.

Pernod Ricard will continue to work with its peers and e-commerce partners to roll out the global e-commerce standards to ensure the responsible selling of its products online.

3.3.4.5 Responsible experiences

As a responsible host, Pernod Ricard wants to offer its guests safe experiences when enjoying its products. The Group's brand homes are the showcase of its brands and the experiences they offer to their visitors should always be associated with responsible drinking. To that end, the Group is putting in place a "Responsible Host" accreditation scheme to ensure best-in-class responsible drinking practices in all its brand homes worldwide.

Policies	Objectives	Progress in FY21	Progress in FY22	Performance
2030 S&R roadmap	100% of the Group's brand homes will be certified Responsible Host (2025).	N/A	N/A	In progress
	Pernod Ricard will raise awareness of 10 million visitors on responsible drinking through its certified Responsible Host brand homes (2030).	N/A	N/A	In progress

Objectives and policies

This year the Group has issued its new Responsible Host Standards covering topics such as staff training, visitor's education on responsible drinking, the responsible serving of alcohol, responsible tasting practices and safe return home. Pernod Ricard has partnered with the Sustainable Restaurant Association who will be auditing the compliance of its brand homes with the Responsible Host Standards and deliver the Responsible Host Certificate.

Action plans and next steps

Pernod Ricard's brand homes will be doing a first self-assessment of their compliance with the Responsible Host Standards and put in place necessary remedies. Once the self-assessment is satisfactory, the Sustainable Restaurants Association will proceed with an audit. Brand Homes have until 2025 to obtain their Responsible Host Certificate.

3.3.4.6 Consumer information

Pernod Ricard strongly believes that information is key to empowering consumers to make informed and responsible choices regarding the consumption of alcohol. To that end, the Group is committed to providing consumers with quality information on the content of its products, the potential health risks associated with alcohol consumption and relevant responsible drinking information.

Policies	Objectives	Progress in FY21	Progress in FY22	Performance
2030 S&R Roadmap	By 2022, at least 66% of the volume of Pernod Ricard's products marketed in the EU will: • carry energy information on the label; and • provide the ingredient and other nutritional information online.	73.1% of volumes.	96% of volumes.	Achieved
	• All Pernod Ricard's products will carry the three responsible drinking logos (2024).	N/A	N/A	In progress
	• All Pernod Ricard's products will have a digital label to inform consumers about product content and the potential health risks and how to enjoy them responsibly (2024).	N/A	N/A	In progress

Objectives and policies

Energy labelling in Europe

Pernod Ricard has fully met the target set in the Memorandum of Understanding (MoU) signed in 2019 with spiritsEurope in front of the European Commission regarding the voluntary disclosure of the ingredients and nutritional information of products for sale in the EU.

This year, over 96% of the volume of Pernod Ricard's products marketed in the EU carried energy information on their back labels. This is compared with the targets set in the MoU of no less than 66% by December 2022.

The MoU provides for the sharing of ingredients and full nutritional information online. In addition to providing such information on its brand websites, Pernod Ricard is developing a digital label for all its alcoholic portfolio to share product and health information (see below). The Group is also working closely with the European industry bodies and stakeholders on the creation of the U-label to allow wine and spirits producers to share their product information online.

Responsible drinking logos

Pernod Ricard has started implementing the commitment it took in 2020 to add an age restriction logo and a logo warning against driving whilst intoxicated on all its back labels, alongside the logo warning against drinking during pregnancy that the Group has added to its labels since 2006.

Implementation guidelines were issued this year and full implementation is expected by 2024 in line with the implementation of the QR Code (*see below*). Reporting on completion rate will be done together with the QR Code and should be performed for the first time next year.

Digital Label

Continuing its efforts as a proactive player in the industry, Pernod Ricard has just announced the launch of a digital label to offer its consumers an efficient solution to their growing demand for more transparency about its products.

Every bottle from Pernod Ricard's brands will carry a QR code on its back label by 2024. Once scanned with a mobile device, it will redirect consumers directly to a digital label with information:

- on the health risks associated with alcohol consumption;
- the low risk drinking guidelines specific to each country;
- the list of ingredients and full nutrition facts; as well as
- other relevant responsible drinking information.

All the available content will be adapted to local specificities and will be accessible in the local language.

Beginning with a European pilot programme starting this summer, the eLabel will be rolled out globally across all alcoholic products within the Group's portfolio by 2024. Initial implementation guidelines were shared this year, with the first progress update expected next year.

Action plans and next steps

Pernod Ricard will continue to implement the responsible drinking logos as well as the QR Code and eLabel on the back label of all relevant products of its portfolio.

3.3.4.7 Employee engagement

Pernod Ricard's employees are the primary and best ambassadors for responsible drinking. The Group enlists its employees worldwide with the common goal of reducing the harmful use of alcohol and promoting responsible drinking.

Policies	Objectives	Progress in FY21	Progress in FY22	Performance
2030 S&R Roadmap	• Maintain 100% of the Group's employees trained through the MOOC on alcohol and responsible drinking (every year). • Train sales staff and brand ambassadors on the responsible sale of alcohol (2025).	• 90% of employees trained at 30 June.	• 94% of employees* trained at 30 June.	● On plan

* *Employees with a permanent contract, at least 3 months' seniority and equipped with a professional device.*

Objectives and policies

MOOC on alcohol & responsible drinking

Pernod Ricard has developed an online training on alcohol and responsible drinking. It was launched in April 2020 and translated into 21 languages. This training gives information on alcohol and alcohol-related risks. Employees can thus learn the facts about alcohol and make informed decisions as to whether to drink alcohol and how to drink responsibly.

The training embeds the Group's Global Responsible Drinking Charter. The Group expects all employees to comply with this Charter as a breach could present a risk to the health and safety of employees and third parties.

This training has been made compulsory for all Group employees worldwide. This year the Group almost achieved its target of training 100% of its active employees and has committed to keeping this target on a yearly basis.

This year, Pernod Ricard also shared a guide with its employees for parents and carers at Pernod Ricard on "How to talk to children about alcohol?".

The Group has taken a strong commitment to fighting underage drinking. As their most influential role models, parents and carers are in the best position to equip young people with knowledge about the risks of underage drinking and how to make safer choices around alcohol. However, engaging in a conversation with children on that topic can be difficult. That is why the Group has prepared this guide for its employees, up to them to decide to use it or not in their role of adults talking to minors. It is based on the materials of leading independent alcohol education charities and aims to provide them with up-to-date and accurate tips on how to prepare, launch, and lead the alcohol-related conversation.

Training of sales staff on the prevention of alcohol-related risks

Pernod Ricard's sales staff and brand ambassadors are at the frontline of the Group's business. Because of their job, they might find themselves in challenging situations relating to the consumption of alcohol. This is why, this year, the Group launched a new dedicated training programme to prevent alcohol-related risks amongst its sales staff and brand ambassadors. Throughout this training, they will learn how to identify alcohol-related risks for themselves and consumers and how to respond in a professional and safe manner.

Action plans and next steps

Pernod Ricard will continue to train its employees on responsible drinking and to enrol them as ambassadors for responsible drinking through their acknowledgement and signing of the Global Responsible Drinking Charter.

Pernod Ricard will start rolling out its new training programme for the sales staff and brand ambassadors on the prevention of alcohol-related risks.

3.4 Ethics & compliance

3.4.1 The Group's ethical practices

3.4.1.1 Quality, food safety and product compliance

Pernod Ricard aims to provide customers with products of the highest quality. It thus places particular importance on consumer health and safety. This has resulted in a significant effort in terms of the prevention of risks associated with alcohol abuse (see Subsection 3.3.4 "Responsible Hosting"). It also led to a strict policy in terms of food safety during product design, sourcing and manufacturing.

The control of consumer product safety is based on the implementation of the hazard analysis critical control point (HACCP) method. This aims to identify all potential risk points in the manufacturing process. Appropriate preventive measures are put in place to control them. Brand Companies producing the Group's strategic brands are ISO 9001 certified. This represents 100% of the volume produced. In addition, and despite Wines & Spirits being less exposed to food safety risks than other food industry segments, Pernod Ricard decided to have its facilities certified to the ISO 22000, standard (Food safety management systems). In a proactive manner, some Pernod Ricard facilities are FSSC 22000 certified. The FSSC 22000 is an extension of the existing ISO 22000.

Internal quality standards are drawn up by Pernod Ricard for its industrial activities including various specific guidelines. The aim is to control risks such as the accidental contamination of a product or the presence of a foreign body in a bottle. These standards are audited as part of an internal cross-audit process. In FY22, health conditions made it possible to perform on-site cross-audits again.

The Group's top priorities are to i) ensure its products comply with applicable regulations in each market, and ii) guarantee food safety for consumers. A food law and food safety watch is continuously done and a summary is circulated to all affiliates every two months. This helps them stay abreast of any changes to applicable regulations and food safety risks. A chemical analysis plan for the Group's main products is drawn up annually. In FY22, this involved 99 finished products with over 3,500 analyses being carried out.

In addition, a Group tool is used to record and track quality complaints from consumers in real time. The affiliate in question is immediately informed so that corrective action can be taken. In the event of a serious product safety concern, the system also immediately informs Headquarters. This allows for a rapid response. Each affiliate has a crisis management procedure. This is particularly for product health risk involving, if necessary, a product recall. These procedures are subject to regular testing, training for those involved and updates. Quality indicators including the complaints rate are presented to Senior Management. The current Group tool is an interactive web tool, Intelex (Loop application), launched in 2022 and replacing the Complaint Management System (CMS) web tool, which was launched in 2007.

Furthermore the Group is committed to ensuring the complete GMO traceability of its products. This ensures strict compliance with the labelling regulations for products containing GMOs. Accordingly, all affiliates conduct a risk assessment to identify potential sources of raw materials, taking the necessary steps to ensure their control. Although the distillation stage eliminates the risk that GMO material may be present in distilled products, supply chains for products that are guaranteed GMO-free have been established for certain corn-based alcohols in the US and Europe.

Key performance indicators

	FY21	FY22
% of sites ISO 22000/FSSC 22000 certified by June of the fiscal year	78%	78%
% ISO 22000/FSSC 22000 certified in volume produced covering all the Group's strategic brands	99.7%	100%
% of Brand Companies producing Group's strategic brands certified ISO 9001	100%	100%
Number of complaints received through the "CMS/Intelex (Loop)" during the fiscal year	4,100	3,150

3.4.1.2 Personal data protection

Personal data protection is a pillar of the Group's digital transformation. It is a business opportunity for Pernod Ricard to:

- ensure the accuracy and relevance of the personal data it collects;
- gain a better understanding of consumers;
- develop consumer trust;
- secure brand image; and
- continue to promote its culture of conviviality.

It is also an opportunity to rethink and optimise existing processes by adopting best practice on personal data retention, rights management, etc.

The regulatory framework for personal data protection that applies to Pernod Ricard is complex and still evolving. Since the General Data Protection Regulation (GDPR) came into force four years ago, many countries and regions have adopted personal data protection laws and regulations, and non-compliance with these rules may expose the Group to sanctions.

Global strategy & governance

Pernod Ricard has implemented a strong personal data protection strategy and governance.

The Group drafted a comprehensive personal data protection roadmap ahead of GDPR enforcement. It works daily on GDPR compliance, in parallel with specific actions to address local requirements where relevant.

The Group DPO (Data Protection Officer) and the Group's personal data protection network enable Pernod Ricard to implement personal data protection compliance actions, implement policies and procedures at local level, and share best practices.

This governance structure involves a wide range of stakeholders, including the Group DPO, personal data protection champions regionally and locally, along with a Personal Data Protection Steering Committee and the various internal business teams (IT, marketing, HR, etc.).

Employee engagement & upskilling

As a pillar of the Group's digital transformation, personal data protection is a matter that concerns everyone at Pernod Ricard. This is why it places particular focus and effort on:

- legal monitoring;
- employee training (including with Group-wide MOOCs as well as both mandatory and tailored subject-specific trainings);
- internal awareness campaigns; and
- more generally on change management.

Custom tools & procedures

The Group has created various custom, user-friendly tools and procedures to ensure personal data protection compliance. These include:

- comprehensive overarching documentation to ensure consistent implementation of personal data protection and common standards. These are based on a global personal data protection policy, adapted to local requirements, along with detailed procedures and toolkits;
- personal data protection by design and by default procedures and processes implemented on new projects, with specific privacy documentation on major projects;
- audit processes and questionnaires to assess the maturity of third parties and compliance level on personal data protection;
- checklists and templates on specific topics such as handling data subject requests or handling potential personal data protection breaches.

3.4.1.3 Prevention of corruption and anti-competitive practices

Prevention of corruption

Integrity and a zero-tolerance policy against corruption and all related misconduct have long been part of Pernod Ricard's core values.

Unambiguous tone from the top

- The Pernod Ricard Code of Business Conduct, prefaced and endorsed by the Chairman and CEO, applies to all Group employees.
- Pernod Ricard's Chief Ethics & Compliance Officer is in charge of structuring and promoting the Group's comprehensive and robust anti-corruption programme.

Corruption & influence peddling risk map update

In 2022, Pernod Ricard updated its Group corruption and influence peddling risk map, and presented the results to the Executive Board, the Executive Committee and the Audit Committee. Involving more than 1,440 employees, over 300 workshops worldwide, this project covered a full perimeter and generated a new corruption and influence peddling risk map that is an accurate reflection of the Group's operational & geographical realities.

A comprehensive programme designed to protect against, detect and assess specific risks

Prevention

- **Pernod Ricard's Code of Business Conduct**: the Code[1] was overhauled in 2022 to be more practical and easier to use. It still includes, in particular, a section on anticorruption and business integrity in general. The new Code also covers other topics such as competition law, prevention of insider trading and conflicts of interest, but also health & safety, diversity & inclusion, speaking on social media, data ethics, harassment, bullying, confidentiality and Sustainability & Responsibility. It provides for practical advice on how to behave in real life situations, and whom to reach in case of doubt.
- **Group anti-bribery policy:** in accordance with the French 2016 Sapin II law, the Policy specifically details the Group's rules to prevent, deter and detect public and private corruption and influence peddling risks. It also provides employees and stakeholders with clear, pragmatic examples of potentially sensitive situations.
- **Prior verification policy**: Pernod Ricard's Third Parties are subject to a due diligence process to determine their compliance risk profile (low, medium or high), allowing the Group to adjust, as appropriate, contractual and operational relationships to mitigate potential risks. Various levels of verification are set out under the procedure, depending on the initial risk assessment of each relationship category, as identified by Pernod Ricard's Sapin II risk map on corruption and influence peddling. This due diligence process is implemented *via* **"Partner Up"**, the Group's global web-based platform where any employee engaging the Group in a business transaction can conduct adequate prior verification on relevant third parties.
- **Online training:** training for employees on all chapters of the Code of Business Conduct. With a "learning by doing" approach, a new mandatory MOOC was kicked off in 2019 to train employees on the updated Code of Business Conduct. This training was successfully completed by 92% of the mandatory target audience during the first campaign (*i.e.*, all employees with a company-issued electronic device). Since then, the MOOC is mandatory as part of the onboarding pack for new employees and completion is digitally monitored.

Detection

- **Gifts and Hospitality policy**: approval is required from the Line Manager or the affiliate's designated key contact prior to receiving or offering any gifts or hospitality above a determined amount set at affiliate level.
- **"Gifted!"**: the Group's app to declare and seek approval to give or receive gifts and hospitality in accordance with the provisions of the Gifts & Hospitality policies. The app is accessible on all electronic devices.
- **Whistleblowing policy**: employees and stakeholders are invited to speak up about, amongst other things, any potential corruption involving Pernod Ricard activities inside or outside the Company. As part of the protection offered to whistleblowers, alerts may be filed anonymously, and the Group promotes a clear non-retaliation policy (see Subsection 3.4.2.3 "Whistleblower system"). Pernod Ricard's whistleblowing policy is underpinned by the global whistleblowing line: **"Speak Up"**. It is accessible to all third parties worldwide (Internet or telephone), 24 hours a day, seven days a week, in a wide variety of languages. It offers confidentiality and anonymity (where allowed by local legislation) to encourage Pernod Ricard stakeholders to raise concerns about, among other things, any corruption-related matter or any breach of the rules set forth in the Code of Business Conduct.
- **Internal control principles**: they apply to all Group affiliates and specify that all Pernod Ricard affiliates must comply, among other things, with the Pernod Ricard Code of Business Conduct and the Procurement Code of Ethics. Pernod Ricard annually sends a self-assessment questionnaire to all affiliates. In this, they must state whether they are compliant with Group policies. The reliability of the responses is confirmed in a letter of representation signed by the Chief Executive Officer and Chief Financial Officer of each entity.

Control & assessment

In addition, the Legal Department works with the internal audit team to support the compliance audit stream in the annual audit cycle. Finally, internal audit is also tasked with monitoring Group compliance with the rules in place to fight corruption and influence peddling.

Remediation

Each time a breach of the Code of Conduct rules is confirmed following an internal investigation, a wide range of remediations and mitigating measures may be decided by management, including disciplinary sanctions on any employee responsible for such misconduct. The Group promotes a zero tolerance on breaches of internal rules and values and may – in accordance with local labour laws, decide to apply sanctions up to termination of employment.

(1) Accessible on the Intranet and Group's website: https://www.pernod-ricard.com/sites/default/files/inline-files/PR%20Code%20of%20Business%20Conduct%20-%20ENGLISH%20Version%20-%20June%202022%20_0.pdf

Prevention of anti-competitive practices

Pernod Ricard is committed to the public policy goals underpinning Competition law and to acting lawfully in the marketplace. Such concerns are unambiguously addressed in a specific section of the Pernod Ricard Code of Business Conduct, under the label "Compete fairly". The MOOC also includes a chapter on Competition law.

3.4.1.4 Transparency and integrity of strategies and influencing practices

Objectives & Policies

Group policy on lobbying is governed by the Code of Business Conduct. The Code was updated in May 2022 and a mandatory e-learning content has been created for employees covering prevention of corruption and bribery. This contains specific rules on dealings with public officials in the chapter related to prevention of corruption. It is also guided by more specific professional Codes[(1)] and institutional Codes such as the EU Transparency Register[(2)], with which Pernod Ricard complies.

In addition, specific laws & regulations apply across the countries in which the Group operates. For instance, in France, the Group is registered on the list of representatives of interests established by the High Authority for Transparency in Public Life[(3)]. It strictly complies with the High Authority's reporting obligations regarding lobbying activities. Transparency International even acknowledged its detailed reporting practice in their presentation of committed firms.

The Group has been a member of Transparency International France since 2013 and actively supports the promotion of transparency and integrity around lobbying and the work being done by this association. It is a signatory to a best practice guide on parliamentary lobbying expenditure.

The Group is a proactive signatory of a declaration published on 25 February 2014, together with seven companies who are members of Transparency International France. This declaration is open to all companies, business federations, professional associations, trade unions and NGOs (members and non-members of Transparency France) who wish to show leadership through their ethics and corporate social responsibility commitments. This joint declaration on lobbying was strengthened and updated in May 2019, with new signatories reaffirming their commitments[(4)]. As a result of such commitment and relationship, Pernod Ricard expanded the description of its advocacy priorities and positions on its public facing website this year[(5)]. This provides more detail to the public as to the public policy options that Pernod Ricard promotes in its dealings with stakeholders.

Action plans and next steps

- Continue to work closely with Transparency International.
- Roll out the revised version of the Code of Business Conduct across the organisation.

3.4.1.5 Tax policy

A significant contribution to local communities

The Group commits to complying with all applicable laws and regulations in the countries in which it operates along with applicable international standards.

In 2022, Pernod Ricard's income tax charge on recurring items (profit from recurring operations and financial result from recurring operations) was €651 million.

In addition to corporate income tax, Pernod Ricard pays and collects numerous other taxes and contributions as part of the Group's economic contribution to the communities in which it operates. These include:

- sales taxes;
- customs and excise;
- duties;
- payroll taxes;
- property taxes;
- and other local taxes specific to each country.

Pernod Ricard's total annual contribution is estimated at around €6.7 billion (unaudited data).

Approach to taxation

The Group applies the following principles in tax matters:

- support for operational activities in compliance with applicable regulations;
- integrity in the conduct of tax matters;
- tax management that is both proactive and efficient to preserve and maximise the value generated for the Group and its shareholders.

Pernod Ricard has subsidiaries in some 74 countries in which it operates. Whenever possible, management makes every effort to liquidate any dormant or quasi-dormant subsidiary inherited from past acquisitions.

Pernod Ricard is vigilant as to the operational and commercial reality of its transactions and refuses to take part in any artificial tax arrangements. The Group will only use tax incentives after considering their impact on its brands, reputation and S&R. The Group does not promote any form of tax evasion.

Transfer pricing

Pernod Ricard's strategy and organisation are built on a decentralised model with an ongoing relationship between Brand Companies and Market Companies. The Brand Companies generally own, protect and develop the intellectual property. They are also responsible for developing overall brand strategy as well as solutions and ways to activate them. The Market Companies implement this strategy locally.

Related-party transactions are done in accordance with the Group's transfer pricing policy, which is based on the arm's length principle[(6)].

(1) ECPA in Europe, Association pour les Relations avec les Pouvoirs Publics in France, etc.
(2) https://ec.europa.eu/transparency-register
(3) https://www.hatvp.fr/fiche-organisation/?organisation=582041943#%2
(4) https://transparency-france.org/actu/declaration-commune-entreprises-membres-de-transparency-international-france-lobbying
(5) https://www.pernod-ricard.com/en/our-group/our-role-society
(6) Arm's length: terms that would have been agreed between independent parties.

An efficient organisation

Pernod Ricard has a team of qualified and well-trained tax and customs specialists. They report to the EVP Finance, IT and Operations. There are clear internal control principles on tax matters. These are available to all employees on the Intranet. Processes are in place to prevent tax evasion.

The tax legislation in the countries in which Pernod Ricard operates is complex and may be open to interpretation. Pernod Ricard manages such uncertainties with the support of internal and external tax experts. Tax provisions are measured based on the Group's best estimate using available information[(1)] and regularly presented to the Audit Committee.

Promotion of international transparency

Pernod Ricard is committed to being open and transparent with tax authorities and to disclosing relevant information to enable them to carry out their work. Pernod Ricard places particular importance on working positively, proactively and transparently with them. This is both to build open and sustainable relationships and to resolve potential disputes quickly. Pernod Ricard complies with country-by-country reporting obligations. The Group also participates in the development of corporate tax policies, tax transparency initiatives and tax legislation through public consultations.

3.4.2 Presentation and implementation of the Duty of Care

The cross-reference tables below summarise the information on the Group's duty of care plan and its implementation as required by article L. 225-102-4 of the French Commercial Code. Some of the information can be found elsewhere in Sections 3 and 4.

Several Departments and working groups are involved in:

- identifying and monitoring risks associated with the Group's business activities, its main suppliers and subcontractors; as well as
- implementing and monitoring measures.

The Departments involved are the S&R, Purchasing, HR, Internal Audit, Operations and Legal Departments.

The S&R Senior Steering Committee oversees the implementation of the Group's S&R Strategy and progress towards targets. The role of the S&R Committee within the Board of Directors is to monitor progress on the S&R Strategy, challenge goals and report to the wider Board.

Regarding the monitoring of measures, the Group uses various internal reporting systems and indicators to monitor implementation of the actions taken. The results have already been extensively published and audited in a fully transparent manner in this report (see Sections 2, 3 and 4 in particular).

3.4.2.1 Risk identification and mapping

Pernod Ricard faces a range of internal and external risks in its own operations as well as in its supply chain. The main risks currently identified by the Group, along with the relevant methodology, are discussed under "Risk factors" in Section 4 "Risk management". Further discussion can be found at the start of Section 3 under the heading "The main sustainability risks and opportunities". The mapping processes described below were drawn from Pernod Ricard's existing risk management systems. In addition, in line with the requirement to publish a "Non-Financial Statement", the Group has published its main non-financial risks and opportunities in Section 3.

(1) In particular that provided by the Group's legal and tax advisors.

3.4.2.2 Mitigation measures, evaluation procedures and monitoring systems

Group's own operations

Theme	Risk family	Mitigation actions and evaluation procedures	Key performance indicators	Subsections of Chapter 3
Health and safety	**Health and safety at work**	• In FY19, launch of a Global H&S policy and Roadmap "Taking Care of Each Other". • Third-party audits focusing on safety culture and performance for major production sites. • Production sites required to be OHSAS 18001/ISO 45001 certified. • In FY21, launch of "Care by Learning" programme. Cascaded to the local teams and focus in FY22 on machinery safety and prevention measures. Implementation of "Key Health & Safety Principles" for non-industrial affiliates. • In FY22, launch of mandatory e-learning "Duty of Care" content for all employees. **Next steps:** • Roll-out of the IT platform to manage safety incidents; • Extension of the safety culture audits; • Global roll-out of the Care by Learning programme to local teams; • Completion of the "Duty of Care" e-learning content for all employees.	• 72 workplace accidents with lost time. • Frequency rate: 3.5. • Severity rate: 83. • No fatalities. • 91% of production sites OHSAS 18001/ISO 45001 certified. • 94% of employees trained through the MOOC on alcohol and responsible drinking.	***3.3.2 Valuing People*** 3.3.2.3 Employee engagement & culture, working conditions and health & safety ***3.3.4 Responsible Hosting*** 3.3.4.7 Employee engagement
	Product quality for consumers	• Hazard analysis critical control point. • Brand Companies to be ISO 9001 certified. • Gradual ISO 22000 certification of its facilities. • Internal quality standards. • Food safety and law monitoring review. • Complaint management system. • In FY22, relaunch of onsite cross-audits.	• 78% of sites ISO 22000/FSSC 22000 certified. • 100% ISO 22000/FSSC 22000 certified in volume produced covering all the Group's strategic brands. • 100% Brand Companies ISO 9001 certified. • 3,150 complaints through the Complaint Management System during the year.	***3.4 Ethics & compliance*** 3.4.1.1 Quality, food safety and product compliance

Theme	Risk family	Mitigation actions and evaluation procedures	Key performance indicators	Subsections of Chapter 3
Health and safety	**Alcohol in society for consumers**	• Evidence-based prevention programmes in partnership with industry peers, civil society, international bodies and local authorities. • Brand campaigns. • Pernod Ricard Code on Commercial Communications. • IARD Digital Guiding Principles and audit. • Responsible Marketing Panel (RMP). • Energy information, age restriction logo and warning against driving while intoxicated logo will be included on product labels. • In FY22, responsible-drinking campaigns related criteria included in long-term incentives plan. **Next steps:** • Digital label to inform consumers about product content, the potential health risks and how to enjoy them responsibly. • 3 responsible drinking logos on products.	• 500,000 young adults reached on the field through Responsible Party. • 134 million young adults reached digitally in 34 markets through the Drink More Water campaign. • 95% compliance with IARD Digital Guiding Principles. • 82% completion rate for the Code for Commercial Communications e-learning content. • 836 campaigns reviewed by RMP. • 100% D2C sites age-gated. • 96% of volumes of products marketed in the EU carry the energy information on the label. Ingredients and other nutritional information provided online.	***3.3.4 Responsible Hosting*** 3.3.4.1 Responsible drinking initiatives 3.3.4.2 Brand campaigns 3.3.4.3 Responsible marketing 3.3.4.4 Responsible sales 3.3.4.6 Consumer information ***3.4 Ethics & Compliance*** 3.4.1.4 Transparency and integrity of strategies and influencing practices

Theme	Risk family	Mitigation actions and evaluation procedures	Key performance indicators	Subsections of Chapter 3
Environment	CO_2 emissions GHG emissions	• Global Environmental Policy. • Improvement of energy efficiency through consumption monitoring and assessment, Internal carbon price (€80/tonne of CO_2 equivalent). • In FY20, joined the RE100 initiative. • In FY22, joined "Business Ambition for 1.5°C". • Taskforce with main distilleries to identify technology to help achieve Scope 1 SBTs. • Reducing weight of packaging and optimizing materials used. • Developing regenerative agriculture in own vineyards. • Land transport optimisation. • In FY22, climate-related criteria included in Long-Term Incentive plan. • Climate scenario project kicked-off. **Next steps:** • Development of a reporting tool and process to better measure progress towards SBT targets. • Climate scenario project to continue.	• Since FY18, despite a +24% growth of production, the increase of Scopes 1 and 2 carbon emissions has been limited to +1% in absolute value. • 4,517,350 tCO_2e emissions on Scope 3 for FY22. • The proportion of renewable electricity used is 81% for production sites and administrative offices; • 92% of production sites ISO 14001 certified.	***3.3.3 Circular Making*** 3.3.3.2 Climate change: reduction and adaptation
	Packaging life cycle and footprint	• Roll-out of Ecopack tool (created in FY21) assessing conformity with the internal sustainable packaging guidelines. • Participation in systems for the collection of packaging in support of recycling and reuse. • 10 identified markets exploring local projects and partners to improve glass recycling. • Since FY21, all point of sale material made from single-use plastic are banned.	• One circular pilot in Asia on-trade with ecoSPIRITS. • PET post-consumer recycled content estimated at 17%. • 47% of cardboard certified. • 95% of point of sale materials are reusable, recyclable or compostable in key markets (*scope: 32 affiliates*).	***3.3.3 Circular Making*** 3.3.3.4 Circular packaging and distribution

Theme	Risk family	Mitigation actions and evaluation procedures	Key performance indicators	Subsections of Chapter 3
Environment	**Water Management**	• Identification of reduction opportunities using best technology. • Using systems to measure/monitor water use and to save, reuse and recycle. • Follow water balance action plan to select and implement water saving projects. • Identification of geographical areas at risk using the Aqueduct Water Risk Assessment tool. • In FY22, water-related criteria included in long-term incentives plan. • Affiliates in Armenia, Mexico and China have implemented water replenishment projects. **Next steps:** • Identification of wastewater treatment opportunities and researching of innovative waste treatment solutions.	• Since FY18, water consumption per unit produced has been reduced by 13%. • In FY22, 8.2% of water consumption came from extremely high and high-risk areas. • This year, 68.7% of the total water used in high-risk locations was replenished. • In FY22, 80% of wastewater discharged into public sewage systems, 15% discharged into the environment following treatment, and 5% recycled for vineyard irrigation.	***3.3.3 Circular Making*** 3.3.3.3 Preserve water resources
	Operations' waste management	• Transformation of raw agricultural materials and by-products. Of these, most is recycled/upcycled to make animal feed, biogas, farm compost etc.	• 2,110 tons of waste incinerated. • 94% of solid waste recycled. • 0.08 g/L of waste sent to landfill per litre of finished product. • 413 tons of hazardous waste. • 94 tons of waste landfilled.	***3.3.3 Circular Making*** 3.3.3.5 Reduce waste
Human Rights	**Discrimination & Diversity**	• In FY21, launch of the D&I roadmap, Better Balance: Inclusive Diversity and "Live without Labels" campaign. • Acceleration in FY22 and achievement of equal pay across the Group. • Inclusion of D&I related objective in long-term incentives plan. • Senior D&I Council to support and drive the D&I agenda.	• 0.9% pay-gap worldwide. • 35% of Top Management are women.	***3.3.2 Valuing People*** 3.3.2.2 Diversity & inclusion

Theme	Risk family	Mitigation actions and evaluation procedures	Key performance indicators	Subsections of Chapter 3
Human Rights	Working conditions	• Global Human Rights Policy. • In FY21, Human Rights assessment questionnaire sent to the HR network and independent country-level screening and mapping of potential Human Rights risks. • In FY22, development and promotion of an internal video on Human Rights. • Pernod Ricard University and other Learning and Development programmes. • Let's Talk Talent Performance Management and Development process. • Leadership Assessment and Development programme. • Social dialogue and company agreements. • EU Works Council. • Member of the Global Deal. • Roll-out of 6th edition of "I Say 2.0". • In FY22, global well-being survey. **Next steps:** • In FY23, Human Rights impact assessment beyond own operations. • Roll-out of the 7th edition of "I Say".	• 91% of total workforce trained. • 91% of employees received at least one performance review. • Number of resignations: 1,657. • Voluntary departure rate: 9.4%. • Absenteeism rate: 4.1%. • Employees covered by a welfare protection plan (death and invalidity) with a benefit equivalent to at least one year of the employee's fixed annual salary: 94.2%. • Employees benefitting from health insurance: 98.1%. • Engagement score ("I Say"): 76.	***3.3.2 Valuing People*** 3.3.2.1 Talent management 3.3.2.3 Employee engagement & culture, working conditions and health & safety 3.3.2.4 Human Rights

Suppliers and subcontractors

Theme	Risk family	Mitigation actions and evaluation procedures	Key performance indicators	Subsections of Chapter 3
Health and safety	**Health and safety at work**	• Responsible Procurement Policy covering all purchases of products/services. • Procurement Code of Ethics (embedded in the Code of Business Conduct). • Sustainability model clauses for contracts. • Sustainable Agriculture Key Principles. • Health & Safety policy applying to employees and contractors. **Proactive supplier analysis through the Blue Source process and Partner Up:** • Supplier Standards to be signed by all suppliers on Partner Up platform; • Dealings to be suspended with direct suppliers (Wet/Dry Goods) and key indirect suppliers (POS/VAPs) not signing; • Risk mapping tool to identify suppliers (Wet and Dry Goods, POS/VAPs) and subcontractors requiring priority assessment; • Sustainability assessment using EcoVadis to identify areas for improvement and action plans; • Social and ethical audits following the SMETA standards or other similar audits/standards; • In FY21, Responsible Procurement e-learning programme started. **Focus on agricultural supply chain:** • Terroir mapping analysis to assess environmental and social risk; • Farmer training and support; • Harmonised GHG calculation methodology developed for cereals, vineyards and distilled products; • Mitigation projects for priority terroirs.	**Number of suppliers:** • having signed the Supplier Standards: 2,049; • analysed through the Risk Mapping tool: 2,304; • identified as risky (high or medium risk): 1,852; • identified as risky and covered by an EcoVadis assessment: 318; • identified as at risk with production sites covered by an audit in accordance with social, environmental and ethical standards 70; • identified as at risk following the results of the assessment/audit (EcoVadis, SMETA) but not having started the implementation of the required mitigation plan. **Focus on agricultural supply chain:** • 98% of key agricultural raw material spend covered by mapping, focussing on priority terroirs; • full risk mapping analysis for 60 priority terroirs. Of these, 46 were scored under a high or medium risk level; • 31% of key raw materials produced or sourced to selected sustainability standards; • 9,933 farmers empowered, trained or supported *(cumulative number).*	***3.3.2 Valuing People*** 3.3.2.4 Human Rights 3.3.2.5 Responsible Supply Chain ***3.3.1 Nurturing Terroir*** 3.3.1.1 Supporting communities to regenerate ecosystems and tackle climate change 3.3.1.2 Pernod Ricard's agricultural footprint 3.3.1.3 An agile and ambitious journey to regenerate terroirs 3.3.1.4 Impactful programmes on regenerative agriculture and biodiversity preservation

Theme	Risk family	Mitigation actions and evaluation procedures	Key performance indicators	Subsections of Chapter 3
Health and safety	Health and safety at work	**Example of programmes:** • Malibu works with 500 coconut farmers in the Philippines. • Kahlùa works with a community of coffee farmers. **Next steps:** • Explore partnership plans to engage in a multi-stakeholder programme. • Train procurement managers and/or functions on Responsible Procurement processes including labour rights and Human Rights considerations. • Expand Responsible Procurement processes to other key indirect categories. • Discussions with main suppliers to set Scope 3 carbon reduction action plans.		

3.4.2.3 Whistle-blower system

Pernod Ricard encourages a culture of trust, openness and transparency, where all employees can raise genuine concerns in confidence. The Group's Code of Business Conduct advocates a Speak-up policy. This calls on all employees to report any ethical concern. This may relate to a practice or situation deemed to be contrary to or inconsistent with the Code, associated policies or any laws or regulations.

Pernod Ricard Ethics & Compliance team operates a Group-wide system: Speak-Up. It allows stakeholders wishing to report potential misconduct to do so in a safe and confidential manner. Hosted by a third party, it is available 24/7. Reports that are deemed to have been filed in good faith are investigated following a preliminary assessment by the Integrity Committee[1].

If the allegations are deemed to be substantiated, the Integrity Committee or its local delegate examines their severity and provides recommendations on the appropriate mitigation and/or remediation measures and/or disciplinary sanctions against the wrongdoer(s).

Pernod Ricard has a zero-tolerance policy towards retaliation against anyone who has reported an allegation or supported an investigation in good faith. Pernod Ricard conducted dedicated workshops with Human Resources Directors and with the legal and compliance network to manage whistleblowing cases and conduct investigations. The Group also runs global communications campaigns to increase awareness and improve employee understanding on what can be reported and how alerts are being processed.

(1) This is comprised of the following Group-level functions: Legal, Internal Audit, HR and Security, plus any functional expert as required on a case-by-case basis.

3.4.3 EU Taxonomy

Overview of the EU taxonomy regulation

Stemming from the European Commission's Action Plan for Sustainable Finance launched in 2018, the Taxonomy Regulation[1] constitutes an essential component of the EU's efforts to achieve the objectives of the Green Deal and make Europe carbon-neutral by 2050. The new classification system for sustainable activities aims to help redirect capital flows towards a more sustainable economy.

Under the Taxonomy Regulation, technical screening criteria are defined to identify activities that significantly contribute to six major environmental objectives:

(i) climate change mitigation;

(ii) adaptation to climate change;

(iii) sustainable use and protection of water and marine resources;

(iv) transition to a circular economy;

(v) pollution prevention and control; and

(vi) protection and restoration of biodiversity and the ecosystem.

Since 1 January 2022, reporting businesses must provide financial information in their annual report on activities that are Taxonomy-eligible (when the activity is covered by the Taxonomy Regulation).

Pernod Ricard is required to publish KPIs highlighting the proportion of its Taxonomy-eligible turnover, capital expenditure (Capex) and operating expenditure (Opex) resulting from products and services associated with economic activities defined as sustainable in Annexes I & II of the Climate Delegated Acts[2].

Presentation of the eligibility results

The scope of calculation of the Taxonomy indicators is the consolidated financial scope as detailed in Note 7 "*Consolidation scope*" in Section 6.6.

Turnover

When considering eligible turnover for the purposes of the Taxonomy Regulation, Pernod Ricard uses a materiality threshold of 1% of the Group's consolidated turnover. Given that the first two climate objectives applicable as of 2021 prioritise economic activities that contribute significantly to EU Greenhouse Gas (GHG) emissions, Pernod Ricard's core business of manufacturing and selling beverages is not covered by the Climate Delegated Act. Consequently, the Group's eligible turnover represents **0%** of its 2022 consolidated turnover (€10,701 million, Section 6.1 "*Consolidated annual financial statement*")[3].

Capital expenditures (Capex)

Due to the non-eligibility of its revenue-generating activities, Pernod Ricard's eligible Capex does not include Capex directly related to its activities and only concerns Capex implemented under "individually sustainable measures", as defined by the Taxonomy Regulation. They represent **29.1%** of the Group's acquisitions of property, plant and equipment, intangible assets and right-of-use assets in 2021 (€669 million, Section 6.6 - Note 4.1 *Intangible assets* and Note 4.2 *Property, plant and equipment*)[4].

These eligible investments mostly relate to the following types of activities:

1) real estate assets such as brand homes, onsite offices and distilleries;

2) leasing of vehicle fleets;

3) renewable energy technologies.

Operating expenditures (Opex)

Opex, as defined by the Taxonomy Regulation[5], represent less than 5% of Pernod Ricard's total Opex in FY22. As a result, it is deemed **non-material** and exempt from the calculation of the numerator of Opex KPI as permitted by the regulation[6].

Links to S&R achievements & initiatives

Pernod Ricard's strong climate, biodiversity and circular economy commitments are fully embedded in its S&R strategy "Good Times from a Good Place" which covers the entire value chain, from grain to glass.

Actions by Pernod Ricard that do not necessarily fall under the definition in the Taxonomy Regulation, hence resulting into non-eligible turnover, Capex and Opex should not be interpreted as reflecting the Group's progress towards sustainability objectives, as its ambitious 2030 roadmap is aligned with the UN SDGs[7].

(1) Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to promote sustainable investments and amending Regulation (EU) 2019/2088. Available here.
(2) Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852. Available here.
(3) Additional information on the calculation of the KPI linked to revenue is presented in the methodological note (see Section 3.6.1).
(4) Additional information on the calculation of the KPI linked to investment expenditure is presented in the methodological note (see Section 3.6.1).
(5) Total Opex consists of (i) direct non-capitalised costs that relate to research and development; (ii) building renovation measures, short-term lease and maintenance and repair, and (iii) any other direct expenditure relating to the day-to-day servicing of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.
(6) The exemption of Opex KPI is described in the methodological note (see Section 3.6.1).
(7) For more information on the S&R commitments, targets, actions and contribution to SDGs, please see the previous pages.

Priority ambition to combat climate change

Pernod Ricard makes it a priority to fight climate change. This is translated into the ambitious carbon reduction targets set by the Group, aligned with the Science-Based Targets Initiative. For Scopes 1 and 2 (energy used directly on Group production sites), the Group's current target is to reduce its emissions by 54% by 2030 from its FY18 base year. This will mainly be achieved through investment in new energy-related technologies in Group distilleries, such as mechanical vapour recompression in Ireland (Irish Distillers) and Scotland (Chivas Brothers). This solution has already been implemented in Sweden by The Absolut Co. In parallel, the Group will switch globally to renewable electricity sources by 2025, following the Group commitment to RE100[(1)].

Furthermore, in 2022, the Group launched its inaugural "sustainability-linked" bond issue for €750 million. This transaction is indexed to two environmental commitments:

- reduction of Pernod Ricard's absolute amount of GHG emissions (Scopes 1 and 2); and
- reduction of its water consumption in its distilleries per unit of alcohol produced.

Pernod Ricard is also focused on reducing its Scope 3 emissions, which are indirectly generated by the Group and its suppliers. Carbon reduction is now fully integrated into business discussions with glass manufacturers, in order to ensure they commit to lower carbon emissions for their supplies to the Group. Together with its regenerative agriculture engagement, this will contribute to achieving the Group's commitment to reduce its overall carbon intensity by 50% by 2030.

Projects that contribute to the circular economy transition and biodiversity protection

The KPIs of the Group's Taxonomy-eligible turnover, Capex and Opex are expected to increase when the four remaining environmental objectives, in particular "Transition to a circular economy" and "Protection of biodiversity", are added to the Delegated Regulations (assumption based on the most recent report from the Platform on Sustainable Finance[(2)]).

Pernod Ricard's commitment to protect biodiversity is reflected in its strong regenerative agriculture engagement. The ambition of the Group is to have a positive impact in all its main "terroirs", where raw materials are sourced. In its vineyards, Pernod Ricard local affiliates are testing regenerative practices, restoring life in the soil and in the ecosystem. Projects are being initiated with farmers to develop alternative ways to grow cereals or other crops used by the Group that have a positive impact on biodiversity and farming resilience. Pernod Ricard has become the first company to join the IUCN "Agriculture and Land Health Initiative", a new international initiative designed to accelerate the transition to sustainable agriculture as a means of combating climate change and the loss of biodiversity.

Furthermore, Pernod Ricard supports various projects in the field of circular economy, including a pilot programme launched by Absolut, Beefeater and Havana Club in Hong Kong and Singapore in partnership with ecoSPIRITS[(3)]. This programme will allow Pernod Ricard to reduce waste and CO_2 emissions from the production and transport of glass bottles through reusable containers and bulk distribution.

(1) RE100 is the global corporate renewable energy initiative bringing together hundreds of large and ambitious businesses committed to 100% renewable electricity. More information can be found on its website.

(2) Annex to the Platform on Sustainable Finance's report with recommendations on technical screening criteria for the four remaining environmental objectives of the EU taxonomy. Available here.

(3) ecoSPIRITS is an innovative closed-loop distribution system that nearly eliminates packaging waste in the premium spirits supply chain. More information can be found here.

3.5 Reference table for the United Nations Sustainable Development Goals (SDGs)

The Group has been a member Global Compact since 2003. It is actively working with others to develop initiatives that fully align with the business's commitment to sustainability.

Last September, Pernod Ricard was once again awarded LEAD membership of the Global Compact. This reflects its ongoing commitment to the UN SDGs and to the Global Compact's ten principles of responsible business. This year, the Group also signed up as an Early Adopter of the new Communication on Progress (COP) of the Global Compact. This is designed to help improve reporting on SDGs and contribute to the enhancement of the digital reporting platform. This new COP will enable companies to understand, measure, track and disclose their progress on the Ten Principles and their contribution to the SDGs.

Achieving a better world, as the Global Compact recommends, requires taking responsibility and taking action. True to its convivial spirit, the Group actively supported Ukraine and the work of the UN High Commissioner for Refugees (UNHCR).

Priority SGDs	Other SDGs impacted by Pernod Ricard	SDG targets to which Pernod Ricard contributes	Section 3 subsection title	Pages
15 LIFE ON LAND; 13 CLIMATE ACTION	7 AFFORDABLE AND CLEAN ENERGY; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION		**Nurturing Terroir**	
		12.2; 13.1; 15.1	Supporting communities to regenerate ecosystems and tackle climate change	108
		15.1; 15.5	Pernod Ricard's agricultural footprint	109
		7.3; 12.2; 12.4; 12.8; 13.1; 15.1	An agile and ambitious journey toward sustainable terroirs	111
		15.1; 15.6	Impactful programmes on regenerative agriculture and biodiversity preservation	112
8 DECENT WORK AND ECONOMIC GROWTH; 5 GENDER EQUALITY	1 NO POVERTY; 3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 10 REDUCED INEQUALITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION		**Valuing People**	
		3.2; 4.3; 4.4; 5.1; 5.2; 5.5; 8.5; 8.8; 10.3; 12.6; 12.8	Talent management	113
		4.7; 5.1; 5.5; 10.3	Diversity & Inclusion	116
		3.6; 3.8; 3.9; 8.8; 10.3	Employee engagement & culture, working conditions and health & safety	117
		8.7; 8.8; 10.2	Human Rights	120
		4.4; 4.7; 12.2; 12.6; 12.8; 16.2	Responsible supply chains	121
			The Bar World of Tomorrow	123
12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 14 LIFE BELOW WATER	3 GOOD HEALTH AND WELL-BEING; 7 AFFORDABLE AND CLEAN ENERGY; 6 CLEAN WATER AND SANITATION; 13 CLIMATE ACTION		**Circular Making**	
		12.2; 12.5	Environmental management	124
		7.2; 7.3; 12.4; 13.1	Climate change: reduction and adaptation	124
		6.1; 6.3; 6.4; 12.4; 12.5; 14.1	Preserve water resources	132
		12.2; 12.4; 12.5; 12.8; 14.1	Circular packaging and distribution	134
			Reduce waste	136
3 GOOD HEALTH AND WELL-BEING; 17 PARTNERSHIPS FOR THE GOALS	12 RESPONSIBLE CONSUMPTION AND PRODUCTION		**Responsible Hosting**	
		3.4; 3.5; 3.6; 12.8; 17.14	Responsible drinking initiatives Brand campaigns	137
		3.4; 3.5; 12.8	Responsible marketing Responsible sales Responsible experiences	139
		3.4; 3.5; 12.8	Consumer information Employee engagement	141
16 PEACE, JUSTICE AND STRONG INSTITUTIONS			**The Group's ethical practices**	
		16.5	Personal data protection	144
		16.5	Prevention of corruption and anti-competitive practices	145
		16.5	Transparency and integrity of strategies and influencing practices	146
		16.5	Tax policy	146

3.6 Methodology note and third-party verification

3.6.1 Methodology note on non-financial reporting

3.6.1.1 Period & scope of reporting

Social, environmental and societal data is reported annually. It relates to the period from 1 July 2021 to 30 June 2022. Unless otherwise stated, this data relates to activities under the Group's operational control.

Scope of social reporting

The social analysis in this report is based on all Group entities reporting data for their employees for the relevant period. When the Group acquires full ownership of a new entity, its corporate HR data is included in full in the figures. At the end of each financial year, the list of entities within the Group's social reporting is compared to the financial reporting list to ensure completeness. In FY22, reporting covered 137 entities with employees during the year.

The scope of consolidation and level of detail for corporate data have changed since FY19. Social data is no longer reported by affiliate but by legal entity.

The following entities are inactive in Workday but still existing because of historical data. These entities have no headcount and had no movement in FY22:

- Pernod Ricard USA Finance, Inc.;
- Pernod Ricard USA Bottling, LLC;
- Pernod Ricard Overseas, Inc.;
- Wyborowa SA;
- Our Vodka;
- Pernod Ricard Asia Japan Representative Office; and
- Euro Trade LTD.

The following entities were updated in FY22:

- Creation of Mx;
- JDC Servicios Pernod Ricard México SA de C.Va merged with Pernod Ricard México SA de CV;
- DOBRY WYBÓR sp. z.o.o. s.k. merged with WYBOROWA SA Oddzial w Warszawie;
- Société des Produits d'Armagnac SAS – *sold in FY22*;
- DIAB – first year of reporting;
- Pernod Ricard Sub Saharan Africa merged into Pernod Ricard SOUTH AFRICA PTY LTD;
- Pernod Ricard Mozambique and Pernod Ricard Ghana Limited started to report as separate entities. Previously, the data was included in South Central Africa for Mozambique and West Africa for Ghana;
- Pernod Ricard Namibia Pty Ltd – *first year of reporting*;
- 8degrees – *new entity and not reporting yet*;
- The Kyoto Distillery KK – *new and not reporting yet*; and
- Convivialite (Shanghai) Food Sale Co., Ltd: created as of 1 July 2022, will report next year.

The Asia-Pacific Region includes the Asia distribution network and the Group's Wines business. This also includes the affiliates Bodegas Tarsus and Pernod Ricard Winemakers Spain, based in Spain, and Pernod Ricard Winemakers Kenwood and Pernod Ricard Winemakers Mumm Napa, based in the United States. A distinction is made between Brand Companies and Market Companies for Australia and New Zealand resulting in two entities for each country.

Pernod Ricard's African activities are managed by Pernod Ricard's Europe, Middle East, Africa and Latin America Region and the related data are therefore included in the data for this Region.

The social reporting indicators are selected to provide the Group with a reliable and accurate picture of its global footprint. The data collected enables Pernod Ricard to be increasingly socially responsible in respect of its employees worldwide.

Scope of societal reporting

For Responsible Procurement related information, the scope covers the Packaging (Dry goods), Raw Material (Wet goods), and Point of sale material purchasing categories. Are excluded from this analysis: A&P (Advertising & Promotions), IT, Business Services, Travel, Co-packing and Manufacturting (incl. Logistics).

This perimeter also focuses only on 37 Pernod Ricard entities which are: Chivas, Corby, Global Travel Retail, Havana Club, Hiram Walkers And Sons, Irish Distillers, Jan Becher, Lillet, Martell Mumm Perrier-Jouët, Pernod Ricard Argentina, Pernod Ricard Brasil, Pernod Ricard China, Pernod Ricard Deutschland, Pernod Ricard España, Pernod Ricard Finland, Pernod Ricard France, Pernod Ricard Hellas & Kam, Pernod Ricard HQ (for Group Preferred Suppliers only), Pernod Ricard India, Pernod Ricard Italia, Pernod Ricard Japan, Pernod Ricard Korea, Pernod Ricard Mexico, Pernod Ricard Portugal, Pernod Ricard Rouss, Pernod Ricard South Africa, Pernod Ricard Turkey, Pernod Ricard UK, Pernod Ricard USA, Pernod Ricard Winemakers Australia/New Zealand, Pernod Ricard Helan Mountain, Pernod Ricard Winemakers Spain, Pernod Ricard Winemakers USA, The Absolut Company, Ungava Spirits, Wyborowa/Pernod Ricard Poland and Yerevan Brand Company.

The other entities are excluded from this perimeter because they purchase low volumes of the above purchasing categories and do not have the dedicated Procurement resources to manage the spend.

Indicators relating to responsible drinking are included in the social report. The indicators cover all Pernod Ricard subsidiaries (Brand Companies and Market Companies), which must provide their societal information in the social reporting. When several subsidiaries are located in the same country, the implementation of the S&R strategy and the associated action plans may be carried out by a single subsidiary.

Scope of environmental reporting

Pernod Ricard's environmental reporting relates to production sites under the Group's operational control on 30 June in the financial year in question and operational throughout the year. It does not cover administrative sites (head offices or sales offices) or logistics warehouses located outside industrial sites (only involves a few isolated warehouses). This is because their environmental impact is not significant compared to those within industrial sites. It also covers the agricultural supply chain.

The FY22 reporting covers 87 industrial sites. This figure is lower than in FY21 following the closure of one production site & reclassification of another production sites[1]. The industrial scope for this financial year therefore covers:

- a production volume of 1,140 million litres (finished products either bottled or in bulk), compared with 1,035 million in FY21; and
- a volume of distilled alcohol of 287 million litres in FY22, compared with 244 million litres in FY21.

3.6.1.2 Clarification on indicators

Social indicators

Average headcount is calculated in terms of full-time equivalents, without taking account of short-term employee absences. Long-term absences involving contract suspensions are reflected in the calculation of the FTE.

Since FY19, employees are included in the headcount of the legal entity with which they have an employment contract. Expatriates and seconded employees are included in the headcount of their host affiliates.

Pernod Ricard China employees are accounted for as staff on permanent contracts. Chinese employment contracts have a statutory term and are only converted into permanent contracts after a number of years. However, given the specific characteristics of employment legislation in China, Pernod Ricard considers its employees to be permanent staff. Due to the particular characteristics of local labour laws, as of last year the same rule applies to Pernod Ricard Minsk employees, as the concept of fixed-term contract does not exist in Belarus.

Work-study contracts (apprenticeship contracts and training contracts) are not counted as fixed-term contracts. This also applies to work placement students, temporary workers and VIE programme volunteers.

The absenteeism rate is calculated based on the theoretical number of hours and working days worked per year. Maternity/paternity/parental leaves are included in the absenteeism rate.

Since FY21, the calculation for lost time accident severity & frequency rates evolved to follow a more commonly used method and make the indicators easier to understand. The number of accidents and subsequent calendar days lost are now set against the annual full time equivalent for both employees & interim workers, and no longer the number of days theoretically worked during the year.

Additionally, and in line with the Group H&S policy, newly acquired companies are only included in their second full fiscal year for:

- frequency/severity rates for workplace accidents;
- number with lost time; and
- number of fatalities.

Commuting accidents are not included in accident numbers. They are thus not used to calculate frequency and severity rates.

It should be noted that "daily contract" data are included as long as available; any days lost after the contract termination are not included.

Doubtful cases of lost-time accidents are requested to be reported by each affiliate and are reviewed quarterly by a H&S Committee composed of HQ H&S Director and manager, Brand Co QSE managers and QSE managers (or H&S coordinators) of each site requesting that a case be reviewed. Exclusion of doubtful cases can be decided when the work-relatedness is excluded and based on the H&S reporting protocol rules.

Training hours rules have been harmonised:

- when available, actual hours will be used;
- when the hours are not available/tracked (*e.g.* for some e-learning) 1hr will be used by default.

For the training salaries costs, where detailed data was not available, a formula was introduced: total gross salary = number of hours × (UTC + DTC)/(FTE × theoretical yearly hours per FTE).

Headcount and FTE calculations consider employees leaving the Group on the last day of the fiscal year as active. The related termination events are then included in the next fiscal year to calculate departure rates & turnover.

One indicator was corrected: initially, in the "Representation of Women at 30 June (Permanent Contracts)" table, Group headcount for FY21 had been reported at 6,952 and was corrected to 6,592.

The definition for the "Top Management" classification was reviewed and reclarified following the FY19 publication. This classification reflects the employees from COMEX to Band C job levels.

The number of bartenders and bar owners trained to the Bar World of Tomorrow (BWOT) correspond to the total consolidated number of training sessions completed, since the official launch in 2020.

Societal indicators

Regarding Responsible Procurement information, the global data are extracted from Partner Up tool. There are some exceptions: some suppliers from the following countries are excluded from Partner Up platform because the tool is not fully deployed in these countries: China, Brazil (for Brazil, only non-Brazilian third parties are created on Partner Up), Taiwan, South Korea, Russia, Ukraine, Belarus, Kazakhstan, and Cuba. In this case, the list of suppliers is reported manually to Pernod Ricard Headquarters *via* and Excel sheet report.

Regarding the calculated indicators: only active suppliers are considered (active supplier: doing business with Pernod Ricard for the last two years; beyond two years and without any activity, the supplier is considered inactive):

1. having signed the Supplier Standards: number of active suppliers who have signed the Supplier Standards (using Partner Up or outside Partner Up);
2. analysed using the Risk Mapping tool: number of active suppliers who have been analysed by the Risk Mapping Tool (using Partner Up or outside Partner Up);

(1) Eauze (closed) & Ligneres (reclassified) in France.

3. identified as risky (high or medium risk): number of active suppliers identified with high or medium risk (results of the Risk Mapping Tool);
4. identified as risky and covered by an EcoVadis assessment: number of active suppliers, identified as risky (high or medium) and evaluated by EcoVadis (valid evaluation, expired evaluation excluded);
5. identified as risky with production sites covered by an audit following social, environmental and ethical standards: number of active suppliers, identified as risky (high or medium) and audited following social and ethical audit standards (valid evaluation, expired evaluation excluded);
6. identified as risky following an external assessment/audit (Ecovadis, SMETA) but who did not start to implement the required mitigation plan: number of active suppliers, identified as risky, following an external assessment/audit (Ecovadis, SMETA) who require to start a mitigation plan (a plan to correct the non-conformities).

For the two last indicators, the methodology has been updated. In January 2022, the Group stopped its membership of the AIM Progress initiative and decided to extend the scope of social and ethical audits to other standards such as the Sustainable Winegrowing Accreditation (SWA).

Environmental indicators

The Group footprint on agricultural land is assessed by the areas on which purchased agricultural raw materials are used. These equivalent areas are estimated on the basis of the agricultural yields of the various materials used by the Group[1]. For transformed products, industrial yields are used to assess the quantity of agricultural materials purchased.

Site environmental performance is expressed using various ratios. These depend on the business category used by the Group to classify sites:

- distilleries: data broken down by volumes of pure distilled alcohol;
- bottling sites: data broken down by volumes of bottled finished products;
- wineries: data broken down by volumes made into wine;
- vineyards: data broken down by surface area cultivated with vines.

At Group level, consolidated performance is expressed based either on:

- the amount of distilled alcohol for environmental impact primarily due to distillation (*e.g.*, water or energy consumption), expressed in units per thousand litres of pure distilled alcohol (kl PA);
- the bottled volume or the volume of finished products manufactured (including products delivered in bulk) when bottling or production is the main source of impact (such as in the case of solid waste), expressed in units per thousand litres (kl);
- the number of hectares occupied by vineyards for agricultural properties, expressed in units per hectare (ha).

For industrial sites, this distinction is sometimes complex, as some sites have several activities. As such, since the time frames involved in bottling may sometimes differ widely from those for distilling (aged spirits: whiskies, cognac, etc.), these figures may be difficult to interpret from year to year. Both calculation methods are therefore presented for some indicators.

Setting overall Group quantitative targets for the quantity of water or energy consumed per unit produced, for example, becomes complex as the consolidation of targets depends on the business mix during the year and the consolidated indicator chosen. For that reason, the performance captured by indicators should be used with care and interpreted over the long-term. Where a significant reporting error from previous periods is identified, historical data is only readjusted if the impact on Group performance is over 1%. This is to allow for a better interpretation of results and trends.

The definitions for "renewable energy consumption" and "renewable electricity consumption" were reviewed following the FY19 publication to come into line with RE100 requirements. Since FY20:

- total renewable electricity consumption is calculated using the portion covered by green or renewable energy certificates plus renewable electricity produced and used on site;
- total renewable energy consumption is calculated using total renewable electricity consumption plus other renewable energy used on site (biogas, biofuel, etc.).

The Water Risk Assessment is done using the Aqueduct Water Risk Atlas, a tool developed by the World Resources Institute (WRI). The Internal Water Risk Index (IWRI) is calculated based on the blended rating from three Aqueduct indicators:

- overall Water Risk;
- baseline Water Stress;
- baseline Water Stress – 2030 projected using a "Business as Usual" scenario.

Three water risk levels are defined as a result of "Internal Water Risk Index" analysis:

- extremely high-risk, sites with an IWRI of over 4;
- high-risk, sites with an IWRI between 3 and 4;
- medium-risk, sites with an IWRI between 2 and 3;
- low-risk, sites with an IWRI under 2.

Sites from the top two risk levels (*i.e.*, 3 or higher) are required to replenish their water consumption through water projects. Dedicated co-packers only include bottling process activities with at least 90% of production volume relating to Pernod Ricard. The water quantities replenished through projects in place are consolidated at country-level and for watersheds with the same level of risk.

Concerning the Group carbon footprint calculation, both location-based and market-based energy emissions are calculated, although Scopes 1 and 2 calculations only take market-based emissions into account. The location-based method reflects the average emissions intensity of grids on which energy consumption occurs; the market-based method reflects emissions from electricity that companies have purposefully chosen, and derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims.

(1) *Except for the agave footprint which is based on accurate land coverage.*

Carbon emissions data for the FY18 baseline for POS materials were used taking FY21 figures with revised calculation methodology, as data availability and accuracy significantly improved in FY21. In FY22, POS emissions calculation methodology was revised again for data reliability purposes.

Lastly, the Group is developing calculators with its suppliers and encouraging them to conduct Life Cycle Analysis in order to progressively replace their generic emission factors with specific ones, thus allowing for finer CO_2 emissions calculation.

EU taxonomy indicators

For the turnover, while the Group's activity of ticketing for brand homes is within the scope of the Taxonomy Regulation in relation to the achievement of the climate objectives, the associated revenues are immaterial and are excluded from the reporting of Taxonomy-eligibility (less than 1% of the 2022 consolidated turnover).

Regarding capital expenditures (Capex), an eligibility analysis has been conducted for Pernod-Ricard's business units, covering over 75% of Pernod-Ricard's Capex. This analysis was extrapolated to estimate the full scope. Note that Pernod Ricard warehouse Capex is deemed not eligible to be included as alignment criteria for real estate activities are not applicable to these investments.

Taxonomy Regulation states that where the Opex is non-material for the business model of the company, it shall be exempted from the calculation of the numerator of Opex KPI and disclose that numerator as being equal to zero. The calculation of the Opex as defined by the Taxonomy has been based on the identification and calculation of R&D, short-term rentals and maintenance and repairs expenses, including R&D workforce costs. Opex (as defined by the regulation) are deemed immaterial as they represent less than 5% of Pernod-Ricard total Opex. The company is therefore exempt from the calculation of the numerator and its Opex KPI is nil.

3.6.1.3 Data collection, consolidation and monitoring

Data collection methods

To ensure the standardisation and reliability of results, non-financial indicators are formalised in reporting procedures. This includes specific definitions for each indicator, which are passed on to all Managers involved in collecting and consolidating data.

Pernod Ricard constantly seeks to improve the collection and analysis of its data. It accordingly updates its procedures and user guide annually in line with the Group's evolving needs. Improvements are made to ensure compliance with:

- the requirements of the decree implementing article 225 on corporate transparency obligations on social and environmental matters; and
- in accordance with applicable national or international frameworks.

Updates also result from contributions from affiliates when reporting data and auditor feedback. Any changes from the previous year are highlighted.

For Health & Safety Lost Time accident reporting, a new tool called Intelex has been implemented for FY22 for affiliates to register their accidents. For number of accidents, number of days, frequency and severity rate, the source of the figures is Intelex.

For environmental indicators, this same tool was launched to collect data from FY22.

For EU Taxonomy indicators, this initial reporting exercise has been led jointly by the Finance and CSR teams at the Group and affiliate levels, mobilising Sustainability, Finance, Operations and Purchasing Departments. The main interpretations used to roll out this regulation are mentioned in the following section. The detailed reporting protocol is available on request from Pernod Ricard's head office.

Methods for consolidating and checking data

Once submitted by entities, data is compiled at management entity level, then at Region or Brand level for submission to Headquarters. The data is processed and consolidated at each level. Each entity collecting and compiling data is responsible for the indicators reported and certifies the data as well as the checks done.

This control is facilitated by automatic checks within the data entry tool in the consolidation documents sent to the Regions or Brands and in the consolidation tool. Amongst other things, these include consistency checks against previous years and between the indicators themselves. For social indicators, at each step the affiliates can explain any variations *versus* the previous financial year. For variations of 10% or more, a comment is required to facilitate understanding and tracking.

Once all the data have been collected, Headquarters performs consistency checks to identify any reporting or input errors. When there are significant variations, the Group checks with the affiliates to ensure the data is valid. Finally, Headquarters consolidates these data.

Regarding the EU Taxonomy, Pernod Ricard has ensured that there is no double counting in the calculation of turnover, Capex and Opex KPIs across activities as directly allocable turnover, Capex and Opex are considered.

3.6.2 Statutory Auditor's report

Report of one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated non-financial performance statement

This is a free English translation of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended 30 June 2022

To the Shareholders' Meeting,

In our capacity as Statutory Auditor of Pernod Ricard (hereinafter the "Company"), appointed as independent third party ("third party") and accredited by the French Accreditation Committee (Cofrac), under number 3-1886 rév. 0 (Cofrac Inspection Accreditation, scope available at www.cofrac.fr), we have conducted procedures to express a limited assurance conclusion on the historical information (observed or extrapolated) in the consolidated non-financial performance statement, prepared in accordance with the Company's procedures (hereinafter the "Guidelines"), for the year ended 30 June 2022 (hereinafter the "Information" and the "Statement", respectively), presented in the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (code de commerce).

Conclusion

Based on our procedures as described in the section "Nature and scope of procedures" and the evidence we have obtained, no material misstatements have come to our attention that cause us to believe that the non-financial performance statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used reference framework or established practices on which to base the assessment and measurement of the Information enables the use of different but acceptable measurement techniques that may impact comparability between entities and over time.

Accordingly, the Information must be read and interpreted with reference to the Guidelines, summarised in the Statement and available on request from its headquarters.

Limits inherent in the preparation of the information relating to the Statement

As stated in the Declaration, the Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the methodological note of the Statement.

Responsibility of the Company

Management is responsible for:

- selecting or determining the appropriate criteria for the preparation of the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented with respect to these risks as well as the outcomes of these policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- implementing such internal control as it determines is necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by applying the Company's Guidelines as referred to above.

Responsibility of the Statutory Auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

As it is our responsibility to issue an independent conclusion on the information prepared by management, we are not authorised to participate in the preparation of the Information, as this could compromise our independence.

It is not our responsibility to provide a conclusion on:

- the Company's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the duty of vigilance and the fight against corruption and tax evasion);
- the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with our audit verification programme in application of Articles A. 225-1 et seq. of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement and with the international standard ISAE 3000 (revised - Assurance engagements other than audits or reviews of historical financial information).

Independence and quality control

Our independence is defined by Article L. 822-11-3 of the French Commercial Code and French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

Means and resources

Our work engaged the skills of ten people between June 2022 and September 2022 and took a total of sixteen weeks.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted more than twenty interviews with people responsible for preparing the Statement.

This work involved the use of information and communication technologies allowing the work and interviews to be carried out remotely, without hindering the good execution of the verification process.

Nature and scope of procedures

We planned and performed our work taking account of the risk of material misstatement of the Information.

We consider that the procedures conducted in exercising our professional judgement enable us to express a limited assurance conclusion:

- We familiarized ourselves with the activities of all companies in the consolidation scope and the description of the principal risks.
- We assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector.
- We verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, respect for human rights and the fight against corruption and tax evasion.
- We verified that the Statement provides the information required under Article R.225-105 II of the French Commercial Code where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L.225-102-1 III, paragraph 2 of the French Commercial Code.
- We verified that the Statement presents the business model and a description of the principal risks associated with the activities of all the consolidated entities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks.
- We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented; and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important[(1)]; for certain information, (Alcohol in society, Responsible supply chains), our work was carried out on the consolidating entity, while for other risks, our work was carried out on the consolidating entity and on a selection of entities.
- We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement.
- We obtained an understanding of internal control and risk management procedures implemented by the Company and assessed the data collection process aimed at ensuring the completeness and fairness of the Information.
- For the key performance indicators and other quantitative outcomes[(2)] that we considered to be the most important, we implemented:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
  - substantive tests, on a sample basis and using other selection methods, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities[(3)] and covered between 10% and 49% of the consolidated data selected for these tests.
- We assessed the overall consistency of the Statement in relation to our knowledge of the entire Company.

The procedures conducted in a limited assurance review are substantially less in scope than those required to issue a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, September 20, 2022

One of the Statutory Auditors,

Deloitte & Associés

Marc de Villartay	**Julien Rivals**
Partner, Audit	*Partner, Sustainability Services*

(1) Selected qualitative information: see Appendix.
(2) Selected qualitative information: see Appendix.
*(3) **Entities targeted by detailed tests on social indicators:** The Absolut Company, Pernod Ricard France, Chivas, Pernod Ricard USA LLC.*
***Entities targeted by detailed tests on environmental indicators:** Walkerville, Cowansville, Fort Smith PR USA, Nashik, Arandas House of Tequila, Nobbelov, Kenwook winery and Napa (on limited scope – only waste to landfill).*

APPENDIX

Information selected by the independent third party:

Quantitative indicators:

- **Indicators related to "Valuing People":** Headcount and average headcount (permanent and temporary contracts), Representation of women in Top Management, Absenteeism rate, Total departure rate, Frequency rate, Severity rate, Number of work accidents with lost-time, Number of employees trained, Training hours, Part of the payroll invested by the Group in training, Gender pay gap, Number of batenders trained on all aspects of sustainability and responsibility since the launch of BWOT (Bar World Of Tomorrow), Responsible supply chains: Number of suppliers: Having signed up the supplier Standards; Analysed using the Risk Mapping Tool, Identified as risky (high or medium); Identified as risky and covered by an EcoVadis assessment; Identified as risky with production sites covered by an audit following social, environmental and ethical standards; Identified as risky following an external assessment / audit (EcoVadis / SMETA) but who did not start to implement the required mitigation plan;
- **Indicators related to "Circular making":** Produced volume (distilled alcohol, wine made, bottled product and bulk), Total volume of water used, Total volume of water abstracted, Total quantity of waste, Quantity of waste recycled, Quantity of waste incinerated, Quantity of waste sent to landfilled, Breakdown of the weight of packaging (focus on glass and carton cases), PET post consumer recycled content, Percentage of cardboard certified to standards ensuring sustainable forest management, Rate of promotional items concerned by the ban of made single use plastic, Total energy consumed (industrial sites), % of renewable energy, % of renewable electricity, Direct emissions (Scope 1), Indirect emissions (Scope 2), Carbon emissions intensity at production site level (Scope 1 + Scope 2), Science based Target Scope 3 emissions;
- **Indicators related to "Nurturing terroirs":** Breakdown of key agricultural raw materials in tons, Estimated agricultural footprint (hectares), Percentage of key raw materials produced or sourced in line with selected sustainability standards, Number of farmers empowered, trained or supported on regenerative agriculture.

Qualitative information:

- **Information related to "Valuing people":** Health & Safety roadmap;
- **Information related to "Circular making":** Roll-out of the « EcoPack » tool to assess compliance with internal sustainable packaging guidelines, Water replenished in watersheds with the same level of risk for production sites and dedicated copackers located in high risk areas;
- **Information related to "Nurturing terroirs":** Regenerative viticulture pilot programmes, Risk mapping of key agricultural raw materials;
- **Information related to "Responsible Hosting":** Compliance to the Digital Guiding Principles measured through artificial intelligence (AI) and manual checks, Direct To Consumers (D2C) sites that are age gated (audit via AI), Group's employees trained through the MOOC on alcohol and responsible drinking.

part

4. Risk management

4.1 Internal control and risk management

This subsection covering risk management and internal control follows corporate governance guidelines, in compliance with the French Financial Markets Authority (AMF) reference framework for risk management and internal control.

4.1.1 Definition of internal control

The Group's internal control policies and procedures are designed to ensure:

- that management, transactions and personal conduct comply with Group business conduct, as set out by the Group's governing bodies and Senior Management, applicable laws and regulations, and in accordance with Group's values, standards and internal rules;
- that the accounting, financial and management information provided to the Group's governing bodies accurately reflect the performance and the financial situation of the companies within the Group; and
- the proper protection of the Group's assets.

One of the objectives of the internal control systems is to prevent and control all risks arising from the Group's business activities, in particular, accounting and financial risks, including error or fraud, as well as operational, strategic and compliance risks. As with all control systems, they cannot however provide an absolute guarantee that such risks have been fully eliminated.

4.1.2 Description of the internal control environment

4.1.2.1 Components of the internal control system

The principal bodies responsible for internal control are as follows:

At Group level

- The **Executive Board** is the permanent coordination body for the management of the Group;
- The **Executive Committee** ensures that the Group's operations are carried out properly and that its main policies are applied;
- The **Internal Audit Department** works under the Group Chairman and CEO and reports to the Executive Board and the Audit Committee. The internal audit team based at Headquarters is in charge of implementing the audit plan, with the support of the audit teams in the Regions. The audit plan is drawn up once the Group's main risks have been identified and analysed. It is validated by the Executive Board and the Audit Committee. It presents various cross-disciplinary issues that will be reviewed during the financial year, the list of affiliates that will be audited, and the main topics to be covered during the audits. The conclusions are then submitted to the Audit Committee, Executive Board and Statutory Auditors for examination and analysis; and
- **External Auditors**: the Board of Directors selects the Statutory Auditors to be proposed at the General Meeting on the basis of recommendations from the Audit Committee.

The Group has selected Statutory Auditors who are able to provide comprehensive worldwide coverage of Group risks.

At affiliate level

The **Management Committee** is appointed by Headquarters or the relevant Region and is composed of the affiliate's Chairman and CEO and of the Directors of its main functions. The Management Committee is responsible for managing the main risks that could affect the affiliate.

The affiliate's **Chief Financial Officer**, assisted in most cases by an internal controller, is tasked by the Managing Director of the affiliate with establishing appropriate internal control systems for the prevention and control of risks arising from the affiliate's operations, in particular, accounting and finance risks, including error or fraud.

4.1.2.2 Identification and management of risks

During FY22, the Group focused on:

- a review of the Group's risk mapping involving Senior Management and the Audit Committee. This annual review takes into account the major changes in the risk environment to which the Pernod Ricard Group is exposed;
- strengthening internal control within the Group, using various approaches, including the continued development of data analytics to strengthen auditing methods;
- implementing the self-assessment questionnaire on internal control and risk management. This questionnaire, which was updated during the financial year, complies with the French Financial Market Authority (AMF) reference framework for risk management and internal control, as does its application guide, itself updated in July 2010; and
- performing audits: 27 internal audits were conducted in FY22. The purpose of these audits was to ensure that the Group's internal control principles were properly applied in its affiliates. They also allowed to review the processes in place, best practices and potential areas for improvement on various cross-cutting themes. Unlike in FY21, this year the teams were able to return to the field to carry out the majority of audit assignments.

All of the key areas for improvement identified were addressed in specific action plans drawn up at every affiliate and at Group level, which were validated by the Executive Board and the Audit Committee. Their implementation is regularly monitored and assessed by the Group's Internal Audit Department.

The work performed resulted in an improvement of the quality of internal control and risk management to improve within the Group.

4.1.2.3 Key components of internal control procedures

The key components of internal control procedures are as follows:

A formal **delegation of authority** procedure sets out the powers of the Chairman and CEO, as well as the powers delegated to members of the Executive Board.

The **internal control principles** outline the common ground of all principles and rules that apply to all of the Group's affiliates with respect to internal control for each of the 14 main operational cycles identified.

The **self-assessment questionnaire** is regularly updated to comply with the AMF reference framework for risk management and internal control. In particular, it covers corporate governance practices, operational activities and IT support. Submitted to the Group's affiliates, it enables them to assess the adequacy and effectiveness of their internal controls. Responses to the questionnaires are documented and reviewed by the Regions and the Group's Internal Audit Department. This work is detailed in:

- a summary by affiliate and an overall Group summary, both of which are provided to the Executive Board and the Audit Committee; and
- a letter of representation from every affiliate to the Chairman and CEO of its Parent Company and a letter of representation from the various parent companies to the Chairman and CEO of Pernod Ricard. This letter is binding on the affiliates' management with regard to the adequacy of their control procedures in light of identified risks.

The **Internal Audit Charter** applies to all employees who have a management and audit position. It defines the standards, tasks, responsibilities and organisation of the Group's Internal Audit Department and the way in which it operates, in order to remind every employee to strive for compliance with and improvement of the internal control process.

The **Pernod Ricard Quality, Safety and Environment Standards** set out the rules to be followed in these areas. The Group's Operations Department is responsible for ensuring that they are followed.

Budget control focuses on three key areas: the annual budget (reforecast several times during the year), monthly performance reporting and the strategic plan. Budget control is exercised by management control teams attached to the Finance Departments at Headquarters, in Regions and in affiliates. It operates as follows:

- the budget is subject to specific instructions (principles and timetable) published by Headquarters and sent to all affiliates. The final budget is approved by the Group's Executive Board;
- reporting is prepared on the basis of data input directly by affiliates working to a specific timetable provided at the beginning of the year and in accordance with the reporting manual and the accounting principles published by Headquarters;
- monthly performance analysis is carried out as part of the reporting process and is presented by the Finance Department to the Executive Board, the Executive Committee and at Meetings of the Audit Committee and Board of Directors;
- a multi-year strategic plan is established for the Group's main brands every three years; and
- a single management and consolidation system allows each affiliate to directly input all its accounting and financial data.

Centralised treasury management is led by the Treasury Unit of the Group's Finance Department.

4.1.2.4 Headquarters' legal and operational control over affiliates

Affiliates are mostly wholly owned, either directly or indirectly, by Pernod Ricard.

Pernod Ricard is represented directly or indirectly (through an intermediate affiliate) on its affiliates' Boards of Directors.

The Group's internal control principles lay down the various internal control rules applicable to all affiliates.

The role assigned to Pernod Ricard, as described in the subsection on "Decentralised organisation" in Section 1 "Presentation of Pernod Ricard" of this universal registration document, is an important component of the control of affiliates.

4.2 Risk factors

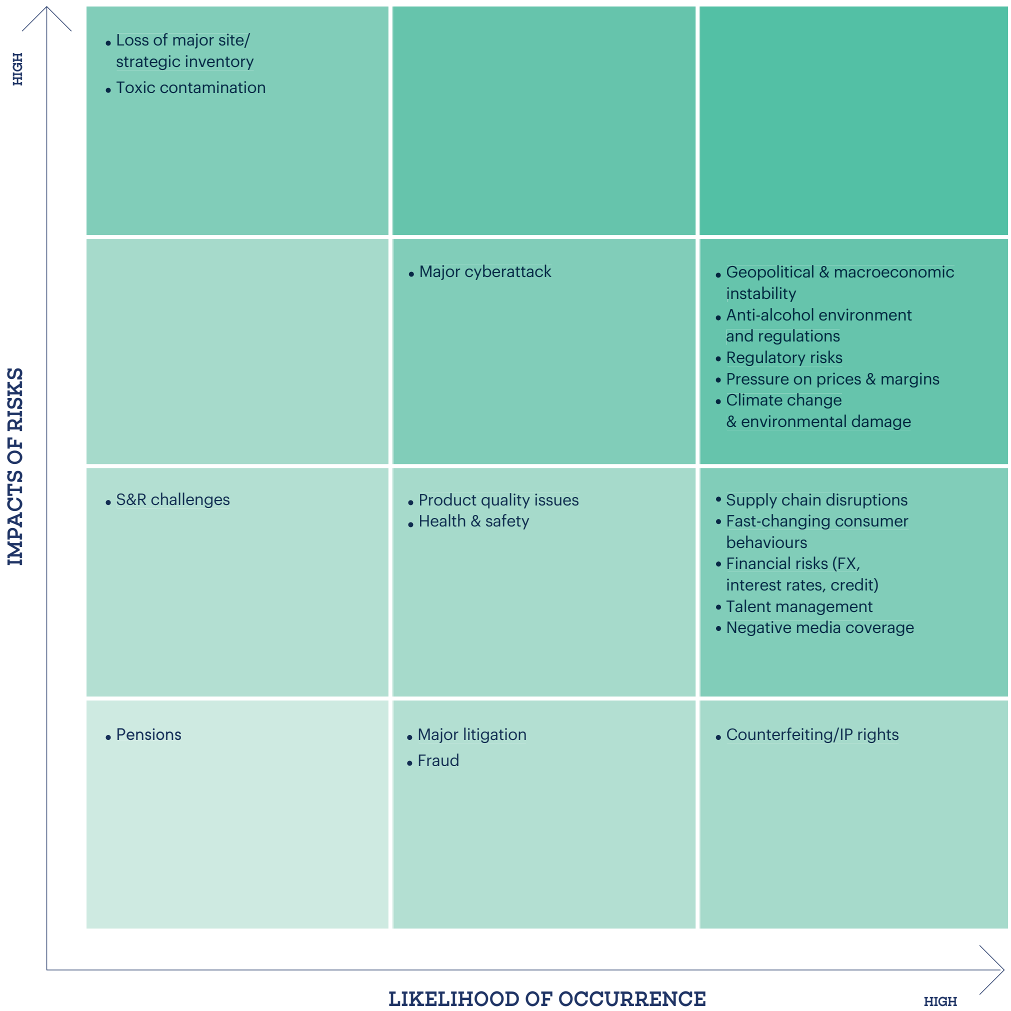
In 2021, the Group carried out an in-depth review of its risk mapping, a risk management tool, in collaboration with Senior Management and the Audit Committee as well as all Pernod Ricard functions and affiliates.

In the context of the health crisis triggered by the Covid-19 pandemic, a large number of mapped risks have materialised in different ways (personal health and safety, restrictive regulations on the sale of alcohol, financial risks) or have necessitated heightened vigilance (cyberattacks, supply disruptions). However, Pernod Ricard has put in place a crisis management organisation and mechanisms to better control the effects of the crisis and ensure the continuity of its operations at industrial and logistics levels throughout the world, as well as maintain dynamic management of its activity (including the management of its resources) in a very uncertain context depending on the country.

Thus, in such a context, the in-depth review carried out on the risk mapping in 2021, an exercise to identify the Group's risks, made it possible to highlight the Group's resilience in the face of the Covid-19 pandemic while influencing the redefinition of the contours of the main risks and their management.

In addition, in 2022, a new review of the mapping was carried out by the Internal Audit Department and submitted to the Executive Board and the Audit Committee in order to adapt the risks to the current context in which the Group operates.

This mapping is reproduced below to provide a visual representation of the issues, without replacing the explanatory text that follows. The different risks are classified according to their potential impact and likelihood of occurrence. This risk mapping reflects Pernod Ricard's exposure and takes into account the control measures in place to limit the probability and impact. This mapping is reviewed annually to take into account major changes in the risk environment facing the Pernod Ricard Group.



Risk hierarchy

Risks relating to business activities	Geopolitical and macroeconomic instability
	Pressure on prices and margins
	Significant cyberattack
	Rapid changes in consumer behaviour
	Talent management
	Negative media coverage
	Supply chain disruptions
	Risks related to S&R challenges
	Fraud
Industrial and environmental risks	Loss of a major industrial site/strategic inventory
	Toxic contamination
	Climate change and environmental damage
	Product quality issues
	Health and safety
Legal and regulatory risks	Regulatory risks: • business ethics • taxes and levies
	Anti-alcohol environment and regulations
	Counterfeiting/IP rights
	Major litigation
Financial risks	Financial risks: • FX • interest rate • credit
	Pensions

Risk factors exist in a limited number of categories depending on their nature. Within each category, the most important risk factors are presented first.

4.2.1 Description of key risk factors

I. Risks relating to business activities

1. Geopolitical and macroeconomic instability

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
Due to its international scope, the Pernod Ricard Group is exposed to the risks of geopolitical tensions and macroeconomic instabilities. The acceleration of international tensions observed in recent years may lead to an increase in customs barriers or international sanctions, as was the case in the context of the trade war between the United States and China, on the one hand, and the European Union, on the other hand, as well as the adoption of Western sanctions against Russia following the war in Ukraine. In addition, the global sanitary crisis triggered by the Covid-19 pandemic has increased the risk of the resurgence of a global macroeconomic crisis and social unrest.	These geopolitical and macroeconomic disruptions in the Group's markets could lead to heightened volatility in Pernod Ricard's commercial and financial results. For Russia and Ukraine specifically, these markets represented c. 3% of the Group's worldwide net sales before the conflict. The economic and legal consequences of the war could significantly hamper this stream of business. Macroeconomic instability and, in particular, potential constraints on consumer purchasing power, may have a negative impact on consumption opportunities and the Group's sales. Sustained geopolitical tensions could also lead to difficulties in accessing certain markets. These economic crises and trade tensions could weigh on the Group's operating margin.

RISK CONTROL AND MITIGATION

For the Group, the best way to protect itself is to diversify its activities, both geographically and by category: it is present in 74 countries and has a leading brand in all major spirit categories. Pernod Ricard continues to develop new distribution channels (e-commerce, home entertainment) and to exploit new consumption opportunities, such as the "low/no alcohol" trend. Accordingly, the Group regularly reassesses its routes-to-market and local partners. Pernod Ricard also closely monitors political and regulatory changes to anticipate disruptions to its activities as far as possible. In addition, crisis management programmes are in place in all affiliates. Finally, under certain circumstances, production and logistics infrastructures can be adapted.

2. Pressure on prices and margins

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
The concentration and consolidation of distributors both locally and internationally has been ongoing for several years. E-commerce is also becoming an increasingly important alternative to traditional distribution channels. This competitive environment affects the Group's ability to increase its prices and may sometimes force Pernod Ricard to organise more aggressive and frequent promotional campaigns. The Group also faces heightened competition from both major international players on its strategic brands and local groups or producers on its local brands, driven by the increasing success of craft products, as is the case with vodka in the United States. Lastly, purchase price inflation (materials, services), which is particularly high in this context, is closely monitored by The Group in order to limit pressure on margins.	Potential impacts include: • the increased bargaining power of Pernod Ricard's customers leading to margin erosion and/or loss of market share; • temporary delisting of products on shelves and/or removal of promotional materials; • pressure on Pernod Ricard to align prices across markets within a region; • the more intense competition in mature markets and the increasingly competitive nature of emerging markets, requiring the Group to boost its advertising and promotional investments, or even to reduce or freeze prices in order to protect market share, thereby weighing on results; • damage to the brand image of products, resulting from price reductions; and • a decrease in margins due to a deterioration in purchasing conditions from the Group's suppliers and/or a limited ability to reflect cost increases in the price of its products.

RISK CONTROL AND MITIGATION

To mitigate risk, Pernod Ricard earmarks approximately 16% of net sales for A&P investments to reinforce brand equity and, in turn, the ability to increase prices. In addition, Pernod Ricard has rolled out several initiatives to increase net sales (Revenue Growth Management), such as the development of a promotional effectiveness tool, the analysis of commercial conditions and pricing structures, and the implementation of dedicated pricing resources. These initiatives are adopted in the affiliates and coordinated at Group level by the Headquarters.

Particular attention is paid to the operating margin, a key indicator monitored by the management control teams. The Group has put in place the appropriate organisations and initiatives to ensure satisfactory purchasing conditions for its raw materials while maintaining relationships of mutual trust with its key suppliers.

3. Significant cyberattack

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
The Group's digital transformation has brought with it greater exposure to risks stemming from cyberattacks, as well as those related to IT and telecommunications system failures. These systems are of inestimable importance to the Group's day-to-day operations, in particular regarding processing, transmission and storage of electronic data relating as much to the Group's operations and financial statements, as to the communication between Pernod Ricard's personnel, customers and suppliers. In addition, more stringent personal data protection regulations, including the General Data Protection Regulation, increase the risks associated with regulatory non-compliance.	Potential impacts of a cyberattack and its effects depend on the nature of the attack, but could include: • leakage, loss, theft of personal, strategic or confidential data, and the resulting chain of potential repercussions; • system failure; and • incapacity to perform day-to-day operations. Although the Group invests a significant amount in maintaining and safeguarding its IT systems, particularly in view of growing threats in terms of cybercriminality, any malfunctions, significant disruption, loss or disclosure of sensitive data could disrupt the normal course of business, and have financial, operational or reputational consequences.

RISK CONTROL AND MITIGATION

Pernod Ricard has a comprehensive cybersecurity roadmap based on a dedicated governance model and we continually invest in further security resources across our technological and operational landscapes. The cybersecurity team reports to an Executive Committee specifically focused on the security of the Group and partners with top security firms.
The Group continues to strengthen its security posture of its infrastructure, applications, websites and networks. Infrastructure monitoring and management is performed constantly. IT and security audits are regularly performed to assess against best practices. In addition, awareness-raising campaigns are conducted on a regular basis. Lastly, tests are carried out on the recovery of the Group's IT systems following a hypothetical ransomware attack, and a plan has been designed to facilitate the recovery of data as efficiently as possible to minimize any potential disruption.

4. Rapid changes in consumer behaviour

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
Accentuated by the Covid-19 pandemic, the trend in consumer behaviour has accelerated, in terms of product offerings (artisanal spirits, trend for little or no alcohol), purchasing preferences (e-commerce, fast delivery) or dialogue and brand experiences (digital marketing, cross-channel points of contact, etc.). Moreover, the current uncertain macroeconomic environment could lead to changes in consumer behaviour. Pernod Ricard needs to adapt its organisation, portfolio, business model and market access routes to these new trends and continue to innovate, always placing the consumer at the centre of its decisions and marketing and commercial choices.	Difficulties in detecting and predicting future consumer behaviour could result in under-investment in categories, products and channels that turn out to be strong or conversely over-investment in those that are running out of steam. Over time, Pernod Ricard could lose market share or miss out on growth opportunities and damage its brand image and/or reputation.

RISK CONTROL AND MITIGATION

To mitigate risk, Pernod Ricard acts across its entire organisation:
- the Consumer Insights organisation studies and improves knowledge of consumer behaviour and societal changes in order to anticipate changes in trends. This was strengthened in 2019 by its centralisation and the creation of relays in the markets as well as by the intensification of social listening resources;
- innovation hubs have been created in the regions to develop products and services with high added value, both for the Group and for its consumers and users. In addition, an agile TLO experimentation method (Test, Learn, Optimise) has been set up;
- from a strategic standpoint, the diversification of the business model, market access methods and portfolio management are closely monitored and changes deemed relevant are implemented. For example, the Group entered the direct-to-consumer sales channel with the launch of Drinks&Co, a brand bringing together an online marketplace and physical stores. Moreover, the creation of Conviviality Ventures in 2017 also makes it possible to invest indirectly in new activities that complement those of Pernod Ricard by benefiting from the rich and innovative start-up ecosystem; and
- finally, the Group continues its in-depth digital transformation. The six transformation priorities have been brought together in Key Digital Programmes. They make it possible to continuously improve the effectiveness of marketing and sales processes and to identify the maximum opportunities in the relationships that are established with the various partners through incubated programmes. These programmes are based on the in-depth exploitation of data and the latest available technologies such as machine learning algorithms.

5. Talent development[1]

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
Pernod Ricard's success depends on the commitment of its employees and its ability to attract and retain them as well as develop their skills, particularly in highly competitive labour markets, such as North America, Asia, Africa and Eastern Europe, where turnover rates are normally higher than in the rest of the world. This competitive talent market is heightened by the search for scarce skills, changes in the aspirations of new generations and the pandemic impact that has accelerated certain trends. Moreover, employee development through geographic mobility is sometimes an issue (diversity of career paths, management of the partner's career, cost control, Covid impact, etc.).	The Group is aware that talent management must remain a key area of focus to ensure the sustainability of its activity and ensure the transmission of key know-how within the organisation. Excessively high turnover or unduly long job vacancies could have a financial impact and demotivate teams. This could potentially slow the implementation of key Group development projects and have an adverse impact on its business, results or reputation.

RISK CONTROL AND MITIGATION

To mitigate risk, the Group established and embedded worldwide a robust global talent management strategic planning, fully leveraging technology and data, with a common language to assess performance and develop Talent & Performance. This together with a skills development framework and offer to grow Talent and facilitate dynamic career management. Accordingly, shared processes and tools have been developed to allow all affiliates to optimise the assessment of skills and performance, to formalise the identification of talents, to encourage internal mobility and to monitor employee engagement. Since 2019, a talent management process (Let's Talk Talent) powered by a global human capital management system, and a new global leadership model with expected behaviours at each level, has been put in place.

Shared by the whole Group, this global framework puts the employee at the centre of Human Resources processes and clarifies performance expectations, using a common language for everyone. Moreover, Pernod Ricard University trains the Group's future leaders through leadership and skills based development programmes. Succession plans are regularly reviewed by the Top Management, especially for key positions within the Group and annually Talent conversations meetings are conducted at the very top senior executive level to ensure Pernod Ricard have talents ready at the right time at the right place. Furthermore, from a talent engagement perspective, on a yearly basis the Group is conducting Global Employee Engagement Surveys. Lastly, measures are carried out regularly to improve quality of life at work. They include the facilitation of remote work, measures related to well-being at work, the modernisation of workspaces and managerial awareness-raising programmes.

6. Negative media coverage

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
The constant increase in the number of social networks, the speed of circulation of information and its influence, mean that Pernod Ricard could face the risk of being exposed to harmful media coverage and inappropriate publications or messages. Furthermore, the prolonged spread of misleading information in the media and in particular on social networks (fake news) has been observed in recent years. It cannot be ruled out that the Group could be affected by this type of action, which is difficult to control.	A malicious attack aimed at harming Pernod Ricard's reputation or a genuine incident in relation to its brand portfolio could have a significant impact on the Group's image and reputation. Further widespread negative media coverage could jeopardise consumers' confidence in Pernod Ricard brands, resulting in a potential sales decline.

RISK CONTROL AND MITIGATION

The Group's risk is managed through a series of internal and external measures. While internal measures focus primarily on raising the awareness of Pernod Ricard employees to the impact of social media and sharing best practices in terms of communication, external measures are used to monitor social networks.

(1) *Note that this risk is also covered in Subsection 3.3.2.1 of the Non-Financial Information Statement.*

7. Supply chain disruptions

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
While the global crisis linked to the Covid-19 pandemic has shown the resilience of the Pernod Ricard Group's supply chain, it has also shown that large-scale, unpredictable events could occur and render access to markets more complex. Other factors also remain relevant, such as the failure of a key supplier, the unavailability of certain raw materials (weather conditions, in particular) or the closure or impossibility of access to certain routes, whether sea or land. By way of illustration, a trend towards the concentration of suppliers of raw materials and packaging has been observed for a number of years. Today, many of the Group's affiliates work with the same suppliers, which creates risk-charged interdependence should one of them fail (*e.g.* in the event of a major accident at one of their production sites).	A breakdown in the supply chain could occur due to the unavailability of certain raw materials or packaging materials, causing production of some of the Group's products to be shut down. Furthermore, the unavailability of certain products on the shelves, for one or more of the reasons mentioned here, could result in penalties invoiced by the Group's customers for non-compliance with the commercial terms and conditions and service rates agreed between the parties. Lastly, an unexpected rise in the cost of raw materials or packaging materials could significantly increase the Group's operating costs. As it is not certain that this increase can be offset by higher prices, the Group's results could be affected.

RISK CONTROL AND MITIGATION

As part of the business continuity measures put in place for the Group's strategic brands, affiliates systematically identify supply alternatives whenever there is a risk of a single supplier. These alternatives are also tested to ensure the viability of these choices. In addition, to mitigate other scenarios taken into account in these business continuity plans (such as the loss of a storage site or transport difficulties), emergency stocks are planned and taken into account on a permanent basis in the supply and production decisions of Brand Companies and Market Companies.
Lastly, the reinforcement of the "S&OP" process, supported by the rollout of IT tools, gives better visibility concerning future demand and associated supply plans. In this context, more detailed planning of needs - at the level of the Brand Companies in particular - makes it possible to secure supply volumes from key suppliers and facilitate allocation decisions for the various markets if necessary.

8. Risks related to S&R challenges(1)

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
Pernod Ricard places the responsibility and sustainability of its activities at the heart of its strategy and decisions. In this context, an ambitious roadmap for 2030, called Good Times From a Good Place, was rolled out in 2019. Structured around natural resources and key stakeholders for the Group, this strategy has four pillars ("Nurturing terroir", "Valuing People", "Circular Making" and "Responsible Hosting"), with quantitative and qualitative objectives being defined for each of these. All of these commitments represent real challenges that the Group is intent upon tackling, in line with its historical approach and the expectations of its stakeholders, in particular consumers, employees and shareholders. In addition, in the current context, regulations related to CSR challenges are multiplying and may impose ambitious objectives on companies, which is liable to represent genuine challenges for the Group in terms of adaptation.	Failure to meet these objectives or the occurrence of an event in conflict with our commitments (such as an industrial accident) would damage the credibility and reputation that the Group has built up over recent years with its stakeholders, in addition to the direct consequences. In addition, stricter regulations on CSR challenges could have the effect of mitigating, or even nullifying, the Group's ambitions to voluntarily minimise the negative consequences of its activity. The resulting new regulatory obligations could be more difficult for the Group to fulfil.

RISK CONTROL AND MITIGATION

The Group has built a solid governance around the issues of responsibility and sustainability. At the level of the Board of Directors, a CSR Committee ensures that Pernod Ricard's roadmap and commitments are monitored. In addition, at operational level, a steering Committee meets four times a year to ensure that the resources are put in place to achieve the objectives and new regulatory obligations. Furthermore, Pernod Ricard is setting up key partnerships to strengthen the implementation of the strategy, and endeavours to promote them publicly and to convert other players, so that regulations will not be necessary to address the subject in question. Finally, reporting and monitoring tools covering all indicators in all Group affiliates make it possible to verify the Group's progress and the alignment of all functions involved in achieving these goals.

(1) Note that this risk is also covered in Section 3.2.2 of the Non-Financial Information Statement.

9. Fraud

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
Pernod Ricard is exposed to the risk of fraud, in particular due to its presence in many countries, the acceleration of its digitisation and the development of potential threats.	Whether fraud is internal or external, any type of occurrence could lead to financial losses (including legal costs to recover defrauded sums or products), leakage of sensitive information or theft of major physical assets. It could also have a significant impact on the Group's reputation.

RISK CONTROL AND MITIGATION

To mitigate this risk, the Pernod Ricard Group has implemented training measures (*e.g.* the online course on internal control) to raise fraud awareness among Pernod Ricard employees. In addition, a strong internal control framework – relying on the Group internal control principles and related tools – has been set up across the Group to limit the risk of occurrence. Further, the Group conducts internal and external audits each year to ensure the effectiveness of measures in place.

II. Industrial and environmental risks

1. Loss of a major industrial site/strategic inventory

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
Today, the main identified causes that could result in the loss of a major industrial site or strategic inventory are: • a fire and/or explosion related to the manufacture and handling of flammable products (*e.g.* alcohol); • a natural catastrophe such as an earthquake, hurricane or flood; and • a malicious act. Several Group sites are located in seismic zones, particularly in New Zealand, Armenia, California and Mexico. Certain sites, including the San José plant in Cuba, are exposed to risk of cyclones. Lastly, the Group has significant stock of maturing products, such as Scotch whisky, Irish whiskey, cognac, rum, brandy and wines, which are highly flammable.	The loss of a major industrial site or strategic inventory is considered a major risk for Pernod Ricard. The materialisation of this risk could result in a significant operating loss and as such a sharp drop or prolonged interruption in the supply of certain products, thereby preventing the Group from meeting consumer demand. Moreover, an incident at one of the sites, whether accidental or the result of a malicious act, could jeopardise the safety of Group employees or could cause environmental damage.

RISK CONTROL AND MITIGATION

To manage this risk, an Operations Risk Manager reporting to the Operations Department is responsible for coordinating the actions of affiliates in the implementation of preventive measures (design and maintenance of facilities, training, operating procedures, etc.) and physical protection mechanisms (automatic extinguishing, retention basins, emergency procedures, etc.).

In cooperation with the insurer, more than 40 industrial sites are reviewed each year, resulting in an appraisal of the quality of risk, and as such, recommendations for improvement for each.

In addition, a Group monitoring programme for business continuity and management systems is in place. Strategic affiliates have identified the various scenarios that could affect their operations and have drawn up business continuity plans including the implementation of emergency solutions and access to alternative means of production in the event of the loss of a site.

2. Toxic contamination[1]

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
The Group purchases most raw materials (grapes, cereals, agave, etc.) used in the manufacture of its wines & spirits from farmers or industrial producers (alcohol, sugar, flavourings, etc.). The presence of undesirable substances in these raw materials or a defect in the distillation, fermentation or bottling process could result in the presence of chemical (contaminant), biological (microorganism), physical (foreign body) or allergen contamination.	The Group's reputation and image may be undermined at any time by one-off incidents at an industrial facility or relating to a specific product. For example, contamination, whether arising accidentally, or through an act of malice, could cause injury or intoxication to a consumer, thereby exposing the Group to litigation and causing reputational harm to brands.

RISK CONTROL AND MITIGATION

The Group has implemented protection and control systems to limit the risk of contamination. The control of this risk is based both on the application of the HACCP method, which aims at identifying the risks involved in the manufacturing process and to bring them under control, as well as on the implementation of specific internal guidelines. This approach is also accompanied by the implementation of management systems compliant with the ISO 22000 standard for food safety management, which is aimed specifically at controlling such risk.

An operation to analyse contaminants, covering all Strategic International Brands and the most important Strategic Local Brands, is periodically conducted by the Group's head office. It consists of an array of chemical analyses covering all the contaminants considered possible, and involves detection testing for around 40 unwanted molecules plus several hundred pesticides.

(1) *Note that this risk is also covered in Subsection 3.4.1.1 of the Non-Financial Information Statement.*

3. Climate change and environmental damage[1]

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
Climate change creates risks of various kinds for Pernod Ricard's activities: risks to the supply of raw materials such as grapes and cereals, risks relating to the availability of water resources (floods, droughts, etc.), climate-related incidents (cyclones, flooding, and similar), etc. Moreover, the need to reduce the carbon emissions at the root of climate change itself generates new risks and opportunities for the Group, in particular with regard to the reduction of direct and indirect emissions (see the Group's Net Zero commitments) and the transition to renewable energies. On the other hand, potential damage could be caused by Pernod Ricard (CO_2 emissions, accidental pollution).	Increasingly irregular crop yields, climate events such as frost, hail and drought and shifting climatic boundaries can affect the quality, availability and, to a greater extent, the price of raw materials. Where grains or sugar cane are concerned, this effect, coupled with rising global demand, is contributing to increasing market price volatility, which must be taken into account in procurement strategies and business supply models. As regards grapes – another of the Group's key raw materials – climate models point to a trend showing an increase in the alcohol content in wine and champagne, adjustments to certain qualitative parameters and changes in phytosanitary pressure, as well as the risks of frost or drought, which vary depending on geography. A similar risk exists in relation to the water supply for production sites: a number of sites use underground water tables for their supply and these can also be affected by climate change. From a regulatory point of view, environmental issues, and in particular climate-related issues, are leading to stricter regulations on carbon emissions. In Europe, the Group's four largest distilleries are subject to the European Union carbon emission trading system (EU-ETS). The direct financial challenge is moderate for Pernod Ricard but can be expected to increase significantly in the years to come. The economic impact of regulations on energy and carbon is also felt through indirect consumption *via* the Group's suppliers (especially with respect to glass, alcohol and transport).

RISK CONTROL AND MITIGATION

For grapes, the relevant inter-professional organisations, such as those for cognac and champagne and the corresponding organisations for wine in Australia and New Zealand, have incorporated this issue into their research programmes in order to adapt their practices to the changes (choice of grape varieties, vine training, vinification, etc.).

The availability and quality of water at the production sites are key factors in ensuring the quality of Pernod Ricard's products and are monitored very closely. Responsible water management is a significant component of the Group's CSR policy: each site has to ensure that the use of groundwater or river water and the release of wastewater back into the environment do not harm nature. Sites located in areas identified as high risk in terms of water supply are subject to enhanced monitoring so as to ensure the sustainability of resources used by minimising water consumption and recharging the equivalent volume of water in the same area from which it is taken.

As for the financial impact related to CO_2 emissions generated directly by the Group's activities or indirectly by its suppliers, a CO_2 emission reduction plan has been put in place, aligned with a scenario of less than 2°C.

In addition, Pernod Ricard's impact on the climate was taken into account in the definition of the "Preserve to share" roadmap. In concrete terms, the "Nurturing terroir" and "Circular Making" pillars involve the Company in the following areas:

- regenerative agriculture: by 2025, pilot regenerative agriculture programmes will be developed by the Group for vineyards in eight wine-growing regions – Argentina, California, the Cognac region, Champagne, Spain, Australia, New Zealand and China – aiming to improve the quality of soils and ecosystems. Identical initiatives are under way for the Group's other major strategic raw materials to increase the resilience of agricultural systems. These programmes are also a remarkable opportunity to create carbon sinks through soil sequestration and to have a positive impact on the climate;
- packaging[2]: as part of its commitment to reduce its scope 3 GHG emissions by 50% by 2030 (2018 being the reference year), the Group is working to reduce packaging and commits its suppliers to decarbonising their activities. Pilots are conducted to test alternative distribution methods for products without primary packaging. Single-use plastic promotional items are eliminated; and
- the balance of water resources and the carbon footprint: by 2030, offset of 100% of the consumption of production sites located in watersheds under high water stress, by replenishing water resources in these regions, and a 50% reduction in the carbon intensity of the Group's activities, in line with the Science-Based Targets initiative.

(1) Note that this risk is also covered in Subsection 3.3.3.2 of the Non-Financial Information Statement.

(2) Note that these objectives are described in the Non-Financial Performance Statement in Subsection 3.3.3.2, on pages 128 and 129.

4. Product quality issues[1]

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
The main product quality issues encountered within the Group arise from the level of quality and compliance of the: • product ingredients; • packaging; • production process; and • development process of our new products.	The success of the Group's brands depends upon the positive image that consumers have of those brands. A quality issue with one of the products in the portfolio, affecting the integrity of its brand or its image among consumers, could have a negative impact on the Group's sales.

RISK CONTROL AND MITIGATION

Quality risk management is based on a joint quality management approach implemented worldwide in all production affiliates. Coordinated by the Group's Operations Department, this risk management policy is based on internal Pernod Ricard standards and on systematic risk analysis.

It draws on the standards setting out best practices and minimum requirements in each of the areas concerned by quality:
- foreign bodies;
- contamination;
- traceability;
- quality control; and
- product recall.

It is also backed up by an ambitious quality certification process for Group production sites based on the following two international standards:
- ISO 9001 for quality management; and
- ISO 22000 for food safety management.

(1) Note that this risk is also covered in Subsection 3.4.1.1 of the Non-Financial Information Statement.

5. Personal health and safety[1]

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
Preventing and managing occupational risks is something the Company owes its employees. The notion of “occupational risk” can be defined as all threats to the health of employees encountered in the context of their professional activity. They may result in an accident or a so-called “occupational” illness. A non-exhaustive list of occupational risks Pernod Ricard is committed to preventing is as follows: • risks relating to falls and slips; • risks relating to noise and vibrations; • electrical risk; • fire and explosion risk; • road risk; • risks relating to the use of certain machines or work equipment; and • psychosocial risks. In addition to these traditional risks related to the industrial environment and work in a company, the Covid-19 pandemic may have affected the physical and mental health of Group employees. Despite the implementation of demanding health protocols and the compliance with isolation and quarantine measures, some employees contracted the disease. In addition, repeated lockdowns and prolonged periods of work from home have created disruption to social links and affected the work-life balance.	Personal injury is one of the main potential impacts for the Group. The most serious potential impacts are: • the death of one or more employees, subcontractors, visitors or other third parties; • permanent disability of employees, subcontractors, visitors or other third parties; and • occupational illness. Reputational impact related to inadequate management of working conditions must also be taken into account. The active and widespread circulation of a virus such as Covid-19 could lead to repeated absences due to illness, the implementation of home working measures or the temporary stoppage of certain sites leading to potential production losses for the Group.

RISK CONTROL AND MITIGATION

The Group has embarked on a process to reduce occupational accidents by launching a comprehensive inventory of industrial sites with the greatest potential for improvement at the end of 2017. The main sites are now assessed by an external company in accordance with specific criteria in terms of both the safety culture and the ISO 45001 (Occupational Health and Safety) management system.

Thanks to this inventory and the commitment of Senior Management, the Group announced its ambition to become the leader in the Wine & Spirits sector in terms of Health and Safety by 2025, which resulted in a programme called Taking care of each other, comprising the following three strategic areas:

- develop a culture where safety is central to the Group’s values of conviviality;
- engage, motivate and empower all employees and subcontractors on the issue of safety; and
- improve our operational efficiency through excellence in Health and Safety.

This programme, which is closely monitored by the Group’s Top Management, is part of the Group’s CSR strategy and has gradually been extended to all affiliates.

Finally, the protection of the Health and Safety of its employees lies at the heart of the Group’s decisions by rigorously applying the recommendations of local authorities and those of the World Health Organization. Several initiatives have been put in place, in affiliates and at head office, to prevent psychosocial risks linked to prolonged isolation in the context of a pandemic, such as:

- dedicated mental health hotlines;
- partnerships with medical centres;
- virtual moments of conviviality through fun activities (dancing, cooking); and
- strict rules regarding over-connection and meeting and working hours.

(1) Note that this risk is also covered in Subsection 3.3.2.3 of the Non-Financial Information Statement.

III. Legal and regulatory risks

1. Risks related to changes in regulations

a. Business ethics[1]

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
Pernod Ricard is a decentralised company, established in many countries whose anti-corruption laws may have an extraterritorial impact. Examples include the US Foreign Corrupt Practices Act, the UK Bribery Act or France's Sapin II law. The Group is thus required to take into account and rigorously monitor the risk of corruption and influence peddling, as well as to ensure such risks are taken into account in all relevant legal systems, in all regions of the world in which it operates. Moreover, Company employees interact, even to a marginal extent, with political and administrative officials. The nature of Pernod Ricard's business, whose motto is "Créateurs de convivialité", means that inappropriate invitations may be sent to persons with public authority.	Recent regulations concerning the fight against corruption, influence peddling and compliance with business ethics expose Pernod Ricard to the risk of administrative and criminal sanctions, as well as a reputational risk in the event of non-compliance. In addition, certain corrupt practices, consisting in offering undue, excessive and/or inappropriate benefits, even without deliberate intention to obtain an undue advantage, are severely punished by the anti-corruption laws of three of the main countries in which the Group operates and provide for the criminal liability of the legal entities and natural and moral persons involved, accompanied in particular by heavy financial penalties for the Company as well as for the perpetrators of such practices. Reputational damage resulting from a judicial conviction or breach of the rules could damage the Company's overall credibility, and an illicit or reprehensible act, even on a single occasion, could negatively impact all Group employees seeking to deliver a message to public authorities. This would mean that the ability to lawfully influence legislation that is harmful to the Group's business sector would be hampered. It could also result in regulatory developments harming the Company's business (tax increases, marketing restrictions, etc.). As a result, these regulations could together result in a significant increase in financial expense or a reduction in the Group's activities.

RISK CONTROL AND MITIGATION

Pernod Ricard has drawn up a mapping of specific risks related to corruption and influence peddling, updated in 2022. This tool aims to identify and manage corruption and influence peddling risks inherent to the Group's activities and specific to production and distribution processes, as well as cross-functional risks. The Group is also committed to promoting a "zero tolerance" policy through a clear discourse by the Group's Management and relayed by the local management in affiliates. Specific rules for employees and stakeholders have been put in place. These are set out in the Group's Code of Business Conduct, also updated in 2022, and which includes a mandatory online course for all employees, in order to better understand the potential risks of corruption and influence peddling and the behaviours to adopt in order to prevent them. Pernod Ricard has also adopted digital tools to support its compliance initiatives: Speak Up, a global reporting system for behaviour that violates the Code of Business Conduct; Gifted!, an application dedicated to the declaration and validation of gifts and invitations; Partner Up, a platform for assessing the risk of corruption and influence peddling of third parties working with the Group.
In line with the development of legislation on these subjects and the expectations of stakeholders, the Group is also working on Human Rights and environmental issues. Since 2015, Blue Source, a mandatory process for all Pernod Ricard direct procurement, has been rolled out. This aims to ensure the integrity of the Group's partners in these areas and supports them in implementing action plans when necessary. Potential partners assessed as not meeting the standards set are not selected to support the Group in its activities.
Finally, the Group's lobbying policy is governed by the Code of Business Conduct, which contains very specific provisions to prevent any reprehensible practices, whether unintended or otherwise. In France, Pernod Ricard files a disclosure statement with the HATVP[2], the High Authority for Transparency in Public Life, and is a member of Transparency International's *Forum des entreprises engagées*[3]. The Group is also a joint signatory of a best practice guide on parliamentary lobbying expenditure published by Transparency International.

(1) Note that this risk is also covered in Section 3.4 of the Non-Financial Information Statement.
(2) https://www.hatvp.fr/fiche-organisation/?organisation=582041943
(3) https://transparency-france.org/entreprise/forum-des-entreprises-engagees-2

b. Risks related to taxes and levies[1]

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
As an international player in the Wine & Spirits sector, the Group is very sensitive to changes in indirect taxation, in particular customs duties and excise taxes on alcoholic beverages, such as the temporary retaliatory duties introduced by the US government in 2019 on imports of single malt Scotch whisky and Spanish wines, followed by duties on certain categories of Cognac in 2021 (transatlantic dispute known as Airbus/Boeing, where the US measures consisted of commercial retaliation to European subsidies for the aerospace industry). The Group is also exposed to possible changes in tax regulations, in particular concerning direct taxation, in the countries in which it operates, notably at the instigation of the OECD, the European Union or national governments (including tax rates), and accounting policies and standards. Lastly, Pernod Ricard may be subject to tax audits in several countries, and there is no guarantee that the tax authorities will validate the positions taken by the Group, even if the Group deems them to be correct and reasonable in view of its operations.	An increase in import duties and excise taxes or a change in laws relative to duty free sales could result in an increase in the price of the Group's products and a reduction in the consumption of its Wine & Spirits brands or an increase in the Group's costs, thereby affecting the Group's financial position and operating profit. Nevertheless, this risk is qualified by the size of advertising and promotional investment which can, in certain cases, limit the impact on consumption of an increase in prices. Other changes in tax regulations could also have a material impact on the Group's results, such as an increase in the corporate tax rate in the countries in which the Group operates. Lastly, in the event that the tax authorities successfully challenge the Group on any material positions, the Group may be subject to additional tax liabilities that may have an adverse effect on the Group's financial position if they are not covered by provisions or if they otherwise trigger a cash payment.

RISK CONTROL AND MITIGATION

The Group has a tax policy based on compliance with applicable laws and regulations, sound conduct and proactive and efficient tax management. It involves the rejection of all artificial arrangements, the application of a transfer pricing policy based on the arm's length principle, efficient organisation of the tax function within the Group and a transparent attitude towards the tax authorities.

Very often, when the Group is confronted with increases in customs duties that affect the entire wine & spirits industry in a given country, the authorities of the exporting country provide their diplomatic support to resolve the problem. As a result, European governments opened a dialogue with the US government to eliminate customs duties arising from the Airbus/Boeing dispute. This action led to the temporary truce in the dispute and the suspension of retaliatory tariffs concerned in the spring of 2021 lasting until June 2025.

Furthermore, the Group's diversification in terms of geographies and product categories mitigates the potential impact of tax risks.

(1) Note that this risk is also covered in Subsection 3.4.1.5 of the Non-Financial Information Statement.

2. Anti-alcohol environment and regulations[1]

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
The Group's businesses throughout the world are subject to a growing number of regulations. Regulatory decisions and changes in legal and regulatory systems could have adverse impacts on Pernod Ricard's business, particularly in the areas of advertising and promotions, labelling and access to distribution. In almost all countries in the world, the production, import/export and sale and distribution of alcohol are subject to special regulations. These are constantly changing. Likewise, the presentation or labelling, advertising and promotion of alcoholic products are subject to increasingly strict regulations, the aim of which is often to better inform consumers about the risks of inappropriate alcohol use and sometimes even reduce their alcohol consumption. The religious, cultural and media context of each country leads to wide variation in the regulation of alcoholic beverages. Senior Management observes a move towards increased constraints on this type of product, its promotion or its distribution, at speeds which nevertheless vary significantly from one country to another.	Regulatory decisions and changes in legal and regulatory requirements in these areas could have a negative impact on Pernod Ricard's business: • **advertising and promotions**: regulatory authorities in the countries in which the Group trades could impose restrictions on advertising for alcoholic beverages (*e.g.* television advertising or sponsorship of sports events). One effect of these limitations would be to prevent or restrict the Group's ability to retain or recruit consumers for its brands in a challenging competitive environment. Restrictions on advertising freedom could also constrain the Group's ability to launch new innovations. They thus have a significant impact on the Group's business; • **labelling**: changes to labelling requirements for alcoholic beverages could diminish the appeal of these products for consumers, who might switch to other less tightly regulated products, resulting in a decline in sales. Furthermore, such changes could have the consequence of increasing costs, thereby affecting the Group's results; and • **access to distribution**: government authorities in countries in which the Group operates may seek to restrict consumer access to the Group's products. For example, the prohibition of alcohol in Bihar (India) led to the cessation of Pernod Ricard's activities in that State. Likewise, restrictions on channels, hours or points of sale are occurring regularly in many countries. These restrictions tend to shift consumption to illegal or parallel distribution channels, which compete with the Group's lawful business.

RISK CONTROL AND MITIGATION

Pernod Ricard actively participates in public debates relating to the adoption of laws and regulations that affect the Group. The Company's teams promote the Group's positions and solutions to local decision-makers and legislators. Pernod Ricard does this through professional bodies to which it belongs, or directly when the subject specifically concerns the Group.
Pernod Ricard is also committed to ensuring that the products distributed are promoted responsibly and in line with the ethical marketing or commercial standards agreed within the International Alliance for Responsible Drinking (IARD). Internal controls are in place to ensure compliance with the Pernod Ricard Commercial Communication Code, which includes all the rules to which marketing communications are subject.
In line with its CSR ambitions, Pernod Ricard also wants to be part of the players who are proactively changing legislation and practices, by promoting alternatives to exclusively repressive solutions to treat alcohol abuse and which have not proven their effectiveness. Currently, more than 150 initiatives to prevent the dangers of abusive or inappropriate consumption are developed by the Group worldwide, alone or with partners. From 2021, a pictogram "prohibited for minors" as well as a pictogram on the risk of drink-driving have been affixed to all bottles produced by the Group's brands, three years ahead of the initial schedule (insofar as the regulations in the country where they are sold allow it), as well as a digital label warning consumers in detail of the risks related to alcohol abuse.
The WHO action plan (2022-2030) to reduce the harmful use of alcohol also recognises a role for self-regulation in marketing (where Pernod Ricard has particularly virtuous practices) as well as voluntary consumer information practices, such as the initiatives taken by the Group. This action plan thus rejects any binding global framework agreements and reaffirms the value of public/private dialogue, thus showing a very marked difference from the tobacco sector.

(1) Note that this risk is also covered in Subsection 3.2.2 of the Non-Financial Information Statement.

3. Counterfeiting/IP Rights

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
The Group's brands are one of the key aspects of its competitiveness. However, they face various threats: unauthorised reproduction, imitation, use of signs likely to create confusion in the mind of the public, refilling of bottles with counterfeit liquids. These issues remain crucial in various markets, and could pose serious threats to consumers, including endangering their health. In addition, the increasing sophistication of techniques for unauthorised reproduction of the Group's products can lead to difficulties in authenticating them. The Covid-19 pandemic has benefited illicit trade players. The latter made significant profits in the face of a legitimate market weakened by lockdown measures, the closure of on-trade premises, and sometimes even national measures prohibiting the production, import, distribution and sale of alcoholic beverages. Today, despite the recovery in activity, companies in the sector remain vulnerable due to profound disruptions in their supply chain (shortage of raw materials, extended delivery times for goods, stock-out situations), creating further openings for the black market. Lastly, the pandemic greatly accelerated the growth of e-commerce, both legal and illegal, due to the postponement of demand during lockdowns; it also sped up the globalisation of counterfeiting activities, enabling a sharp increase in the illicit online B2B trade and thus giving counterfeiters access to quality fraudulent items (finished products, fake caps, fake labels, etc.) wherever they were.	Fraudulent use of the Group's brands damages its image and reputation and impacts its development prospects and results, and could cause consumers to shun the Group's products if their reliability is not guaranteed (in the case of refills) or if third parties deliberately create confusion with the Group's brands (brand imitation). It also increased operating costs. While avenues for legal recourse are generally satisfactory, it may be difficult in some countries to obtain swift and dissuasive sanctions against counterfeiters.

RISK CONTROL AND MITIGATION

The protection and defence of the Group's intellectual property rights is based on a specific organisation established to maximise desired efficiency while minimising costs.

First component: at the end of 2014, the Group set up a centralised team (the "Group Intellectual Property Hub") dedicated notably to protecting the brands. This team ensures the protection of rights and defends them against any attempt by third parties to file similar rights in order to avoid confusion among consumers and the undermining or dilution of the Group's brands. From 1 July 2022, this team will also manage intellectual property disputes (and in particular legal actions launched against counterfeits and/or imitations that may be present on the markets) instead of the Brand Companies that were previously responsible for them. This change should further strengthen the effectiveness of the fight against unauthorised use of the Group's rights and make it possible to optimise protection strategies.

Second component: a Global Trade Intelligence team leads the fight against illicit trade in the Group's products globally by coordinating all action taken against counterfeiting and other forms of trafficking. This action takes the form of investigations on the ground or online, and legal action combined with initiatives to raise awareness among local authorities. The Global Trade Intelligence team also supports the marketing and operations teams at the Group's Head Office and affiliates in the development of technical/technological measures to improve the protection and authentication of our products. Examples of such measures include a scheme based on the principle of the smart bottle, introduced in strategic markets such as China, which enables consumers to check the authenticity of the Group's products using a QR code integrated into the packaging.

The defence of intellectual property rights also involves operational staff, who are called on to identify imitations (products/brands) in the field and to pass on all necessary information to the aforementioned teams for action.

4. Major litigation

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
Like other companies in the Wine & Spirits sector, the Group may be the subject of legal action or other litigation and complaints from consumers or government authorities. In addition, the Group routinely faces litigation in the normal course of business. The Group records provisions for all disputes in which it is involved and all risks it faces. At 30 June 2022, these provisions totalled €441 million, compared with €366 million at 30 June 2021 (see Note 4.7 – *Provisions to the consolidated financial statements*).	Major litigation of any type could have an adverse impact on the Group's financial position (in the event of a fine or damages), or the Group's image and reputation due to media coverage and posts on social networks, and may result in the loss of rights, in particular intellectual property rights (such as in the event of the cancellation of a trademark).

RISK CONTROL AND MITIGATION

To avoid litigation, the Legal Department, in charge of the Group's protection and defence, has implemented preventive measures. Marketing and operational teams are made aware of legal issues on an ongoing basis, model agreements are made available, and the legal teams provide support in the very early stages of projects. Legal functions have been established at the regional and local levels to ensure better local monitoring. Furthermore, a quarterly report listing the major risks identified by local legal teams, particularly with regard to compliance, counterfeiting, cyberattack, personal data and potential major disputes is sent to staff at head office, who are responsible for coordination.

IV. Financial risks

The Group's main financial risks are market, credit and liquidity risks. They are subject to risk management policies and procedures put in place to measure and manage them and reduce their occurrence or impact.

In an economic context that remains uncertain and in order to manage the liquidity risk that may result from the repayment of financial liabilities at their contractual maturity, Pernod Ricard has taken precautionary measures to ensure sufficient liquidity to meet its needs and continues to diversify its sources of financing, thereby limiting dependence on various lenders.

Thus, the Group anticipated the refinancing of a portion of its bonds in October 2021 (issuance and early redemption of existing bonds in euros *via* the exercise of the make-whole option provided for in the contract, for an equivalent amount).

The Group also issued in April 2022 a bond of €750M with a maturity of 7 years[1]. The transactions made it possible to substantially extend the average maturity of the Group's bond debt.

As of 30 June 2022, the Group's cash position stood at €2.5 billion, plus around €3.3 billion in undrawn secured credit lines, including a €500 million revolving credit line set up in March 2022.

The Credit Agreements also set out obligations, including a commitment to provide lenders with adequate information, compliance with a solvency ratio at each half-year end (which must be less than or equal to 5.25) and compliance with certain commitments customary in this type of credit agreement (including the maintenance of the credit's *pari passu* ranking).

1. Foreign exchange risk[2]

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
Due to its international footprint, the Group is naturally exposed to fluctuations in foreign currencies (excluding the euro, its functional and reporting currency) in which its operations are carried out (transaction and translation risks) and in which its assets and liabilities are denominated.	Fluctuations of this nature may therefore have an impact on Pernod Ricard's results and shareholder equity. They include: • conversion risk for the financial statements of consolidated affiliates with a functional currency other than the euro; and • operational risks on operating cash flows not denominated in the entities' functional currency. Moreover, fluctuations in currencies against the euro (notably the US dollar) may impact the nominal amount of these debts and the financial expense reported in euros in the consolidated financial statements, and this could affect the Group's reported results.

RISK CONTROL AND MITIGATION

As a rule, it is Group policy to invoice end customers in the functional currency of the distributing entity. The resulting net foreign exchange exposures are hedged by the use of forward transactions.
Residual risk may be partially hedged by the use of financial derivatives (forward purchases, forward sales or options) intended to hedge highly probable receivables or payables or to secure the receipt of dividends.
For asset risk, financing foreign currency-denominated assets acquired by the Group with debt in the same currency provides natural hedging.

(1) This bond is described on page 197 of the Universal Registration Document.
(2) Note 4.9 to the consolidated financial statements.

2. Interest rate risk[(1)]

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
Pernod Ricard is exposed to changes in interest rates on its financial liabilities and its liquid assets; such changes may have a positive or negative effect on its financial expense. As of 30 June 2022, the Group's debt consisted of floating-rate debt (10%) and fixed-rate debt (90%), to which should be added a hedging portfolio intended to limit the negative effects of interest rate fluctuations.	The Group is naturally affected by changes in interest rates in its functional currency and, more marginally, by changes in the interest rates of other currencies contributing to its consolidated net debt. A rise or fall of 50 basis points in interest rates (euro or US dollar) would result in an increase or decrease of €4 million in the cost of net financial debt.

RISK CONTROL AND MITIGATION

As part of its financing policy, the Pernod Ricard Group seeks to limit interest rate risk by focusing on fixed-rate funding for a significant portion of its financial debt.

3. Credit risk[(2)]

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
Credit risk for the Group is dominated by the risk of financial loss stemming from a default (cash flow difficulties or liquidation) among customers indebted to a Group affiliate. Although the effects of the Covid-19 pandemic have severely affected some of the Group's customers – in particular those operating in the hospitality and nightclub sectors – the rate of non-recovery of receivables remained extremely low.	The non-recovery of a commercial receivable in the event of non-payment or liquidation of customers would have a negative impact on the Group's financial statements.

RISK CONTROL AND MITIGATION

The diversity and multiplicity of the Group's distribution network, spread over many countries, and the diversification of the main customers from the large retail sector, limit its exposure.
Moreover, internal procedures are in place to assess the financial health of the Group's customers and adapt credit terms and activity as appropriate.
Lastly, risk of this nature is limited by the subscription of credit insurance with the standard guarantees. The Group's risk hedging policy is based on the partial transfer of risk to insurers.

4. Pensions[(3)]

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
The Group's unfunded pension obligations amounted to €361 million as of 30 June 2022. During FY22, the Group's contributions to pension plans totalled €64 million. The Group's pension obligations are for the most part covered by balance sheet provisions and partially covered by pension funds or insurance. The amount of these provisions is based on certain actuarial assumptions, including, for example, discounting factors, demographic trends, pension trends, future salary trends and expected returns on plan assets.	The asset/liability balance is subject to, among other factors, the performance of invested assets. A liquidity crisis or major financial shock could significantly undermine the performance of financial assets and jeopardise the asset/liability balance. A pronounced asset/liability imbalance may require an increase in the Group's pension liabilities recognised in the balance sheet and result in an increase in the allowance for retirement provisions. This could have a significant negative impact on the Group's financial income/(expense).

RISK CONTROL AND MITIGATION

Specific governance and a management policy have been implemented and are regularly reviewed in line with the risk profile of the Group's various pension plans. The investment strategy is subject to frequent review in order to minimise the volatility of assets.
The buy-in transaction achieved for the largest of the Group's Pension Fund in September 2019 is a concrete example of the active derisking strategy. The Fund's Trustee has purchased an insurance policy from a highly rated and well established insurance company to cover the majority of the pensions obligations. The insurance policy therefore reduces the Group's exposure on that Fund to funding deficits arising from market risks, including inflation and interest rate risks, and longevity risks.
In addition, defined-benefit plans (mainly affiliates in North America, the United Kingdom and the rest of Europe) are subject to an annual actuarial valuation on the basis of country-specific assumptions.

(1) Note 4.9 to the consolidated financial statements
(2) Note 4.9 to the consolidated financial statements.
(3) Note 4.7 to the consolidated financial statements.

4.3 Insurance and risk coverage

For Pernod Ricard, insurance is a solution for the financial transfer of major risks facing the Group. This transfer is accompanied by a policy of prevention to reduce risk as much as possible. The Group evaluates its risks with care in order to fine-tune the level of coverage of the risks it incurs.

The Group has two types of coverage: Group insurance programmes and local policies. The programmes at Group level are monitored by the Audit Director who coordinates the insurance and risk management policy, and also by a person in charge of monitoring industrial risk prevention.

4.3.1 Insurance policies

In order to cover the main risks, Pernod Ricard has set up international insurance programmes for all Group affiliates, barring exceptions due to local regulatory constraints in certain countries or as a result of more attractive conditions offered by the local market. These programmes provide the following coverage:

- property damage and business interruption losses;
- operating/product liability, including costs and losses incurred by the Group due to accidental and/or criminal contamination;
- environmental liability;
- corporate officers' civil liability;
- damage during transport (and storage); and
- fraud/cybersecurity.

Moreover, credit insurance programmes are in place, aimed at reducing the risks associated with trade receivables.

Some affiliates have contracted additional insurance to meet *ad hoc* needs (for example, vineyard insurance, car fleet insurance, etc.).

4.3.2 Coverage

Type of insurance	Coverage and limits on the main insurance policies(1)

Property damage and business interruption losses	• Coverage: fully comprehensive (except exclusions).
	• Basis of compensation:
	  • replacement value for moveable property and real estate, except for certain affiliates, which have exceptionally chosen, with the contractual agreement of the insurers, to provide for another basis of compensation;
	  • cost price for inventories, except for certain maturing inventories that are insured at replacement value or net carrying amount plus a fixed margin (tailored to each company);
	  • business interruption losses with a compensation period generally between 12 and 36 months depending on the company.
	• Limits on compensation:
	  • main compensation limit of €1,050 million, covering all damage and business interruption losses. The programme includes additional limits, for example to cover natural events.
	• Furthermore, a captive insurance company provides insurance coverage for an amount of €3 million per claim with a maximum commitment of €5 million *per annum*.

General civil liability (operating and product liability)	• Fully comprehensive coverage (except for exclusions) for damage caused to third parties for up to €220 million per year of insurance.
Product contamination	• Coverage taken out under the general civil liability programme for recall expenses, the cost of the relevant products, business interruption and outlay on rebuilding Pernod Ricard's image following accidental or criminal contamination of products that could endanger persons or property: coverage of up to €45 million per year.
General environmental liability	• Coverage for environmental damage of up to €30 million.
Corporate officers' civil liability	• Coverage of up to €150 million per year of insurance.
Transport	• Coverage of up to €15 million per claim.
Fraud/Cyber	• Coverage of up to €35 million per year, with a cyber-insurance sub-limit of €15 million.
Credit	• Coverage differs depending on the affiliate and the programme, with total cover rising to a maximum of €200 million. It can also be partially transferred under a programme to sell receivables.

(1) The figures shown are the main limits for the financial year ended 30 June 2022. Changes have been negotiated for FY23. Some contracts provide specific limits for certain aspects of coverage.

4.3.3 Means put in place by the Group to manage the consequences of a claim, in particular in the event of an industrial accident

If a claim were to be filed affecting Pernod Ricard or a Group company, especially in the case of an industrial accident, the Group or the company in question would rely on its brokers and insurers and all service providers as required to ensure the effective management and resolution of the claim. All these players have the experience and means required for managing exceptional situations.

4.4 Risks and disputes: provisioning procedure

As part of its commercial activities, the Pernod Ricard Group is involved in legal actions and subject to tax, customs and administrative audits. The Group only records provisions for risks and contingencies when it is likely that a current obligation stemming from a past event will require the payment of an amount that can be reliably estimated. The amount of the provision is the best estimate of the outflow of resources required to extinguish this liability. Provisions accordingly involve an assessment by Group Management.

4.5 Financial and accounting information

4.5.1 Preparation of the Group's consolidated financial statements

In addition to the management information described above, the Group prepares half-year and annual consolidated financial statements. This process is managed by the Consolidation Department attached to the Group's Finance Department, as follows:

- communication of the main Group accounting and financial policies through a procedures manual;
- preparation of specific instructions by the Consolidation Department, including a detailed timetable, and issuance to the affiliates prior to each consolidation;
- consolidation by sub-group;
- preparation of the consolidated financial statements on the basis of the information provided, to cover the entire scope of consolidation; and
- use of a single software package by Group affiliates. The maintenance of this software package and user training are carried out by the Group's Finance Department, with occasional assistance from external consultants.

In addition, consolidated affiliates sign a letter of representation addressed to the Statutory Auditors, which is also sent to the Headquarters. This letter is binding on the Senior Management of each consolidated affiliate with regard to the accuracy and completeness of the financial information sent to the Headquarters in respect of the consolidation process.

4.5.2 Preparation of Pernod Ricard's separate financial statements

Pernod Ricard prepares its separate financial statements in accordance with applicable laws and regulations. It prepares the consolidation package in accordance with the instructions received from the Company's Finance Department.

Paris, 20 September 2022

Mr Alexandre Ricard

Chairman and CEO

part

5. Management report

5.1 Key figures from the consolidated financial statements for the year ended 30 June 2022

5.1.1 Income statement

€ million	30.06.2021	30.06.2022
Net sales	8,824	10,701
Gross margin after logistics expenses	**5,293**	**6,473**
Advertising and promotion expenses	(1,393)	(1,698)
Contribution after advertising and promotion	3,900	4,775
Profit from recurring operations	2,423	3,024
Operating profit	**2,361**	**2,963**
Financial income/(expense)	(371)	(260)
Corporate income tax	(667)	(676)
Share of net profit/(loss) of associates and net profit from assets held for sale	(4)	5
Net profit	**1,318**	**2,031**
Of which:		
• Non-controlling interests	13	35
• Attributable to owners of the parent	1,305	1,996
Earnings per share – basic (€)	**5.00**	**7.71**
Earnings per share – diluted (€)	**4.99**	**7.69**

5.1.2 Balance sheet

€ million	30.06.2021	30.06.2022
Assets		
Non-current assets	21,816	24,100
Of which intangible assets and goodwill	*16,230*	*17,657*
Current assets	10,321	11,896
Assets held for sale	11	15
Total assets	**32,147**	**36,012**
Liabilities		
Consolidated shareholders' equity	15,075	16,253
Non-current liabilities	12,854	13,653
Current liabilities	4,218	6,107
Liabilities held for sale	0	0
Total liabilities and shareholder's equity	**32,147**	**36,012**

5.1.3 Net financial debt

€ million	30.06.2021	30.06.2022
Gross non-current financial debt	8,894	9,417
Gross financial debt from recurring operations	192	1,248
Non-current derivative instruments – assets	(65)	-
Current derivative instruments – assets	-	(5)
Non-current derivative instruments – liabilities	-	18
Current derivative instruments – liabilities	-	-
Cash and cash equivalents	(2,078)	(2,527)
Net financial debt excluding lease liability	**6,944**	**8,150**
Lease liabilities	508	507
Net financial debt	**7,452**	**8,657**
Free Cash Flow[1]	1,628	1,813

(1) *The calculation of Free Cash Flow is set out in Note 5.3 – Net debt of the management report.*

5.1.4 Cash Flow statement

€ million	30.06.2021	30.06.2022
Self-financing capacity before financing interest and taxes	2,738	3,392
Net interest paid	(315)	(228)
Net income tax paid	(371)	(619)
Decrease/(increase) in working capital requirements	(54)	(252)
Net change in cash flow from operating activities	**1,999**	**2,294**
Net change in cash flow from investment activities	**(486)**	**(1,203)**
Net change in cash flow from financing activities	**(1,412)**	**(683)**
Cash flow from discontinued operations	0	-
Effect of exchange rate changes	43	42
Cash and cash equivalents at start of period	**1,935**	**2,078**
Cash and cash equivalents at end of period	**2,078**	**2,527**

5.2 Analysis of business activity and results

Pernod Ricard generated record net sales of €10.7 billion, with:

- market share gains in most markets, leveraging a vast brand portfolio and very broad geographic exposure;
- price increases in all markets, amounting to mid-single digit figures on average;
- the strong recovery of On-Trade, the resilience of Off-Trade and the rapid rebound of Travel Retail.

The performance was driven by very strong, balanced and diversified growth:

- the dynamism of Must Win markets was strong, with notably India at +26%, GTR at +48%, the United States at +8% and China at +5%;
- exceptional performance in Europe, Africa and Latin America;
- excellent overall growth across the portfolio, with Strategic International Brands at +18%, Specialty Brands at +24% and Strategic Local Brands at +18%.

Pernod Ricard generated a record profit from recurring operations of €3 billion with:

- Revenue Growth Management and operational efficiency initiatives offsetting the impact of inflation on costs and enabling an improvement in the gross margin;
- agile resource management, with targeted investments, including brand activations and impactful innovations;
- a record operating margin, with an expansion of +80 basis points as reported and +52 basis points in organic growth.

Pernod Ricard rolls out its Conviviality Platform with:

- the pursuit of a consumer-centric strategy, at scale, leveraging data and digital, our brand portfolio and our distribution network to further boost our growth;
- strengthening of our brand portfolio through investment, innovation and acquisitions, including The Whisky Exchange, Château Sainte Marguerite and a minority stake in Sovereign Brands;
- Specialty Brands now generate 6% of sales;
- good progress for our Good Times from a Good Place roadmap.

Pernod Ricard continues to reduce its debt, with record cash generation:

- record free cash flow of €1.8 billion;
- an increase in strategic inventories to support future growth.

Shareholder returns are accelerating, with:

- strong dividend growth of +32% compared to FY21;
- a share buyback programme of between €500 million and €750 million will be implemented during FY23, in line with the financial policy (subject to the approval of the Shareholders' General Meeting).

5.2.1 Presentation of results

5.2.1.1 Group net profit per share from recurring operations – diluted

€ million	30.06.2021	30.06.2022
Profit from recurring operations	2,423	3,024
Financial income/(expense) from recurring operations	(262)	(215)
Corporate income tax on recurring operations	(526)	(651)
Net profit from discontinued operations, non-controlling interests and share of net profit from equity associates	(24)	(34)
Group net profit from recurring operations[(1)]	**1,612**	**2,124**
Group net profit per share from recurring operations – diluted (€)	**6.16**	**8.18**

(1) Recurring operating income after taking into account current financial expenses, current income tax, income from equity associates, and income from discontinued operations or operations held for sale.

5.2.1.2 Profit from recurring operations

Group € million	30.06.2021	30.06.2022	Reported growth		Organic growth[(1)]	
Net sales	8,824	10,701	1,877	21%	1,476	17%
Gross margin after logistics expenses	5,293	6,473	1,180	22%	904	17%
Advertising and promotion expenses	(1,393)	(1,698)	(305)	22%	(239)	17%
Contribution after advertising and promotion	3,900	4,775	876	22%	665	17%
Profit from recurring operations	**2,423**	**3,024**	**601**	**25%**	**463**	**19%**

(1) Organic growth, defined in Note 5.5.1 – Organic growth.

Americas € million	30.06.2021	30.06.2022	Reported growth		Organic growth[1]	
Net sales	2,627	3,133	506	19%	319	12%
Gross margin after logistics expenses	1,699	2,059	360	21%	179	11%
Advertising and promotion expenses	(470)	(568)	(98)	21%	(65)	14%
Contribution after advertising and promotion	1,229	1,491	262	21%	114	9%
Profit from recurring operations	**803**	**1,014**	**211**	**26%**	**95**	**12%**

(1) *Organic growth, defined in Note 5.5.1 – Organic growth.*

Asia/Rest of World € million	30.06.2021	30.06.2022	Reported growth		Organic growth[1]	
Net sales	3,640	4,438	799	22%	674	19%
Gross margin after logistics expenses	2,060	2,496	436	21%	383	19%
Advertising and promotion expenses	(542)	(633)	(91)	17%	(67)	12%
Contribution after advertising and promotion	1,518	1,862	344	23%	316	21%
Profit from recurring operations	**996**	**1,220**	**225**	**23%**	**213**	**21%**

(1) *Organic growth, defined in Note 5.5.1 – Organic growth.*

Europe € million	30.06.2021	30.06.2022	Reported growth		Organic growth[1]	
Net sales	2,557	3,130	573	22%	483	19%
Gross margin after logistics expenses	1,534	1,918	384	25%	342	22%
Advertising and promotion expenses	(381)	(496)	(115)	30%	(107)	28%
Contribution after advertising and promotion	1,153	1,422	269	23%	235	20%
Profit from recurring operations	**624**	**790**	**166**	**27%**	**156**	**25%**

(1) *Organic growth, defined in Note 5.5.1 – Organic growth.*

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5.2.2 Organic net sales growth of Strategic International Brands

In millions of 9-litre cases	Volumes 30.06.2021	Volumes 30.06.2022	Organic growth[1] in net sales	Volume growth	Price/mix
Absolut	10.5	12.4	+19%	+18%	+1%
Chivas Regal	3.6	4.6	+29%	+27%	+1%
Ballantine's	7.6	9.1	+27%	+20%	+7%
Ricard	4.2	4.5	+4%	+5%	-1%
Jameson	8.6	10.4	+24%	+22%	+2%
Havana Club	4.3	4.6	+20%	+5%	+15%
Malibu	4.8	4.9	+7%	+3%	+4%
Beefeater	2.9	3.7	+35%	+27%	+8%
Martell	2.4	2.5	+7%	+4%	+3%
The Glenlivet	1.4	1.6	+21%	+19%	+2%
Royal Salute	0.2	0.2	+38%	+32%	+6%
Mumm	0.7	0.7	+9%	+3%	+6%
Perrier-Jouët	0.3	0.3	+32%	+16%	+16%
Strategic International Brands	**51.5**	**59.6**	**+18%**	**+16%**	**+3%**

(1) *Organic growth, defined on page 194.*

Net sales for FY22 amounted to €10,701 million, representing organic growth of 17%. Growth was 21% as reported, with a favourable foreign exchange impact due to the appreciation of the US dollar and Chinese yuan against the Euro.

Net sales for FY22 was up double digit in all regions:

- America: +12%, very strong growth in North America and very dynamic growth in Latin America, supported by a strong rebound in Travel Retail;
- Asia/Rest of the World: +19%, excellent growth driven by India, Turkey, China and Sub-Saharan Africa. Very good performance in Korea and Japan;
- Europe: +19%, excellent growth in Europe, driven by Spain, Germany, Poland and the United Kingdom, and with a very strong rebound in Travel Retail.

All categories of spirits posted double-digit growth:

- Strategic International Brands: +18%, excellent growth in all regions, driven by Jameson, Chivas Regal, Ballantine's, Absolut and Martell;
- Strategic Local Brands: +18%, very strong growth notably driven by Seagram's Indian whiskies, Kahlua, Olmeca and Seagram's Gin;
- Specialty Brands: +24%, very sustained growth driven by American whiskies and the gin and agave portfolio. Specialty Brands doubled their weight in sales compared to FY19;
- Strategic Wines: -4%, mixed performance, notably due to a small harvest in New Zealand;

the price/mix effect is +5% for Strategic Brands.

5.2.3 Contribution after advertising and promotion expenses

The gross margin improved by +12 basis points, with a favourable price/mix effect and the absorption of fixed costs.

The ratio of advertising and promotion expenses to net sales is around 16%, marked by dynamic allocation between brands, markets and distribution channels.

5.2.4 Profit from recurring operations

Profit from recurring operations amounted to €3,024 million in FY22, with organic growth of +19% (+25% as reported) and an improvement in the operating margin of +52 basis points (organic growth):

- the structural costs reflect targeted investments, in particular recruitment to support the digital transformation;
- the foreign exchange impact on profit from recurring operations was favourable, at around +€160 million, due to the appreciation of the US dollar and Chinese yuan against the Euro.

5.2.5 Financial income/(expense) from recurring operations

Ongoing financial expenses amounted to €215 million, down compared to the previous financial year, with an average cost of debt of 2.3% (vs. 2.8% in FY21).

5.2.6 Group share of net profit from recurring operations

The FY22 tax rate on current profits was 23.2%.

Group share of net profit from recurring operations amounted to €2,124 million, with growth of +32% as reported, compared to FY21.

5.2.7 Group share of net profit

Group share of net profit amounted to €1,996 million, up by +53% as reported, a very strong increase due to the growth in profit from recurring operations, the decline in financial expenses and a positive foreign exchange impact.

5.3 Net debt

Reconciliation of net financial debt – the Group uses net financial debt in the management of its cash and its Net debt capacity. A reconciliation of the net financial debt and the main balance sheet items is provided in Note 4.9 – *Financial instruments* in the Notes to the annual consolidated financial statement. The following table shows the change in Net debt over the year:

€ million	30.06.2021	30.06.2022
Profit from recurring operations	**2,423**	**3,024**
Other operating income/(expenses)	**(62)**	**(62)**
• Depreciation of fixed assets	367	381
• Net change in impairment of goodwill, property, plant and equipment and intangible assets	78	10
• Net change in provisions	(80)	7
• Fair value adjustments on commercial derivatives and biological assets	1	(2)
• Net (gain)/loss on disposal of assets	(16)	(5)
• Expenses related to share-based payments	28	40
Sub-total of depreciation and amortisation, change in provisions and other	**377**	**430**
Self-financing capacity before financing interest and tax	**2,738**	**3,392**
Decrease/(increase) in working capital requirements	(54)	(252)
Net interests and tax payments	(686)	(846)
Net acquisitions of non-financial assets and others	(370)	(481)
Free Cash Flow	**1,628**	**1,813**
Of which recurring Free Cash Flow	*1,745*	*1,926*
Net acquisitions of financial assets and activities and other	(116)	(723)
Change in scope of consolidation	0	(0)
• Capital increase and other changes in shareholders' equity	(0)	(0)
• Dividends and interim dividends paid	(704)	(826)
• (Acquisition)/disposal of treasury shares	(20)	(813)
Sub-total dividends, purchase of treasury shares and other	**(724)**	**(1,639)**
Decrease/(increase) in debt (before foreign exchange impact)	**788**	**(549)**
Effect of exchange rate changes	265	(562)
Non-cash effect on lease debt	(81)	(95)
Decrease/(increase) in debt (after foreign exchange impact)	**972**	**(1,205)**
Net debt at beginning of period	(8,424)	(7,452)
Net debt at end of period	(7,452)	(8,657)

5.4 Outlook

In a context that remains volatile, we start the new tax year with very healthy inventory levels in all regions and, in FY23, we expect:

- dynamic and diversified net sales growth, on a basis of comparison that is stabilising, and with a good start in the first quarter;
- strong prioritisation of revenue growth management initiatives and operational efficiencies in a highly inflationary environment;
- a ratio of advertising and promotion expenses to net sales of around 16%, with an optimised return on investment;
- the continuation of our investments in structure costs, in particular to support the rollout of the Conviviality Platform;
- an increase in CAPEX, with a ratio of approximately 7% of net sales, and an increase in strategic inventories to support future growth;
- a share buyback programme for FY23 of between €500 million and €750 million will be carried out, in line with the priorities defined in our financial policy;
- a significant favourable foreign exchange impact expected for FY23, based on a USD/EUR rate of 1.00 (spot rate as of 22 August 2022).

5.5 Definitions and reconciliation of non-IFRS measures to IFRS measures

Pernod Ricard's management process is based on the following non-IFRS measures which are chosen for planning and reporting. The Group's management believes these measures provide valuable additional information for users of the financial statements in understanding the Group's performance. These non-IFRS measures should be considered as complementary to the comparable IFRS measures and reported movements therein.

5.5.1 Organic growth

Organic growth is calculated after excluding the impacts of exchange rate movements, acquisitions and disposals and changes in applicable accounting principles.

Exchange rates impact is calculated by translating the current year results at the prior year's exchange rates.

For acquisitions in the current year, the post-acquisition results are excluded from the organic movement calculations. For acquisitions in the prior year, post-acquisition results are included in the prior year but are included in the organic movement calculation from the anniversary of the acquisition date in the current year.

Where a business, brand, brand distribution right or agency agreement was disposed of or terminated in the prior year, the Group excludes in the organic movement calculations the results for that business from the prior year. For disposals or terminations in the current year, the Group excludes the results for that business from the prior year from the date of the disposal or termination.

This measure enables the Group to focus on the performance of the business which is common to both years and which represents those measures that Local Managers are most directly able to influence.

5.5.2 Free Cash Flow

Free Cash Flow comprises the net cash flow from operating activities, aggregated with the proceeds from disposals of property, plant and equipment and intangible assets and after deduction of the capital expenditures.

5.5.3 "Recurring" indicators

The following three measures represent key indicators for the measurement of the recurring performance of the business, excluding significant items that, because of their nature and their unusual occurrence, cannot be considered as inherent to the recurring performance of the Group:

- **Recurring Free Cash Flow**

Recurring Free Cash Flow is calculated by restating Free Cash Flow from non-recurring items.

- **Profit from recurring operations**

Profit from recurring operations corresponds to the operating profit excluding other non-current operating income and expenses.

- **Group share of net profit from recurring operations**

Group net profit from recurring operations corresponds to net profit attributable to equity holders of the parent before other non-recurring operating income and expenses, non-recurring financial income and expenses and non-recurring income taxes.

5.5.4 Net debt

Net financial debt, as defined and used by the Group, corresponds to total gross financial debt (translated at the closing rate), including lease liabilities and derivatives designated as fair value hedges and net foreign currency asset hedges (hedging of net investments and similar), less cash and cash equivalents.

5.5.5 EBITDA

EBITDA stands for "earnings before interest, taxes, depreciation and amortisation". EBITDA is an accounting measure calculated using the Group's profit from recurring operations excluding depreciation and amortisation on operating fixed assets.

5.6 Material contracts

5.6.1 Significant contracts not related to financing

5.6.1.1 Suntory

In 1988, Allied Domecq entered into a series of agreements with Suntory Ltd, one of Japan's leading producers and distributors of spirits. One of the provisions of these agreements concerned the creation of a joint-venture company in Japan called Suntory Allied Ltd, in which 49.99% of the capital and voting rights are owned by Allied Domecq and 50.01% by Suntory Ltd. Suntory Allied Ltd was granted the exclusive distribution rights for certain Allied Domecq brands in Japan until 31 March 2029.

The management of Suntory Allied Ltd is jointly controlled by Pernod Ricard, as successor-in-interest to Allied Domecq, and Suntory Ltd.

5.6.1.2 Sale and repurchase agreements

Pernod Ricard did not conclude any sale and repurchase agreements during FY22.

5.6.2 Financing contracts

5.6.2.1 Credit Agreements

2017 Credit Agreement (syndicated credit)

As part of the refinancing of the bank debt taken out in 2012 to cover the Group's short-term financing requirements, Pernod Ricard and certain of its affiliates signed a new five-year €2.5 billion revolving credit facility (the "**Credit Agreement**") on 14 June 2017. As the extension options to six or seven years have been activated, this agreement now expires in 2024.

The obligations of each of the borrowers under the Credit Agreement are guaranteed by Pernod Ricard. No security interest (*sûreté réelle*) was granted under the terms of the Credit Agreement.

2022 Credit Agreement (bilateral credit)

On 22 March 2022, Pernod Ricard and Pernod Ricard Finance entered into a bilateral revolving credit agreement, the "Bilateral Credit Agreement", together with the Credit Agreement, the "**credit agreements**", with a principal amount of €500 million, for an initial period of three years, with the possibility of an extension of one year at the end of the third year and one additional year at the end of the fourth year.

The obligations of Pernod Ricard Finance under the Bilateral Credit Agreement are guaranteed by Pernod Ricard. No security interest (*sûreté réelle*) was granted under the terms of the Bilateral Credit Agreement.

Provisions of the Credit Agreements

The Credit Agreements cLontain customary representations and warranties, as well as the usual restrictive covenants contained in such contracts, notably restricting the ability of some Group companies (subject to certain exceptions) to pledge their assets as security interest, alter the general nature of the Group's activities or carry out certain acquisition transactions.

The Credit Agreements also set out obligations, including a commitment to provide lenders with adequate information, compliance with a solvency ratio at each half-year end as mentioned hereunder (the "**Solvency Ratio**"), and compliance with certain commitments customary in this type of credit agreement (including the maintenance of the credit's *pari passu* ranking).

5.6.2.2 Solvency ratio (total consolidated Net debt/consolidated EBITDA)

The Solvency Ratio must be 5.25 or less. At 30 June 2022, the Group was compliant with this solvency ratio (see "Liquidity risks" in this management report).

The Credit Agreements incorporate the main terms of the 2012 syndicated Credit Agreement and, in addition, provide for certain cases of voluntary or compulsory early repayment obligations, depending on circumstances, which are standard practice for credit agreements of this kind (including non-compliance with commitments, change of control and cross default). The Credit Agreements also contain a clause under which the taking of control of Pernod Ricard by any other person or group of persons acting in concert (other than Société Paul Ricard or any group of persons acting in concert with Société Paul Ricard) is likely to constitute grounds for compulsory early repayment.

5.6.2.3 Bond issuance

The Group has issued Bonds (the "Bonds") through (i) Pernod Ricard, and (ii) Pernod Ricard International Finance LLC, a wholly-owned affiliate of Pernod Ricard, whose issues are secured by Pernod Ricard.

The nominal amount of the Bonds and the interest thereon constitute direct, unsubordinated and unsecured obligations of the issuer in question, ranking equally amongst themselves and *pari passu* with all other unsecured and unsubordinated debt, present and future, of said issuer. In addition, Pernod Ricard and Pernod Ricard International Finance LLC have undertaken not to grant any security interests in respect of Bonds or other debt securities admitted, or liable to be admitted, to trading on a regulated market, an over-the-counter market or other stock exchange unless the Bonds benefit from similar collateral or other collateral approved, as the case may be, by the mass of bondholders (Pernod Ricard) or by the meeting of bondholders (Pernod Ricard International Finance LLC).

These bond issuances include a clause regarding change of control, which could lead to the compulsory early repayment of Bonds upon request of each bondholder in the event of a change of control of Pernod Ricard (benefitting a person or a group of persons acting in concert) and leading to a deterioration in Pernod Ricard's financial rating.

In addition, these Bonds may be redeemed early if certain customary events of default arise.

	Amount (US$ thousands)	Amount (€ thousands)	Place of issue	Nominal value	Maturity date	Repayment dates	Allocation of net proceeds of the issue	Rate
USD bond of 12.01.2012	850,000		Private placement for institutional investors, and subject to New York State (United States) law	US$ 150,000 (with multiples of US$ 1,000 in excess of this amount)	15.01.2042	Payable annually in arrears on 15 January and 15 July	Repayment of part of the 2008 syndicated loan denominated in US dollars	Annual fixed rate of 5.50%
USD bond of 12.01.2012	800,000		Private placement for institutional investors, and subject to New York State (United States) law	US$ 150,000 (with multiples of US$ 1,000 in excess of this amount)	15.07.2022	Payable annually in arrears on 15 January and 15 July	Repayment of part of the 2008 syndicated loan denominated in US dollars	Annual fixed rate of 4.25%
EUR bond of 29.09.2014		650,000	Regulated market of Euronext Paris	100,000	27.09.2024	Payable annually in arrears on 27 September	Repayment of bond debt to extend the maturity of the Group's debt	Annual fixed rate of 2.125%
EUR bond of 17.05.2016		600,000	Regulated market of Euronext Paris	100,000	18.05.2026	Payable annually in arrears on 18 May	Repayment of bond debt to extend the maturity of the Group's debt	Annual fixed rate of 1.50%
USD bond of 08.06.2016	600,000		Private placement for institutional investors, and subject to New York State (United States) law	US$ 150,000 (with multiples of US$ 1,000 in excess of this amount)	08.06.2026	Payable annually in arrears on 8 June and 8 December from 8 December 2016	Repayment of short-term debt and bond debt to extend the maturity of the Group's debt	Annual fixed rate of 3.25%
EUR bond of 24.10.2019		500,000	Regulated market of Euronext Paris	100,000	24.10.2023	Payable annually in arrears on 24 October	General financing requirements of the Group	Annual fixed rate of 0%
EUR bond of 24.10.2019		500,000	Regulated market of Euronext Paris	100,000	24.10.2027	Payable annually in arrears on 24 October	General financing requirements of the Group	Annual fixed rate of 0.50%
EUR bond of 24.10.2019		500,000	Regulated market of Euronext Paris	100,000	24.10.2031	Payable annually in arrears on 24 October	General financing requirements of the Group	Annual fixed rate of 0.875%
EUR bond of 06.04.2020		750,000	Regulated market of Euronext Paris	100,000	07.04.2025	Payable annually in arrears on 7 April	General financing requirements of the Group	Annual fixed rate of 1.125%
EUR bond of 06.04.2020		750,000	Regulated market of Euronext Paris	100,000	08.04.2030	Payable annually in arrears on 8 April	General financing requirements of the Group	Annual fixed rate of 1.75%

	Amount (US$ thousands)	Amount (€ thousands)	Place of issue	Nominal value	Maturity date	Repayment dates	Allocation of net proceeds of the issue	Rate
EUR bond of 30.04.2020		250,000	Regulated market of Euronext Paris	100,000	07.04.2025	Payable annually in arrears on 7 April	General financing requirements of the Group	Annual fixed rate of 1.125%
EUR bond of 30.04.2020		250,000	Regulated market of Euronext Paris	100,000	08.04.2030	Payable annually in arrears on 8 April	General financing requirements of the Group	Annual fixed rate of 1.75%
USD bond of 01.10.2020	600,000		Private placement for institutional investors, and subject to New York State (United States) law	US$ 150,000 (with multiples of US$1,000 in excess of this amount)	01.04.2028	Payable annually in arrears on 1 April and 1 October	General financing requirements of the Group	Annual fixed rate of 1.25%
USD bond of 01.10.2020	900,000		Private placement for institutional investors, and subject to New York State (United States) law	US$ 150,000 (with multiples of US$1,000 in excess of this amount)	01.04.2031	Payable annually in arrears on 1 April and 1 October	General financing requirements of the Group	Annual fixed rate of 1.625%
USD bond of 01.10.2020	500,000		Private placement for institutional investors, and subject to New York State (United States) law	US$ 150,000 (with multiples of US$1,000 in excess of this amount)	01.10.2050	Payable annually in arrears on 1 April and 1 October	General financing requirements of the Group	Annual fixed rate of 2.75%
EUR bond of 04.10.2021		500,000	Regulated market of Euronext Paris	100,000	04.10.2029	Payable annually in arrears on 4 October	General financing requirements of the Group	Annual fixed rate of 0.125%
EUR bond of 07.04.2022		750,000	Regulated market of Euronext Paris	100,000	07.04.2029	Payable annually in arrears on 7 April	General financing requirements of the Group	Annual fixed rate of 1.375%

5.6.2.4 Euro Medium Term Notes (EMTN) Programme

After obtaining the approval of the French Financial Markets Authority on the base prospectus, on 26 May 2020, Pernod Ricard set up a Euro Medium Term Notes (EMTN) programme, updated on 11 October 2021 (the "**Programme**"). According to the terms of the Programme, Pernod Ricard and Pernod Ricard International Finance LLC may issue Bonds by means of private placements in various currencies. The issues of Pernod Ricard International Finance LLC under the programme will be secured by Pernod Ricard SA. The securities may be admitted to trading on Euronext Paris. The maximum nominal amount of securities outstanding under the Programme is set at €7 billion (or its equivalent in any other currency). At its meeting on 21 July 2021, the Board of Directors authorised Pernod Ricard to issue Bonds under the Programme up to a maximum nominal amount of €1.5 billion (or its equivalent in any other currency) for a period of one year from 21 July 2021.

5.6.2.5. Sustainability-Linked Bond

On 7 April 2022, Pernod Ricard successfully completed its inaugural sustainability-linked bond issuance for an aggregate amount of €750 million for seven years. This transaction illustrates Pernod Ricard's ongoing integration of sustainability actions into its daily operations and financing strategy, in line with the Group's Sustainability & Responsibility (S&R) Roadmap. This first sustainability-linked bond illustrates the Group's ambition to become an active player in sustainable finance.

Pernod Ricard has chosen two Key Performance Indicators (KPIs) that are relevant, core and material to its overall business and of high strategic significance to the Group's current and/or future operations. The KPIs are aligned with the S&R roadmap and the United Nations 2030 SDGs as part of the 2030 Agenda. For these two KPIs, Pernod Ricard has set ambitious Sustainability Performance Targets (SPTs) to highlight its commitment and leadership across the sector, with both short- and long-term trajectories.

Those two commitments are related to environmental topics and aim to:

- reduce the Group's absolute greenhouse gas emissions (scopes 1 and 2); and
- to decrease the water consumption at distilleries per unit of alcohol produced.

The Sustainability-Linked Bond Framework is aligned with ICMA's 2020 Sustainability-Linked Bond Principles (SLBP) and LMA's 2021 Sustainability-Linked Loan Principles (SLLP) and received a Second Party Opinion from Sustainalytics.

In regard to the key performance indicators to which this bond is linked, Pernod Ricard monitors its performance during the fiscal year, and progress towards the targets:

KPI	SPT	Reference year 2018	Performance FY22*	Change
Absolute GHG Scopes 1 and 2 emissions ($ktCO_2e$) - Market-based	-26% by FY25 *(emissions below 220kT)* -54% by FY30 *(emissions below 138kT)*	298	302	+1%
Water consumption per unit in the distilleries (m^3/kL)	-12.5% by FY25 *(consumption below 17.34m^3/kL)* -20.9% by FY30 *(consumption below 15.67m^3/kL)*	19.8	17.8	-10%

* *For the period from 1 July 2021 to 30 June 2022.*

Carbon emissions in absolute value (Scopes 1 and 2) remained stable (+1%) between FY18 and FY22, while the volume of distilled alcohol increased by 24% in the same period. This translates into an 18% reduction in carbon emissions intensity for Scopes 1 and 2 (per kL of distilled alcohol). This result reflects the numerous investments made in terms of energy efficiency (such as the replacement of boilers with high energy efficiency units and the recycling of steam using mechanical vapour recompression technology), the increased use of biofuels and biomass in distilleries, the installation of on-site solar panels as well as the purchase of renewable electricity through PPAs and green certificates over the last four years.

The reduction in the intensity of water consumption by distilleries is on track, with the FY25 target almost achieved in FY22. The Group consolidated the water consumption reduction roadmaps of the main contributing affiliates, and identified associated investment plans to achieve the 2030 targets.

These KPIs were audited by an external independent third party, with moderate assurance. The audit report is available on the Group's official website.

5.6.2.6 Europe Factoring Agreement

On 15 December 2008, certain affiliates of Pernod Ricard and Pernod Ricard Finance signed a factoring framework agreement with BNP Paribas Factor, to set up a pan-European factoring programme in the gross amount of €350 million, which was increased to €400 million by an addendum dated 23 June 2009. The programme was most recently renewed on 3 December 2018, for a period of five years from 1 January 2019. This programme was agreed in the amount of €500 million. The receivables are sold under the contractual subrogation regime under French law, except where certain local legal restrictions are in force. As substantially all of the risks and rewards related to the receivables are transferred to the purchaser in accordance with this factoring programme, transferred receivables are deconsolidated.

5.6.2.7 Securitisation (Master Receivables Assignment Agreement)

On 24 June 2009, certain affiliates of Pernod Ricard entered into an international securitisation programme arranged by Crédit Agricole CIB. The purpose of the programme was the transfer of eligible commercial receivables to €STR, in accordance with the provisions of a framework agreement dated 24 June 2009 and country-specific agreements entered into at the time that each relevant affiliate joined the programme. This programme was renewed on 13 June 2022 under the terms of an addendum to the framework agreement. The programme amounts to €65 million, US$230 million, £145 million and 400 million Swedish kronor.

This two-year programme includes a change of control clause that applies to each affiliate participating in the programme as a seller, which could lead to the early repayment of the programme by the affiliate concerned by such change of control. "Change of control" is defined as Pernod Ricard ceasing to hold, directly or indirectly, at least 80% of the share capital or voting rights of an affiliate participating in the programme as a seller, unless (i) Pernod Ricard continues to hold, directly or indirectly, 50% of the share capital or voting rights of such affiliate and (ii) issues, at the request of Crédit Agricole CIB, a guarantee in terms that Crédit Agricole CIB deems satisfactory (acting reasonably) for the purpose of securing the obligations of such affiliate under the securitisation transaction documents.

5.6.2.8 Factoring agreement Pacific

On 18 March 2013, a new agreement for the sale of receivables was signed between Pernod Ricard Winemakers Pty Ltd (formerly Premium Wine Brands Pty[(1)]), Pernod Ricard Winemakers New Zealand Limited (formerly Pernod Ricard New Zealand Limited) and The Royal Bank of Scotland plc. This factoring agreement covers Australia and New Zealand and amounts to AUD128.5 million and NZD45 million. The receivables sale agreement was taken over in full by BNP Paribas on 4 December 2015, replacing The Royal Bank of Scotland plc.

Additional information on the impact of these financing contracts on the Group's financial statements is provided in Notes 4.8.1 – *Breakdown of net financial debt by nature and maturity* and 4.8.7 – *Bonds to the consolidated financial statements*.

(1) Renamed Pernod Ricard Winemakers Pty.

part

6. Annual **consolidated** financial statements

6.1 Annual consolidated income statement

€ million	30.06.2021	30.06.2022	Notes
Net sales	8,824	10,701	2
Cost of sales	(3,531)	(4,228)	2
Gross margin after logistics expenses	**5,293**	**6,473**	**2**
Advertising and promotion expenses	(1,393)	(1,698)	2
Contribution after advertising and promotion	**3,900**	**4,775**	**2**
Structure costs	(1,477)	(1,751)	
Profit from recurring operations	**2,423**	**3,024**	
Other operating income/(expenses)	(62)	(62)	3.1
Operating profit	**2,361**	**2,963**	
Financial expenses	(410)	(308)	3.2
Financial income	39	48	3.2
Financial income/(expense)	**(371)**	**(260)**	
Corporate income tax	(667)	(676)	3.3
Share of net profit/(loss) of associates	(4)	5	
Net profit of discontinued and held for sale activities	0	-	
Net profit	**1,318**	**2,031**	
o/w:	-	-	
• non-controlling interests	13	35	
• attributable to owners of the parent	1,305	1,996	
Earnings per share – basic (in euros)	5.00	7.71	3.4
Earnings per share – diluted (in euros)	4.99	7.69	3.4

6.2 Consolidated statement of comprehensive income

€ million	30.06.2021	30.06.2022
Net profit for the period	**1,318**	**2,031**
Non-recyclable items		
Actuarial gains/(losses) related to defined benefit plans	**114**	**52**
Amounts recognised in shareholders' equity	*125*	*63*
Tax impact	*(11)*	*(10)*
Shareholder equity instruments	**143**	**(86)**
Unrealised gains and losses recognised in shareholders' equity	*144*	*(72)*
Tax impact	*(1)*	*(14)*
Recyclable items		
Net investment hedges	**18**	**(41)**
Amounts recognised in shareholders' equity	*27*	*(56)*
Tax impact	*(9)*	*15*
Cash flow hedges	**7**	**11**
Amounts recognised in shareholders' equity(1)	*10*	*14*
Tax impact	*(3)*	*(3)*
Translation differences	**(7)**	**880**
Other comprehensive income for the period, net of tax	**275**	**818**
Comprehensive income for the period	**1,593**	**2,849**
o/w:		
• attributable to owners of the parent	1,585	2,789
• non-controlling interests	8	60

(1) *No impact recycled through profit or loss for the period.*

6.3 Consolidated balance sheet

Assets

€ million	30.06.2021	30.06.2022	Notes
Net amounts			
Non-current assets			
Intangible assets	10,725	11,512	4.1
Goodwill	5,505	6,145	4.1
Property, plant and equipment	3,177	3,591	4.2
Non-current financial assets	685	761	4.3
Investments in associates	36	243	
Non-current derivative instruments	65	4	4.3/4.10
Deferred tax assets	1,623	1,844	3.3
Total non-current assets	**21,816**	**24,100**	
Current assets			
Inventories and work in progress	6,555	7,369	4.4
Trade receivables and other operating receivables	1,126	1,388	4.5
Income taxes receivable	141	145	
Other current assets	413	435	4.6
Current derivative instruments	8	32	4.3/4.10
Cash and cash equivalents	2,078	2,527	4.8
Total current assets	**10,321**	**11,896**	
Assets held for sale	11	15	
Total assets	**32,147**	**36,012**	

Liabilities

€ million	30.06.2021	30.06.2022	Notes
Shareholders' equity			
Capital	406	400	6.1
Share premium	3,052	3,052	
Retained earnings and translation differences	10,066	10,496	
Group share of net profit	1,305	1,996	
Group shareholders' equity	**14,829**	**15,944**	
Non-controlling interests	246	309	
Total shareholders' equity	**15,075**	**16,253**	
Non-current liabilities			
Non-current provisions	253	318	4.7
Provisions for pensions and other long-term employee benefits	477	361	4.7
Deferred tax liabilities	2,825	3,139	3.3
Bonds – non-current	8,787	9,238	4.8
Non-current lease liabilities	405	400	4.8
Other non-current financial liabilities	108	179	4.8
Non-current derivative instruments	0	18	4.10
Total non-current liabilities	**12,854**	**13,653**	
Current liabilities			
Current provisions	163	150	4.7
Trade payables	2,337	3,019	
Income tax payable	282	263	3.3
Other current liabilities	1,134	1,311	4.11
Bonds – current	70	842	4.8
Current lease liabilities	103	107	4.8
Other current financial liabilities	122	406	4.8
Current derivative instruments	6	9	4.10
Total current liabilities	**4,218**	**6,107**	
Liabilities related to assets held for sale	0	0	
Total liabilities and shareholders' equity	**32,147**	**36,012**	

6.4 Statement of changes in annual consolidated shareholder equity

€ million	Capital	Additional paid-in capital	Consolidated reserves	Actuarial gains and losses	Changes in fair value	Translation differences	Treasury shares	Shareholder equity attributable to owners of the Parent	Non-controlling interests	Total shareholder equity
Opening position on 01.07.2020	**411**	**3,052**	**12,033**	**(431)**	**(79)**	**(333)**	**(684)**	**13,968**	**243**	**14,211**
Comprehensive income for the period	-	-	1,305	111	150	19	-	1,585	8	1,593
Capital variation	(5)	-	(519)	-	-	-	525	0	-	0
Share-based payments	-	-	28	-	-	-	-	28	-	28
(Acquisition)/disposal of treasury shares	-	-	(39)	-	-	-	19	(20)	-	(20)
Dividends and interim dividends distributed	-	-	(733)	-	-	-	-	(733)	(8)	(742)
Changes in scope of consolidation	-	-	1	-	-	-	-	1	3	5
Closing position on 30.06.2021	**406**	**3,052**	**12,075**	**(320)**	**70**	**(314)**	**(140)**	**14,829**	**246**	**15,075**

€ million	Capital	Additional paid-in capital	Consolidated reserves	Actuarial gains and losses	Changes in fair value	Translation differences	Treasury shares	Shareholder equity attributable to owners of the Parent	Non-controlling interests	Total shareholder equity
Opening position on 01.07.2021	406	3,052	12,075	(320)	70	(314)	(140)	14,829	246	15,075
Impact of changes in standards[1]	-	-	(17)	-	-	-	-	(17)	-	(17)
Opening position restated on 01.07.2021	406	3,052	12,058	(320)	70	(314)	(140)	14,812	246	15,057
Comprehensive income for the period	-	-	1,996	52	(74)	814	-	2,789	60	2,849
Capital variation	(6)	-	-	-	-	-	-	(6)	-	(6)
Share-based payments	-	-	40	-	-	-	-	40	-	40
(Acquisition)/disposal of treasury shares	-	-	(795)	-	-	-	(12)	(807)	-	(807)
Dividends and interim dividends distributed	-	-	(866)	-	-	-	-	(866)	(10)	(876)
Other transactions with non-controlling interests	-	-	(12)	-	-	-	-	(12)	13	1
Other movements	-	-	(5)	-	-	-	-	(5)	0	(5)
Closing position on 30.06.2022	**400**	**3,052**	**12,416**	**(268)**	**(4)**	**500**	**(152)**	**15,944**	**309**	**16,253**

(1) *The opening adjustments relate to the IFRIC interpretation on IAS 19 for €8 million, and the IFRIC interpretation on IAS 38 after the effect of tax, for €(25) million.*

6.5 Annual consolidated cash flow statement

€ million	30.06.2021	30.06.2022	Notes
Cash flows from operating activities			
Group share of net profit	1,305	1,996	
Non-controlling interests	13	35	
Share of net profit/(loss) of associates, net of dividends received	4	(5)	
Financial (income)/expenses	371	260	
Tax (income)/expenses	667	676	
Net profit from discontinued operations	0	-	
Depreciation of fixed assets	367	381	
Net change in provisions	(80)	7	
Net change in impairment of goodwill, property, plant and equipment and intangible assets	78	10	
Changes in fair value of commercial derivatives	4	2	
Changes in fair value of biological assets and investments	(4)	(4)	
Net (gain)/loss on disposal of assets	(16)	(5)	
Share-based payment	28	40	
Self-financing capacity before financing interest and taxes	**2,738**	**3,392**	
Decrease/(increase) in working capital requirements	(54)	(252)	5.1
Interest paid	(350)	(275)	
Interest received	35	48	
Tax paid/received	(371)	(619)	
Net change in cash flows from operating activities	**1,999**	**2,294**	
Cash flows from investing activities			
Capital expenditure	(433)	(506)	
Proceeds from disposals of property, plant and equipment and intangible assets	63	25	
Change in scope of consolidation	0	-	
Purchases of financial assets and activities	(131)	(735)	5.2
Disposals of financial assets and activities	15	12	5.2
Net change in cash flows from investing activities	**(486)**	**(1,203)**	
Cash flows from financing activities			
Dividends and interim dividends paid	(704)	(826)	
Other changes in shareholder equity	0	0	
Issuance of long-term debt	1,788	1,564	5.3
Repayment of debt	(2,379)	(493)	5.3
Repayment of lease liabilities	(97)	(115)	
(Acquisition)/disposal of treasury shares	(20)	(813)	
Net change in cash flows from financing activities	**(1,412)**	**(683)**	
Cash flows from non-current assets held for sale	0	-	
Increase/(decrease) in cash and cash equivalents before foreign exchange impact	**100**	**407**	
Foreign currency translation adjustments	43	42	
Increase/(decrease) in cash and cash equivalents after foreign exchange impact	**143**	**449**	
Cash and cash equivalents at beginning of period	**1,935**	**2,078**	
Cash and cash equivalents at end of period	**2,078**	**2,527**	

6.6 Notes to the consolidated financial statements

Detailed contents for the notes

Pernod Ricard SA is a French public limited company (*Société Anonyme*), subject to all laws governing commercial companies in France, including in particular the provisions of the French Commercial Code. The Company is headquartered at 5, cours Paul Ricard, 75008 Paris, France and is listed on the Euronext exchange. The annual consolidated financial statements reflect the accounting position of Pernod Ricard and its affiliates (the "Group"). They are reported in millions of euros (€), rounded to the nearest million.

The Group manufactures and sells wines and spirits.

The Board of Directors approved the annual consolidated financial statements for the financial year ended 30 June 2022 on 31 August 2022.

Note 1 Accounting policies and significant events

Note 1.1 Accounting policies and principles

1. Principles and accounting standards governing the preparation of the annual consolidated financial statements

Because of its listing in a country of the European Union, and in accordance with EC Regulation 1606/02, the Group's annual consolidated financial statements for the financial year ended 30 June 2022 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union.

The accounting policies used to prepare the annual consolidated financial statements to 30 June 2022 are consistent with those used for the annual consolidated financial statements to 30 June 2021, with the exception of standards and interpretations adopted by the European Union applicable to the Group from 1 July 2021 (see Note 1.1.2 – *Changes in accounting standards*). The Group does not adopt early application of standards or interpretations.

The Group's financial year runs from 1 July to 30 June.

2. Changes in accounting standards

Standards, amendments and interpretations whose implementation has been mandatory since 1 July 2021

During the first half of the year, the Group finalised the calculation of the impacts related to the decision published by the IFRIC in April 2021 on IAS 19 "Employee benefits" and regarding attribution of employee benefits to periods of service. This decision clarifies the periods over which employee benefits should be attributed in allocating the IAS 19 expense.

This decision impacts few plans, mainly in France, and reduces the amount of the retirement provision in the Group's consolidated financial statements by €11 million (before deferred tax of €3 million). It has no material effect on the cost of services recognised on an annual basis. As the impact of this decision is relatively insignificant, the Group has not restated its financial statements for past periods and has recognised this amount directly in the Group's consolidated reserves. The impact of this decision on Group shareholder equity is identified separately in 6.4 – *Statement of changes in consolidated shareholder equity for the period*.

The Group applies the changes made by the IFRIC decision of April 2021 relating to the customisation and configuration costs of SaaS (Software as a Service) software from 1 July 2021.

The latter clarifies:

- the rules for recognising this type of expense as intangible assets or expenses, considering in particular that, in the event that the Company does not have control of the underlying assets, these costs do not meet the definition of non-current assets;
- the rules for recognising these expenses, limiting the possibility of spreading them over several financial years to the sole case of customisation services provided by the supplier of the SaaS software and not distinct from the services of supplying the software.

The implementation of this decision has no material impact on the Group's financial statements. As such, the Group has not applied this decision to the comparative financial statements. The costs of configuring and customising SaaS software that had previously been capitalised were restated at 1 July 2021 as a counterparty to shareholder equity for €25 million after tax, with the exception of costs eligible for spreading over several financial years, in accordance with the provisions of the IFRIC decision (see Note 6.4 – *Statement of changes in consolidated shareholder equity for the period*).

As of 1 July 2021, the Group has applied the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 as part of the phase 2 benchmark interest rate reform, which were published by the IASB in August 2020 and adopted by the European Union. The Group has finalised negotiations with the counterparties to make the transition to the new indices for the currencies concerned (GBP, CHF, JPY and EUR). At closing, the Group's exposure to financial instruments indexed to floating rates with a maturity date beyond implementation of the reform is limited.

No other new standards, amendments or interpretations are applicable to Pernod Ricard as of 1 July 2021.

3. Measurement basis

The financial statements are prepared in accordance with the historical cost method, except for certain categories of assets and liabilities, which are measured in accordance with the methods provided by IFRS.

4. Principal uncertainties arising from the use of estimates and judgements by Management

Estimates

The preparation of consolidated financial statements in accordance with IFRS means that Group Management makes a certain number of estimates and assumptions which have an impact on the amount of the Group's assets and liabilities, and items of profit and loss during the financial year. These estimates are made on the assumption that the Company will continue as a going concern, and are based on information available at the time of their preparation. Estimates may be revised where the circumstances on which they were based change or where new information becomes available. Future outcomes can differ from these estimates.

Goodwill and intangible assets

As indicated in Note 4.1 – *Intangible assets and goodwill*, in addition to annual impairment tests applied to goodwill and intangible assets with indefinite useful lives (such as brands), the Group carries out spot impairment tests where there is an indication that the value of an intangible asset may have been impaired. Any impairment loss is calculated using discounted future cash flows and/or the market values of the assets in question. These calculations require the use of assumptions regarding market conditions and projected cash flows, and any changes in these assumptions may thus lead to results different from those initially estimated.

Provisions for pensions and other post-employment benefits

As indicated in Note 4.7 – *Provisions*, the Group runs defined benefit and defined contribution pension plans. In addition, provisions are also recognised in virtue of certain other post-employment benefits such as life insurance and medical care (mainly in the United States and the United Kingdom). The carrying amount of these provisions at the reporting date is set out in Note 4.7 – *Provisions*.

These benefit obligations are based on a number of assumptions such as discount rates, future salary increases, the rate of employee turnover and life expectancy.

These assumptions are generally updated annually. The assumptions used in the preparation of the financial statements for the year ended 30 June 2022 and the procedures used in their determination are set out in Note 4.7 – *Provisions*. The Group considers that the actuarial assumptions used are appropriate and justified. However, such actuarial assumptions may change in the future and this may have a material impact on the amount of the Group's benefit obligations and on its profits.

Deferred tax

As indicated in Note 3.3 – *Corporate income tax*, the deferred tax assets recognised result mainly from tax loss carryforwards and from temporary differences between the tax base and the carrying amounts of assets and liabilities. Deferred tax assets in respect of tax losses are recognised if it is probable that the Group will have future taxable profits against which such losses will be used. The assessment of whether the Group will be able to use these tax losses is largely a matter of judgement. Analyses are carried out to decide whether or not these tax loss carryforwards are likely to be usable in the future.

Provisions

As explained in Note 4.7 – *Provisions*, the Group is involved in a number of disputes and claims arising in the ordinary course of its business. In some cases, the amounts requested by the claimants are significant and the legal proceedings can take several years. In this context, provisions are calculated on the basis of the Group's best estimate of the amount that will be payable based on the information available (notably that provided by the Group's legal advisers). Any change to assumptions can have a significant effect on the amount of the provision recognised. The carrying amount of these provisions at the reporting date is set out in Note 4.7 – *Provisions*.

Judgements

In the absence of standards or interpretations applicable to a specific transaction, Group Management uses its judgement to define and apply accounting policies that provide relevant and reliable information in the context of the preparation of the financial statements.

Hyperinflation

According to the provisions of IAS 29, Argentina and Turkey are considered to be hyperinflationary economies.

However, given the contribution of the business performance of Argentina and Turkey to the Group's financial statements, the impact of the application of IAS 29 has been deemed non-material, and the corresponding restatements have not been made.

5. Business combinations

Business combinations carried out before 1 July 2009 were recognised using the accounting standards in force as of 30 June 2009. Business combinations after 1 July 2009 are measured and recognised in accordance with the revised version of IFRS 3: the consideration transferred (cost of acquisition) is measured at the fair value of assets given, shareholder equity instruments issued and liabilities incurred at the transaction date. Identifiable assets and liabilities belonging to the acquired company are measured at their fair value at the acquisition date. Costs directly attributable to the acquisition, such as legal, due diligence and other professional fees are recognised as other operating expenses incurred.

Any surplus consideration in excess of the Group's share in the fair value of the acquired company's identifiable assets and liabilities is recognised as goodwill. The option is available for each transaction to apply either proportionate or full goodwill methods. Goodwill arising on the acquisition of foreign entities is denominated in the functional currency of the business acquired. Goodwill is not amortised. Instead, it is subject to an impairment test once a year or more often if there is any indication that its value may have been impaired.

Finally, in accordance with IFRS 3 as revised and IAS 27 as amended, the Group recognised in shareholder equity the difference between the price paid and the proportional part of non-controlling interests acquired in previously controlled companies.

6. Foreign currency translation

6.1 Reporting currency used in the consolidated financial statements

The Group's annual consolidated financial statements are prepared in euros, which is the functional currency and the reporting currency of the Parent Company.

6.2 Functional currency

The functional currency of an entity is the currency of the economic environment in which it mainly operates. In most cases, the functional currency is the entity's local currency. However, in a very limited number of entities, a functional currency that is different from the local currency may be used if it reflects the entity's economic environment and the currency in which most of the entity's transactions are denominated.

6.3 Translation of transactions denominated in foreign currencies

Transactions denominated in foreign currencies are generally translated into the functional currency using the exchange rate applicable at the transaction date. Non-monetary assets and liabilities denominated in foreign currencies are recognised at the historical exchange rate applicable at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applying at the closing date. Foreign currency differences are recognised in profit and loss for the period, except for foreign currency differences arising on debts designated as hedges for the net foreign currency assets of consolidated affiliates. The latter are recognised directly in shareholder equity, under translation differences, until the disposal of the net investment. Foreign currency differences related to operating activities are recognised within operating profit for the period; foreign currency differences related to financing activities are recognised within financial income (expense) or in shareholder equity.

6.4 Translation of financial statements of affiliates whose functional currency is different from the euro (the reporting currency)

The balance sheet is translated into euros at year-end exchange rates. The income statement and cash flows are translated on the basis of average exchange rates. The differences resulting from the translation of the financial statements of these affiliates are recognised in translation differences within shareholder equity under other comprehensive income. On disposal of a foreign entity, translation differences previously recognised in shareholder equity are recognised in profit and loss.

7. Assets held for sale and discontinued operations

In accordance with IFRS 5 (Non-current assets held for sale and discontinued operations), where they are significant, assets and liabilities held for sale are no longer subject to depreciation or amortisation. They are shown separately in the balance sheet at the lower of the carrying amount or the fair value less costs to sell. An asset is considered as being held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order for this to be the case, the asset must be available for immediate sale and its sale must be highly probable. Items in the balance sheet related to discontinued operations and assets held for sale are presented under specific lines in the annual consolidated financial statements. Income statement items related to discontinued operations and assets held for sale are presented separately in the financial statements for all periods reported upon if they are significant from a Group perspective.

8. Consideration of climate risks

Climate scenarios are currently being analysed, and will set out the climate change challenges for the Pernod Ricard Group. Considering the information studied to date, the Group believes that climate change has no short-term impact on the assumptions used to prepare the financial statements, given the nature of its activities and its geographical location. The consideration of the effects of climate change is notably reflected in Pernod Ricard's "Good times from a Good Place" strategy through its commitments in terms of "Net zero Carbon", the supply of sustainable agricultural raw materials, the footprint on its terroirs and the circularity of its packaging and promotional items.

In addition:

- Pernod Ricard has taken into account the future effects deemed most likely in the medium and long term relating to these climate challenges, more responsible consumption and costs aimed at implementing the "Good times from a Good Place" strategy in its business plans for the preparation of its impairment tests. The Group's exposure to climate impacts could result in changes in the price of raw materials, energy and transport;
- the implementation of this strategy does not call into question the useful life of its tangible assets. Nevertheless, in order to comply with its roadmap, the Pernod Ricard Group invests in additional assets aimed at reducing the climate impact of its activities;
- Pernod Ricard's climate commitments in terms of reducing greenhouse gases and its water consumption are also reflected in its financing strategy, through the issuance in 2022 of a "sustainability-linked" bond for €750 million, the interest rates of which will depend on the achievement of ambitious objectives as part of its sustainable development strategy.

Note 1.2 Significant events during the financial year

1. Acquisitions and disposals

During the financial year, the Group pursued its strategy by strengthening its positions, in particular through partnerships/acquisitions of super and ultra-premium brands in booming categories such as the acquisition of minority stakes in the Company Sovereign Brands, owner in particular of the Bumbu Rum brand and of the French sparkling wine brand Luc Belaire. The Group also strengthened its positions in e-commerce through the 100% acquisition of The Whisky Exchange, as well as its luxury offering through the acquisition of a majority stake in Château Sainte Marguerite, a Côtes-de-Provence *Cru Classé* since 1955.

Acquisitions and partnerships concluded during the financial year represented a total amount of around €550 million, included in "Purchases of financial assets and activities" in the cash flow statement.

As part of its dynamic brand portfolio management strategy, the Group also sold the Armagnac Montesquiou brand in France. It also entered into an agreement to sell the Tormore Scotch Whisky brand and its distillery.

2. Bond issues and redemption

On 4 October 2021, the Pernod Ricard Group, through one of its wholly owned subsidiaries, issued a bond issue of €500 million over an eight-year tranche, bearing interest at the fixed annual rate of 0.125%.

On 21 October 2021, Pernod Ricard SA redeemed the full €500 million bond bearing a coupon of 1.875% maturing in September 2023 in accordance with the optional redemption clause set out in the terms and conditions of this bond. This early redemption gave rise to the payment of an exceptional balance (known as make-whole call) of €24 million.

On 7 April 2022, Pernod Ricard carried out a Sustainability-linked bond issue denominated in euros, with a maturity of seven years, for an amount of €750 million and bearing interest at a fixed annual rate of 1.375%. Two environmental commitments have been indexed to this obligation: the reduction in the absolute amount of the Group's greenhouse gas emissions (Scopes 1 and 2) and the reduction in its water consumption per unit of alcohol produced in the distilleries. The financial conditions of this bond will be impacted by an adjustment of the coupon rate of 0.25% per objective in the event the failure to achieve the target for either one of the two criteria selected on the date the targets are measured, *i.e.* at the end of the 2025 financial year. This adjustment will apply from the first day of the interest period following the first measurement date and until the maturity of the bond.

3. Employee share ownership plan

During FY22, the Group set up an employee share ownership plan for the second time in its history. Details of this plan, as well as its impact on the Group's consolidated financial statements, are provided in Note 6.2 – *Employee Share Ownership Plan*, to the annual consolidated financial statements.

4. Impact of the Russian-Ukrainian conflict

In February 2022, the conflict between Russia and Ukraine escalated dramatically into a situation of war.

In this context, the health and safety of Pernod Ricard employees remain the Group's primary concern, leading to the provision of assistance to local teams and their families. Pernod Ricard made a donation of €1 million to support the work of the High Commission for Refugees (UNHCR) and, to meet the requests of many employees who wished to contribute to this, pledged to double the amount of their individual donations.

The Group generated approximately 3% of its net sales in Russia and Ukraine before the conflict. It does not hold any significant assets in the region. Analysis of these assets, in these exceptional circumstances, led the Group to recognise impairments of receivables. No other impairments were identified. A cautious approach was used in performing brand impairment tests and goodwill, consisting mainly of excluding future cash flows from the region, given the high level of uncertainty.

Note 2 Segment information

Net sales

The Group's net sales primarily comprise sales of finished products, and are recorded in the income statement upon transfer of control of the products. They are measured at the fair value of the consideration received or to be received, after deducting trade discounts, volume rebates, certain costs associated with business and promotional activity and sales-related taxes and duties, notably excise duties.

Costs of commercial and promotional activity

Pursuant to IFRS 15, certain costs of services rendered in connection with sales, such as advertising programmes in conjunction with distributors, listing costs for new products, promotional activities at point of sale, and advertising and promotional expenses, are deducted directly from net sales if there is no distinct service whose fair value can be reliably measured.

Duties and taxes

In accordance with IFRS 15, certain import duties, in Asia for instance, are classified as cost of sales, as these duties are not specifically re-billed to customers (as is the case for social security stamps in France, for example).

Discounts

In accordance with IFRS 15, early payment discounts are not considered to be financial transactions, but rather are deducted directly from net sales.

Gross margin after logistics expenses, contribution after advertising and promotion expenses, profit from recurring operations and other operating income and expenses

The gross margin after logistics expenses corresponds to net sales (excluding duties and taxes), less costs of sales and logistics expenses. The contribution after advertising and promotion expenses includes the gross margin after logistics expenses and advertising and promotion expenses. The Group applies recommendation 2013-R03 of the French accounting standards authority (Autorité des Normes Comptables – ANC), notably as regards the definition of Profit from recurring operations. Profit from recurring operations is the contribution after advertising and promotion expenses less trading costs and overheads. This is the indicator used internally to measure the Group's operational performance. It excludes other operating income and expenses, such as those related to restructuring, capital gains and losses on disposals, impairment of property, plant and equipment and intangible assets, and other non-recurring operating income or expenses. These other operating income and expenses are excluded from Profit from recurring operations because the Group believes they have little predictive value due to their occasional nature. They are described in detail in Note 3.1 – *Other operating income/(expenses).*

The Group is focused on the single business line of Wines and Spirits sales. The Group is structured into three primary operating segments constituted by the following geographical areas: Europe, Americas and Asia/Rest of the World.

The Group Management Team assesses the performance of each segment on the basis of net sales and its profit from recurring operations, defined as the gross margin after logistics expenses, advertising, promotional and structure costs. The operating segments presented are identical to those included in the reporting provided to Senior Management, in particular for the performance analysis.

Items in the income statement and the balance sheet are allocated on the basis of either the destination of sales or profits. Operating segments follow the same accounting policies as those used for the preparation of the consolidated financial statements. Intra-segment transfers are transacted at market prices.

At 30.06.2021 € million	Americas	Asia/Rest of the World	Europe	Total
Income statement items				
Segment net sales	3,794	5,494	4,185	13,473
o/w intersegment sales	1,167	1,854	1,628	4,649
Net sales (excluding Group)	**2,627**	**3,640**	**2,557**	**8,824**
Gross margin after logistics expenses	1,699	2,060	1,534	5,293
Contribution after advertising and promotion expenses	1,229	1,518	1,153	3,900
Profit from recurring operations	803	996	624	2,423
Other information				
Current investments	106	109	316	531
Depreciation, amortisation and impairment	42	165	236	444

At 30.06.2022 € million	Americas	Asia/Rest of the World	Europe	Total
Income statement items				
Segment net sales	4,565	7,049	5,204	16,818
o/w intersegment sales	1,432	2,611	2,074	6,116
Net sales (excluding Group)	**3,133**	**4,438**	**3,130**	**10,701**
Gross margin after logistics expenses	2,059	2,496	1,918	6,473
Contribution after advertising and promotion expenses	1,491	1,862	1,422	4,775
Profit from recurring operations	1,014	1,220	790	3,024
Other information				
Current investments	76	159	382	616
Depreciation, amortisation and impairment	39	114	237	391

The impact of right-of-use assets on current investments and depreciation, amortisation and impairment expense is as follows:

At 30.06.2022 € million	Americas	Asia/Rest of the World	Europe	Total
Current investments	4	54	52	110
Depreciation, amortisation and impairment	11	45	50	106

Breakdown of net sales

€ million	30.06.2021 published	30.06.2021 restated	30.06.2022	Variation (€ million)	Variation (%)
Strategic International Brands	5,544	5,544	6,780	1,237	22%
Strategic Local Brands	1,576	1,576	1,917	341	22%
Strategic wines	425	484	485	1	0%
Speciality	472	472	598	126	27%
Other products	807	748	921	173	23%
Total	**8,824**	**8,824**	**10,701**	**1,877**	**21%**

Since FY22, the "Strategic wines" segment has changed to reflect our wine strategy and prioritisation. This segmentation change has been applied to the period ended 30 June 2021 for comparison purposes.

Note 3 Notes to the income statement

Note 3.1 Other operating income/(expenses)

Other operating income and expenses include impairment of property, plant and equipment and intangible assets, costs relating to restructuring and integration, capital gains or losses on disposals, as well as other non-recurring operating income and expenses. These other operating income and expenses are excluded from the profit from recurring operations given their unusual, abnormal and infrequent nature, which would distort the reading of the Group's performance.

Other operating income and expenses are broken down as follows:

€ million	30.06.2021	30.06.2022
Impairment of property, plant and equipment and intangible assets	(78)	(10)
Gains or losses on asset disposals and acquisition costs	(34)	(8)
Net restructuring and reorganisation expenses	(64)	(23)
Disputes and risks	141	(17)
Other non-recurring operating income and expenses	(26)	(5)
Other operating income/(expenses)	**(62)**	**(62)**

At 30 June 2022, other operating income and expenses mainly consisted of restructuring expenses for €23 million and expenses for disputes and risks for €17 million.

6.

Note 3.2 Financial income/(expense)

€ million	30.06.2021	30.06.2022
Interest expense on net financial debt	(261)	(236)
Interest expense on lease liabilities	(13)	(12)
Interest income on net financial debt	36	48
Net financing cost	**(238)**	**(200)**
Structuring and placement fees	(3)	(2)
Net financial impact of pensions and other long-term employee benefits	(17)	(11)
Other net current financial income (expense)	(3)	(1)
Financial income/(expense) from recurring operations	**(262)**	**(215)**
Foreign currency gains/(losses)	(37)	(20)
Other non-current financial income/(expenses)	(73)	(24)
Total financial income/(expenses)	**(371)**	**(260)**

At 30 June 2022, the net cost of financial debt included financial expenses of €192 million on bonds, partially offset by the positive impact of interest rate hedges for €20 million, factoring and securitisation agreements for €8 million, interest on lease liabilities for €12 million, and €8 million in other expenses.

The financial income/(expense) was also impacted by the early redemption of the bond debt detailed in Note 2.1 – *Significant events during the financial year* for €24 million, negative foreign exchange impacts for €20 million, and the net impact of pensions and other long-term employee benefits for €11 million.

Weighted average cost of debt

The Group's weighted average cost of debt was 2.3% over FY22 compared to 2.8% over FY21.

Weighted average cost of debt is defined as net financing costs plus structuring and placement fees as a proportion of average net financial debt outstanding plus the average amount outstanding on factoring and securitisation programmes.

Note 3.3 Corporate income tax

Analysis of the income tax expense

€ million	30.06.2021	30.06.2022
Current income tax	(425)	(580)
Deferred income tax	(242)	(97)
Total	**(667)**	**(676)**

Analysis of effective tax rate – Net profit from continuing operations before tax

€ million	30.06.2021	30.06.2022
Operating profit	2,361	2,963
Financial income/(expense)	(371)	(260)
Taxable profit	**1,990**	**2,703**
Theoretical tax charge at the income tax rate in France	(637)	(768)
Impact of tax rate differences by jurisdiction	218	211
Tax impact of variation in exchange rates	7	(14)
Re-estimation of deferred tax assets linked to tax rate changes	(193)	5
Impact of tax losses used/not used	40	(8)
Impact of reduced/increased tax rates on taxable results	0	0
Taxes on distributions	(31)	(35)
Other impacts	(72)	(67)
Effective income tax expense	**(667)**	**(676)**
Effective tax rate	**34%**	**25%**

Deferred tax is recognised on time differences between the tax and book values of assets and liabilities in the consolidated balance sheet and is measured using the balance sheet approach. Deferred taxes relating to right-of-use assets and lease liabilities are recognised on a net basis. The effects of changes in tax rates are recognised in shareholder equity or in profit and loss in the year in which the change of tax rates is decided. Deferred tax assets are recognised in the balance sheet when it is more likely than not that they will be recovered in future years. Deferred tax assets and liabilities are not discounted to present value. In order to evaluate the Group's ability to recover these assets, particular account is taken of forecasts of future taxable profits.

Deferred tax assets relating to tax loss carryforwards are only reported when they are likely to be recovered, based on projections of taxable income calculated by the Group at the end of each financial year. All assumptions used, including, in particular, growth in operating profit and financial income (expenses), taking into account interest rates, are updated by the Group at the reporting date based on data determined by the relevant senior management.

Deferred taxes are broken down by nature as follows:

€ million	30.06.2021	30.06.2022
Margins in inventories	111	180
Fair value adjustments on assets and liabilities	13	20
Provisions for pension benefits	78	65
Deferred tax assets related to losses eligible for carryforwards	913	1,028
Provisions (other than provisions for pensions benefits) and other items	509	551
Total deferred tax assets	**1,623**	**1,844**
Accelerated tax depreciation	175	190
Fair value adjustments on assets and liabilities	2,469	2,734
Pension and other hedging assets	181	215
Total deferred tax liabilities	**2,825**	**3,139**

Tax loss carryforwards (recognised and unrecognised) represented potential tax savings of €1,298 million at 30 June 2022 and €1,154 million at 30 June 2021. The potential tax savings at 30 June 2022 and 30 June 2021 relate to tax loss carryforwards with the following expiry dates:

FY21

	Tax effect of loss carryforwards € million	
Years	Losses recognised	Losses not recognised
2021	0	1
2022	0	2
2023	2	4
2024	2	2
2025 and after	727	189
No expiry date	182	43
Total	**913**	**241**

FY22

	Tax effect of loss carryforwards € million	
Years	Losses recognised	Losses not recognised
2022	0	2
2023	0	4
2024	0	5
2025	1	2
2026 and after	836	226
No expiry date	191	31
Total	**1,028**	**270**

The Group income taxes payables are broken down as follows:

€ million	30.06.2021	30.06.2022
Other current tax liabilities	166	151
Uncertain tax positions	117	112
Total current tax liabilities	**282**	**263**

Note 3.4 Earnings per share

Basic and diluted earnings per share are calculated on the basis of the weighted average number of outstanding shares, less the weighted average number of dilutive instruments.

The calculation of diluted earnings per share takes into account the potential impact of the exercise of all dilutive instruments (such as stock options, convertible bonds, etc.) on the theoretical number of shares. When funds are obtained at the date of exercise of the dilutive instruments, the "treasury stock" method is used to determine the theoretical number of shares to be taken into account. When funds are obtained at the issue date of the dilutive instruments, net profit is adjusted for the financial expense, net of tax, relating to these instruments.

Numerator (€ million)	30.06.2021	30.06.2022
Group share of net profit	1,305	1,996
Denominator (in number of shares)		
Average number of outstanding shares	260,796,076	259,031,734
Dilutive effect of performance share allocations	624,364	544,063
Dilutive effect of stock options and subscription options	93,465	143,644
Average number of outstanding shares – diluted	**261,513,904**	**259,719,441**
Earnings per share (€)		
Earnings per share – basic	5.00	7.71
Earnings per share – diluted	4.99	7.69

Note 3.5 Expenses by type

Operating profit notably includes depreciation, amortisation and impairment expenses as well as employee benefits expense as follows:

€ million	30.06.2021	30.06.2022
Depreciation, amortisation and impairment expense on property, plant and equipment and intangible assets	**(441)**	**(391)**
Salaries and payroll costs	(1,216)	(1,374)
Pensions, medical expenses and other similar benefits under defined-benefit plans	(46)	(45)
Share-based payments	(28)	(40)
Total employee benefits expense	**(1,290)**	**(1,459)**

Note 4 Notes to the balance sheet

Note 4.1 Intangible assets and goodwill

Intangible assets are measured at cost on initial recognition. With the exception of assets with indefinite useful lives, they are amortised on a straight-line basis over their period of use, which is generally less than five years, and are written down when their recoverable amount is less than their net carrying amount. Amortisation of intangible assets is recognised within operating profit in the income statement.

In the context of the Group's activities, and in accordance with IAS 38 "Intangible assets", research and development costs are recognised as expenses in the financial year during which they are incurred, except for certain development costs which meet the capitalisation criteria described by the standard.

		Movements of the period					
€ million	30.06.2020	Acquisitions	Allowances	Disposals	Foreign currency gains and losses	Other movements	30.06.2021
Goodwill	5,747	15	-	-	(139)	19	5,642
Brands	13,230	13	-	(8)	(346)	6	12,894
Other intangible assets	471	73	-	(42)	(2)	42	541
Gross value	**19,448**	**100**	**-**	**(50)**	**(488)**	**67**	**19,077**
Goodwill	(136)	-	-	-	(1)	(0)	(137)
Brands	(2,398)	-	(72)	7	95	(0)	(2,369)
Other intangible assets	(338)	-	(43)	40	2	(1)	(341)
Amortisation/impairment	**(2,872)**	**-**	**(114)**	**46**	**95**	**(1)**	**(2,847)**
Intangible assets, net	**16,576**	**100**	**(114)**	**(4)**	**(393)**	**66**	**16,230**

		Movements of the period					
€ million	30.06.2021	Acquisitions	Allowances	Disposals	Foreign currency gains and losses	Other movements	30.06.2022
Goodwill	5,642	224	-	0	418	0	6,284
Brands	12,894	58	-	2	985	0	13,935
Other intangible assets	541	73	-	94	31	14	565
Gross value	**19,076**	**354**	**-**	**95**	**1,434**	**15**	**20,784**
Goodwill	(137)	-	-	-	(2)	(0)	(139)
Brands	(2,369)	-	(10)	(1)	(256)	-	(2,634)
Other intangible assets	(340)	-	(42)	(93)	(20)	(45)	(354)
Amortisation/impairment	**(2,847)**	**-**	**(52)**	**(94)**	**(278)**	**(45)**	**(3,127)**
Intangible assets, net	**16,230**	**354**	**(52)**	**1**	**1,156**	**(30)**	**17,657**

Goodwill

Goodwill is subject to an impairment test at least once a year and whenever there is an indication that its value may have been impaired. To perform these tests, goodwill is allocated by geographical area on the basis of asset groupings at the date of each business combination. These asset groupings correspond to groups of assets which jointly generate identifiable cash flows that are largely independent. If impairment is identified, an impairment loss is recognised in profit and loss for the financial year.

Goodwill mainly stems from the acquisitions of Allied Domecq in July 2005 and Vin&Sprit in July 2008. The change in the value of goodwill in the period was mainly due to the acquisitions mentioned in Note 1.2.1 – *Significant events during the financial year – Acquisitions and disposals*, as well as currency fluctuations.

Brands

The entry value of acquired brands is determined using an actuarial calculation of estimated future profits or using the royalty method and corresponds to the fair value of the brands at the date of acquisition. As the Group's brands are intangible assets with indefinite useful lives, they are not amortised but are rather subject to an impairment test at least once a year or whenever there is an indication that their value may have been impaired. Brands acquired as a part of acquisitions of foreign entities are denominated in the functional currency of the business acquired.

The main brands recorded on the balance sheet are: Absolut, Ballantine's, Beefeater, Chivas Regal, Kahlúa, Malibu, Martell and Brancott Estate. Most of these were recognised at the time of the acquisitions of Seagram, Allied Domecq and Vin&Sprit. The change in the gross value of brands for the period was mainly due to the acquisitions mentioned in Note 1.2.1.1 – *Significant events during the financial year – Acquisitions and disposals*, as well as currency fluctuations.

Impairment of tangible or intangible assets

In accordance with IAS 36, intangible assets and property, plant and equipment are subject to impairment tests whenever there is an indication that the value of the asset has been impaired and at least once a year for non-current assets with indefinite useful lives (goodwill and brands).

The assets subject to impairment tests are included in cash generating units (CGUs), corresponding to linked groups of assets which generate identifiable cash flows. The CGUs include assets related to the Group's brands and are allocated in accordance with the three geographical areas defined by the Group, on the basis of the sale destination of the products. Impairment tests on CGUs are carried out in the third quarter and are regularly monitored until the reporting date in order to verify the relevance of the business plans and any changes to the market data underlying the discount rates used.

When the recoverable amount of a CGU is less than its net carrying amount, an impairment loss is recognised within operating profit. The recoverable amount of the CGU is the higher of its market value and its value in use.

Value in use is measured based on cash flows projected over a 19-year period. This period reflects the typically long lives of the Group's brands and their productive assets. Discounted projected cash flows are established based on annual budgets and multi-year strategies, extrapolated into subsequent years by gradually converging the figure for the last year of the Plan for each brand and market towards a perpetual growth rate. The calculation includes a terminal value derived by capitalising the cash flows generated in the last forecast year. Assumptions applied to sales and advertising and promotional expenditure are determined by Management based on previous results and long-term development trends in the markets concerned. The cash flow projection methodology takes into account, with respect to Working Capital Requirements and investments, the specific features of white spirits and maturing alcohols. The present values of discounted cash flows are sensitive to these assumptions, as well as to consumer trends and economic factors.

Market value is based either on the sale price, net of selling costs, that could be obtained under normal market conditions or earnings multiples observed in recent transactions relating to comparable assets. The discount rate used for these calculations is an after-tax rate applied to after-tax cash flows and corresponds to the weighted average cost of capital. This rate reflects specific rates for each market or region, depending on the risks that they represent. Assumptions made in terms of future changes in net sales and in terms of terminal values are reasonable and consistent with market data available for each of the CGUs. Additional impairment tests are applied where events or specific circumstances suggest that a potential impairment exists.

In addition to annual impairment tests applied to goodwill and brands, specific impairment tests are applied where there is an indication that the value of an asset may have been impaired.

The data and assumptions used for the annual impairment tests are as follows:

€ million	Method used to determine the recoverable amount	Net carrying amount of goodwill at 30.06.2022	Net carrying amount of brands at 30.06.2022	Value in use		
				Discount rate 2021	Discount rate 2022	Perpetual growth rate
Europe	Value in use based on the discounted cash flow method	2,062	4,497	5.70%	5.66%	From -1% to +2.5%
Americas		3,139	5,932	6.48%	7.17%	From -1% to +2.5%
Asia/Rest of the World		944	871	7.24%	7.66%	From -1% to +2.5%

The following table shows the amount of any additional impairment at 30 June 2022 of assets making up the CGUs or goodwill, which would result from:

- a 50 basis point reduction in the growth rate of the contribution after advertising and promotional expenditure;
- a 50 basis point increase in the after-tax discount rate;
- a 100 basis point increase in the after-tax discount rate; or
- a 50 basis point reduction in the perpetual rate growth over the duration of the multi-year plans.

€ million	50 basis point decrease in the growth rate of the contribution after advertising and promotional expenditure	50 basis point increase in the after-tax discount rate	100 basis point increase in the after-tax discount rate	50 basis point decrease in the perpetual growth rate
Europe	0	0	(155)	0
Americas	(1)	0	(141)	0
Asia/Rest of the World	0	0	(46)	0
Total	**(1)**	**0**	**(342)**	**0**

Note 4.2 Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost and broken down by component. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. Useful life is reviewed on a regular basis. The average depreciable lives for the major categories of property, plant and equipment are as follows:

Buildings	15 to 50 years
Plant, equipment and tooling	5 to 15 years
Other non-current assets	3 to 5 years
Vines	25 to 33 years

Depreciation of property, plant and equipment is recognised within operating profit in the income statement.

In accordance with the amendments to standards IAS 41 and IAS 16, vines are, since 1 July 2016, valued at acquisition cost and depreciated over their useful life. In accordance with IAS 41, agricultural produce (harvests) continues to be recognised at fair value on the balance sheet, after deducting estimated selling costs, as from the date at which it is possible to obtain a reliable assessment of price, for example by referring to an active market. Changes in fair value are recognised in the income statement. Land on which biological assets are planted is measured in accordance with IAS 16.

In accordance with IFRS 16, applicable from 1 July 2019, right-of-use assets for leases are recognised as property, plant and equipment in the class corresponding to the underlying assets, with the corresponding recognition of a lease liability. These are mainly offices occupied by the Group and recorded under Buildings. The value of right-of-use assets is determined on the basis of the amount of the lease liability, adjusted for the amount of prepaid rent, initial direct costs, benefits received from lessors and, where applicable, remediation costs. Right-of-use assets relating to leases are depreciated over the term of the lease. The accounting principles for determining the lease liability are detailed in Note 4.8 – *Financial liabilities*.

Items of property, plant and equipment, including right-of-use assets, are written down when their recoverable amount falls below their net carrying amount.

		Movements of the period						
€ million	30.06.2020	Acquisitions	Allowances	Disposals	Foreign currency gains and losses	Other movements	30.06.2021	*of which right-of-use assets*
Land	399	4	-	(5)	3	5	405	*53*
Buildings	1,766	84	-	(83)	21	49	1,838	*442*
Machinery and equipment	2,186	60	-	(118)	21	116	2,264	*32*
Other property, plant and equipment	870	80	-	(64)	18	18	923	*75*
Assets in progress	182	217	-	(0)	2	(180)	220	-
Advance on property, plant and equipment	24	9	-	(0)	(0)	(26)	7	-
Gross value	**5,427**	**454**	**-**	**(271)**	**65**	**(17)**	**5,658**	***602***
Land	(40)	-	(9)	2	(1)	(0)	(48)	*(13)*
Buildings	(621)	-	(120)	58	(9)	3	(691)	*(122)*
Machinery and equipment	(1,272)	(0)	(127)	101	(17)	(3)	(1,317)	*(15)*
Other property, plant and equipment	(399)	(0)	(69)	50	(8)	0	(425)	*(35)*
Assets in progress	0	-	(0)	-	-	-	(0)	-
Depreciation/ impairment	**(2,332)**	**(0)**	**(325)**	**211**	**(35)**	**-**	**(2,481)**	***(186)***
Property, plant and equipment, net	**3,095**	**454**	**(325)**	**(60)**	**30**	**(18)**	**3,177**	***416***

€ million	30.06.2021	Acquisitions	Allowances	Disposals	Foreign currency gains and losses	Other movements	30.06.2022	*of which right-of-use assets**
	Movements of the period							
Land	405	96	-	5	8	(1)	503	*62*
Buildings	1,838	110	-	36	53	75	2,040	*497*
Machinery and equipment	2,264	99	-	66	80	131	2,509	*48*
Other property, plant and equipment	923	95	-	37	16	8	1,004	*75*
Assets in progress	220	307	-	1	9	(234)	301	*-*
Advance on property, plant and equipment	7	5	-	0	1	(4)	9	*-*
Gross value	**5,658**	**711**	**-**	**146**	**167**	**(24)**	**6,366**	***682***
Land	(48)	-	(10)	(1)	(2)	1	(59)	*(21)*
Buildings	(691)	(1)	(117)	(30)	(22)	(6)	(807)	*(174)*
Machinery and equipment	(1,317)	-	(141)	(61)	(44)	2	(1,439)	*(22)*
Assets in progress	(425)	(0)	(70)	(29)	(8)	4	(469)	*(41)*
Depreciation/ impairment	**(2,481)**	**(1)**	**(339)**	**(121)**	**(76)**	**1**	**(2,775)**	***(259)***
Property, plant and equipment, net	**3,177**	**710**	**(339)**	**25**	**91**	**(23)**	**3,591**	***424***

Note 4.3 Financial assets

Financial assets consist mainly of Group interests in non-consolidated companies, loans, sureties and deposits, guarantee deposits required by the tax regulations of certain countries and plan assets for pension obligations (not entering into the scope of IFRS 9).

Shareholder equity instruments

Investments in non-consolidated entities are recorded in the Balance sheet at fair value. Fair value results and the disposal gain or loss are recorded, in accordance with the management intention, either (i) in the income statement under the heading "Financial income/Financial expenses – other non-recurring financial items" or (ii) in consolidated shareholder equity under the heading "Other comprehensive income" and are not recycled through profit or loss.

Fair value is determined on the basis of the financial criteria most appropriate to the specific situation of each company. The fair value of financial assets listed on a financial market is their stock market value. The valuation criteria generally used for other non-consolidated investments are share of shareholder equity and future profitability.

Loans, guarantees and deposits

Loans, guarantees and deposits are valued at amortised cost.

€ million	30.06.2021 Current	30.06.2021 Non-current	30.06.2022 Current	30.06.2022 Non-current
Net financial assets				
Shareholder equity instruments	-	286	-	345
Other financial assets	-	294	-	247
Net loans and receivables				
Loans, receivables and deposits	-	106	-	169
Total net non-current financial assets	**-**	**685**	**-**	**761**
Derivative instruments	8	65	32	4
Financial assets	**8**	**750**	**32**	**766**

The table below shows the movements of financial assets, excluding derivative instruments:

		Movements of the period					
€ million	30.06.2020	Acquisitions	Allowances	Disposals	Foreign currency gains and losses	Other movements	30.06.2021
Other financial assets	273	(0)	-	-	17	4	294
Shareholder equity instruments	101	51	-	(1)	(2)	144	293
Loans, guarantees and deposits	219	24	-	(11)	(6)	(119)	107
Gross value	**593**	**75**	**-**	**(12)**	**9**	**28**	**694**
Provisions for other financial assets	0		(0)	-	0	-	(0)
Impairment losses recognised on available-for-sale financial assets	-	-	-	-	-	-	-
Provisions on shareholder equity instruments	(7)	-	-	-	0	0	(7)
Provisions for loans, guarantees and deposits	(63)	-	(1)	-	4	59	(2)
Provisions	**(71)**	**-**	**(1)**	**-**	**4**	**59**	**(9)**
Non-current financial assets, net	**522**	**75**	**(1)**	**(12)**	**13**	**87**	**685**

		Movements of the period					
€ million	30.06.2021	Acquisitions	Allowances	Disposals	Foreign currency gains and losses	Other movements	30.06.2022
Other financial assets	294	0	-	0	3	(49)	247
Shareholder equity instruments	293	113	-	3	20	(79)	345
Loans, guarantees and deposits	107	57	-	7	10	3	171
Gross value	**694**	**170**	**-**	**10**	**33**	**(125)**	**763**
Provisions for other financial assets	(0)	-	(0)	-	0	-	(0)
Provisions on shareholder equity instruments	(7)	-	-	-	(0)	7	(0)
Provisions for loans, guarantees and deposits	(2)	-	(0)	(0)	(0)	(0)	(1)
Provisions	**(9)**	**-**	**(0)**	**(0)**	**(0)**	**7**	**(1)**
Non-current financial assets, net	**685**	**170**	**(0)**	**9**	**33**	**(118)**	**761**

Other financial assets at 30 June 2022 included €239 million of plan surplus related to employee benefits, compared to €285 million at the end of June 2021. This change is mainly due to changes in actuarial assumptions over the period (see Note 4.7 – *Provisions*).

At 30 June 2022, shareholder equity instruments consisted mainly of unconsolidated securities held by the Group and in particular those of Jumia Technologies AG, measured at fair value through shareholder equity in the amount of €37 million based on the closing share price of €5.83 on 30 June 2022 (compared with €25.61 per share on 30 June 2021).

Note 4.4 Inventories and work in progress

Inventories are measured at the lower of either their cost (acquisition cost and cost of production, including indirect production overheads) or their net realisable value. Net realisable value is the selling price less the estimated costs of completion and sale of inventories. Most inventories are valued using the weighted average cost method. The cost of long-cycle inventories is computed using a single method which includes distilling and ageing costs. These inventories are classified in current assets, although a substantial part remains in inventory for more than one year in order to undergo the ageing process used for certain wines and spirits before being sold.

The inventories and work-in-progress are broken down at closing as follow:

		Movements of the period				
€ million	**30.06.2020**	**Change in gross values**	**Change in impairment**	**Foreign currency gains and losses**	**Other movements**	**30.06.2021**
Raw materials	173	3	-	(1)	2	177
Work in progress	5,183	214	-	85	4	5,486
Goods in inventory	580	76	-	(10)	-	646
Finished products	296	32	-	(3)	6	331
Gross value	**6,232**	**325**	**-**	**72**	**11**	**6,640**
Raw materials	(11)	-	(5)	(0)	-	(16)
Work in progress	(23)	-	(5)	(0)	(1)	(29)
Goods in inventory	(16)	-	(7)	(0)	(0)	(23)
Finished products	(15)	-	(3)	0	1	(17)
Impairment	**(65)**	**-**	**(20)**	**(0)**	**-**	**(86)**
Net inventories	**6,167**	**325**	**(20)**	**72**	**11**	**6,555**

		Movements of the period				
€ million	**30.06.2021**	**Change in gross values**	**Change in impairment**	**Foreign currency gains and losses**	**Other movements**	**30.06.2022**
Raw materials	177	41	-	11	(0)	228
Work in progress	5,486	287	-	85	(6)	5,847
Goods in inventory	646	188	-	41	(0)	876
Finished products	331	143	-	22	(2)	495
Gross value	**6,641**	**659**	**-**	**158**	**(8)**	**7,446**
Raw materials	(16)	-	(9)	(1)	0	(15)
Work in progress	(29)	-	(5)	(1)	2	(24)
Goods in inventory	(23)	-	(14)	(3)	(0)	(24)
Finished products	(17)	-	0	(1)	0	(14)
Impairment	**(86)**	**-**	**(27)**	**(5)**	**2**	**(77)**
Net inventories	**6,555**	**659**	**(27)**	**153**	**(6)**	**7,369**

At 30 June 2022, ageing inventories intended mainly for use in whisky and cognac production accounted for 83% of work-in-progress. The Group is not significantly dependent on its suppliers.

Note 4.5 Trade receivables and other operating receivables

Trade receivables and other current receivables are recognised initially at their fair value, which usually corresponds to their nominal value. Provisions for impairment are recognised in line with the losses expected over the life of the receivable.

The following tables break down trade receivables and other operating receivables as of 30 June 2021 and 30 June 2022 by due date:

			Due in accordance with the following terms				
€ million	Net carrying amount	Not due	< 30 days	31 to 90 days	91 to 180 days	181 to 360 days	> 360 days
Net carrying amounts							
Trade receivables and other operating receivables as of 30.06.2021	1,126	958	109	31	10	4	14
O/w impairment	*(104)*	*(16)*	*(1)*	*(2)*	*(3)*	*(7)*	*(74)*
Trade receivables and other operating receivables as of 30.06.2022	1,388	1,181	118	38	31	5	16
O/w impairment	*(127)*	*(25)*	*(3)*	*(19)*	*(9)*	*(8)*	*(63)*

Changes in the impairment of trade receivables and other operating receivables were as follows:

€ million	FY21	FY22
At 1 July	**91**	**104**
Allowances during the year	26	28
Reversals during the year	(5)	(9)
Used during the year	(7)	(7)
Foreign currency gains and losses	(1)	11
At 30 June	**104**	**127**

At 30 June 2022, there was no reason to question the creditworthiness of non-impaired past due receivables. More specifically, non-impaired receivables with due dates of over 12 months showed no additional credit-related risk. There is no significant concentration of risks.

Over the last two financial years, the Group continued to implement its programmes to sell the receivables of several affiliates. Receivables sold under these programmes totalled €592 million at 30 June 2021 and €602 million at 30 June 2022. As substantially all risks and rewards associated with the receivables were transferred, they were derecognised.

Derecognised assets where there is continuing involvement

	Carrying amount of continuing involvement					
€ million Continuing involvement	Amortised costs	Held to maturity	Available for sale	Financial liabilities at fair values	Fair value of continuing involvement	Maximum exposure
Guarantee deposit – factoring and securitisation	8	-	8	-	8	8

Note 4.6 Other current assets

Other current assets are broken down as follows:

€ million	30.06.2021	30.06.2022
Advances and down payments	39	51
Tax accounts receivable, excluding income tax	258	268
Prepaid expenses	88	83
Other receivables	28	34
Total	**413**	**435**

Note 4.7 Provisions

In accordance with IAS 37 (Provisions, contingent liabilities and contingent assets), provisions for risks and contingencies are recognised to cover probable outflows of resources that can be estimated and that result from present obligations relating to past events. In the case where a potential obligation resulting from past events exists, but where the occurrence of the outflow of resources is not probable or where the amount cannot be reliably estimated, a contingent liability is disclosed among the Group's commitments. The amounts provided for are measured by taking account of the most probable assumptions or using statistical methods, depending on the nature of the obligations. Provisions notably include:

- provisions for restructuring;
- provisions for pensions and other long-term employee benefits;
- provisions for litigation (tax other than corporate income tax, legal, employee-related).

Litigation is kept under regular review, on a case-by-case basis, by the Legal Department of each affiliate or region or by the Group's Legal Department, drawing on the help of external legal consultants in the most significant or complex cases. A provision is recorded when it becomes probable that a present obligation arising from a past event will require an outflow of resources whose amount can be reliably estimated. The amount of the provision is the best estimate of the outflow of resources required to settle this obligation.

The cost of restructuring measures is fully provisioned in the financial year, and is recognised in profit and loss under "Other operating income/(expenses)" when it is material and results from a Group obligation to third parties arising from a decision made by the competent corporate body that has been announced to the third parties concerned before the closing date. This cost mainly involves redundancy payments, early retirement payments, costs of notice periods not served, training costs of departing individuals and costs of site closure. Scrapping of property, plant and equipment, impairment of inventories and other assets, as well as other costs (moving costs, training of transferred individuals, etc.) directly related to the restructuring measures are also recognised in restructuring costs. The amounts provided for correspond to forecast future payments to be made in connection with restructuring plans, discounted to present value when the payment schedule is such that the effect of the time value of money is significant.

6.

1. Breakdown of provisions

The breakdown of provisions at the balance sheet date is as follows:

€ million	30.06.2021	30.06.2022
Non-current provisions		
Provisions for pensions and other long-term employee benefits	477	361
Other non-current provisions for risks and charges	253	318
Current provisions		
Provisions for restructuring	50	27
Other current provisions for risks and charges	113	123
Total	**893**	**829**

2. Changes in provisions (other than provisions for pensions and other long-term employee benefits)

		Movements of the period						
€ million	30.06.2021	Allowances	Used reversals	Unused reversals	Translation adjustments	First-time consolidation	Other movements	30.06.2022
Provisions for restructuring	50	13	27	11	-	1	1	27
Other current provisions	113	27	9	7	0	0	(1)	123
Other non-current provisions	253	64	1	24	5	-	22	318
Total provisions	**416**	**105**	**37**	**42**	**5**	**1**	**22**	**468**

Some Group companies are involved in disputes as part of their normal business activities. They are also subject to tax audits, some of which may lead to an adjustment. The main disputes are described in Note 6.5 – *Disputes*.

At 30 June 2022, the provisions recorded by the Group for all litigation and risks in which it is involved amounted to €441 million, excluding uncertain tax positions recognised in current tax liabilities. The Group does not provide details (with exceptions), as it believes the disclosure of the amount of any provision booked in consideration of each pending dispute would be likely to cause serious harm to the Group.

The change in "Other current and non-current provisions" during the period is explained as follows:

- allowances stem mainly from proceedings brought against the Company and its affiliates, as part of the normal course of business and the emergence of new risks, including tax risks (other than corporate income tax risks);
- reversals are made at the time of corresponding payments or where the risk is considered to be nil. Unused reversals primarily concern the re-evaluation or the statute of limitation of certain risks, including tax risks.

3. Provisions for pension benefits

In accordance with applicable national legislation, the Group's employee benefit obligations are composed of:

- long-term post-employment benefits (retirement bonuses, pensions, medical and healthcare expenses, etc.);
- long-term benefits payable during the period of employment.

Defined contribution plans

Contributions are recognised as expenses as they are incurred. As the Group is not committed beyond the amount of such contributions, no provision is recognised in respect of defined contribution plans.

Defined benefit plans

For defined benefit plans, the projected unit credit method is used to measure the present value of defined benefit obligations, current service cost and, if applicable, past service cost. The measurement is made at each closing date and the personal data concerning employees is revised at least every three years. The calculation requires the use of economic assumptions (inflation rate and discount rate) and assumptions concerning employees (mainly average salary increase, rate of employee turnover and life expectancy). The assumptions used in FY21 and FY22 and the methods used for their determination are described below.

A provision is recorded in the balance sheet for the difference between the actuarial debt of related obligations (actuarial liabilities) and any assets dedicated to funding the plans, measured at their fair value, and includes past service costs and actuarial gains and losses.

The cost of defined benefit plans has three components, which are accounted for as follows:

- the cost of services is recognised in operating profit. It includes:
  - the cost of services rendered during the period,
  - the cost of past services resulting from the modification or reduction of a plan, fully recognised in profit and loss for the period in which the services were performed,
  - gains and losses resulting from liquidations;
- the financial component, recorded in financial income (expenses), comprises the impact of discounting the liabilities, net of the expected return on plan assets, measured using the same discount rate as that used to measure the liabilities;
- revaluations of liabilities (assets) are recognised as non-recyclable items of comprehensive income, and consist mainly of actuarial differences, namely the change in plan obligations and assets due to changes in assumptions and to experience gains or losses, the latter representing the difference between the expected impact of some actuarial assumptions applied to previous valuations and the actual impact. Depending on the nature of the texts governing the plans in certain zones, if the hedging assets exceed the commitments entered into the accounts, any assets generated may be limited to the present value of the future reimbursements and the expected decreases in future contributions.

The Group grants pension and retirement benefits and other post-employment benefits (medical insurance or life insurance), in the form of defined contribution or defined benefit plans:

- in France, benefit obligations mainly comprise arrangements for retirement indemnities (non-funded) and supplementary pension benefits (partly funded);
- in the United States and Canada, benefit obligations include funded pension plans guaranteed to employees as well as unfunded post-employment medical plans;
- in Ireland, the United Kingdom and the Netherlands, benefit obligations mainly consist of pension plans granted to employees.

Defined benefit plans in the Group relate mainly to affiliates in the United Kingdom, in North America and in the rest of Europe. Defined benefit plans are subject to an annual actuarial valuation on the basis of assumptions depending on the country. Under these pension and other benefit plan agreements, employees receive at the date of retirement either a capital lump sum payment or an annuity. These amounts depend on the number of years of employment, final salary and the position held by the employee. At 30 June 2022, fully or partly funded benefit obligations totalled €4,022 million, equivalent to 94% of the total benefit obligations.

Certain affiliates, mainly those located in North America, also provide their employees with post-employment medical cover. These benefit obligations are unfunded. They are measured using the same assumptions as those used for the pension obligations in the countries in question.

Several affiliates, mainly in Europe, also provide their employees with other long-term benefits. Benefit obligations of this type are mainly in respect of long-service awards and jubilee awards.

The table below presents a reconciliation of the provision between 30 June 2021 and 30 June 2022:

	30.06.2021			30.06.2022		
€ million	Pension commitments	Medical expenses and other employee benefits	Total	Pension commitments	Medical expenses and other employee benefits	Total
Net liability/(asset) at beginning of period	196	145	341	52	140	192
Impacts of IFRIC IAS 19 interpretation				(11)	-	(11)
Net expense/(income) for the period	54	4	58	48	6	55
Actuarial (gains)/losses [1]	(126)	0	(126)	(47)	(16)	(63)
Employer contributions and benefits paid directly by the employer	(47)	-	(47)	(48)	-	(48)
Benefits paid directly by the employer	(8)	(8)	(16)	(9)	(7)	(16)
Changes in scope of consolidation	0	(0)	(0)	0	-	0
Foreign currency gains and losses	(17)	(1)	(18)	3	10	13
Net liability/(asset) at end of period	**52**	**140**	**192**	**(13)**	**134**	**121**
Amount recognised in assets	(285)	-	(285)	(239)	-	(239)
Amount recognised in liabilities	**337**	**140**	**477**	**227**	**134**	**361**

(1) Recognised in "Other comprehensive income".

Actuarial gains and losses correspond mainly to the update of actuarial assumptions and values of plan assets.

The net financial impact recognised in income statement in respect of pensions and other long-term employee benefits is broken down as follows:

	30.06.2021			30.06.2022		
Expense for the financial year € million	Pension commitments	Medical expenses and other employee benefits	Total	Pension commitments	Medical expenses and other employee benefits	Total
Service cost	42	4	46	41	4	45
Interest on provision	3	4	7	(1)	3	2
• o/w interest on the commitment	90	4	93	104	3	107
• o/w interest on the assets	(87)	-	(87)	(106)	-	(106)
• o/w interest on the limitation of the assets	0	-	0	1	-	1
Fees/levies/premiums	8	-	8	9	-	9
Impact of plan amendments/Reduction of future rights	(0)	(7)	(8)	(0)	0	(0)
Impact of liquidation of benefits	0	-	0	0	-	0
Actuarial (gains)/losses	-	5	5	-	(1)	(1)
Effect of asset ceiling (including the impact of IFRIC 14)	-	-	-	-	-	-
Net expense/(income) recognised in profit and loss	**54**	**4**	**58**	**48**	**6**	**55**

Changes in provisions for pensions and other long-term employee benefits are shown below:

Net liability recognised in the balance sheet € million	30.06.2021 Pension commitments	30.06.2021 Medical expenses and other employee benefits	30.06.2021 Total	30.06.2022 Pension commitments	30.06.2022 Medical expenses and other employee benefits	30.06.2022 Total
Change in the actuarial value of cumulative benefit obligations						
Actuarial value of cumulative benefit obligations at beginning of period	5,440	145	5,584	5,318	140	5,458
Adjustments to cumulative benefit obligations at the beginning of the financial year – IFRS IC reform	-	-	-	(11)	-	(11)
Cumulative benefit obligations during the financial year	42	4	46	41	4	45
Interest cost (effect of unwinding of discount)	90	4	93	104	3	107
Employee contributions	4	1	5	4	0	4
Benefits paid	(257)	(8)	(265)	(261)	(7)	(268)
Administrative fees/premiums/levies	(0)	-	(0)	(1)	-	(1)
Plan amendments/reduction of future rights	(1)	(7)	(8)	(0)	0	(0)
Liquidation of benefits	0	-	0	0	-	0
Actuarial (gains)/losses	(252)	5	(247)	(1,140)	(17)	(1,157)
Translation differences	251	(1)	249	75	10	85
Changes in scope of consolidation	1	(0)	0	1	-	1
Actuarial value of cumulative benefit obligations at the reporting date	**5,318**	**140**	**5,458**	**4,130**	**134**	**4,264**
Change in the fair value of plan assets						
Fair value of plan assets at beginning of period	5,259	-	5,259	5,307	-	5,307
Interest income on plan assets	87	-	87	106		106
Experience gains/(losses) on plan assets	(101)	-	(101)	(1,084)	-	(1,084)
Employee contributions	4	-	4	4	-	4
Employer contributions and benefits paid directly by the employer	47	-	47	48	-	48
Benefits paid	(249)	-	(249)	(253)	-	(253)
Administrative fees/premiums/levies	(9)	-	(9)	(9)	-	(9)
Plan amendments/reduction of future rights	(1)	-	(1)	-	-	-
Liquidation of benefits	-	-	-	-	-	-
Translation differences	269	-	269	77	-	77
Changes in scope of consolidation	0	-	0	1	-	1
Fair value of plan assets at reporting date	**5,307**	**-**	**5,307**	**4,198**	**-**	**4,198**
Present value of funded benefits	5,206	-	5,206	4,034	-	4,034
Fair value of plan assets	5,307	-	5,307	4,198	-	4,198
Deficit/(surplus) on funded benefits	**(102)**	**-**	**(102)**	**(164)**	**-**	**(164)**
Present value of unfunded benefits	112	140	253	96	134	230
Effect of ceiling on plan assets (including the impact of IFRIC 14)	41	-	41	56	-	56
Net (assets)/liabilities recognised in the balance sheet	**52**	**140**	**192**	**(13)**	**134**	**121**

At 30.06.2022	Actuarial value of cumulative benefit obligations		Fair value of plan assets		Limitation of plan assets		Recognised in liabilities and shareholder equity		Amount recognised in assets	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
United Kingdom	3,174	74%	3,364	80%	0	0%	26	7%	(216)	90%
United States	345	8%	254	6%	0	0%	91	25%	0	0%
Canada	236	6%	275	7%	56	100%	39	11%	(22)	9%
Ireland	238	6%	189	4%	0	0%	49	14%	0	0%
France	105	2%	14	0%	0	0%	91	25%	0	0%
Other countries	166	4%	103	2%	0	0%	64	18%	(1)	0%
Total	**4,264**	**100%**	**4,198**	**100%**	**56**	**100%**	**361**	**100%**	**(239)**	**100%**

The breakdown of pension assets between the different asset classes (Bonds, shares, etc.) is as follows:

	30.06.2021		30.06.2022	
Breakdown of pension assets	Pension commitments	Medical expenses and other employee benefits	Pension commitments	Medical expenses and other employee benefits
Shares	11%	Not applicable	11%	Not applicable
Bonds	11%	Not applicable	10%	Not applicable
Other money market funds	0%	Not applicable	1%	Not applicable
Property assets	3%	Not applicable	3%	Not applicable
Other	75%	Not applicable	76%	Not applicable
Total	**100%**	**Not applicable**	**100%**	**Not applicable**

At 30 June 2022, "Other" assets notably include the value of the insurance policy taken out with Rothesay Life covering the obligations insured as part of the buy-in conducted in FY20.

Contributions payable by the Group in FY23 in respect of funded benefits are estimated at €52 million.

Benefits payable in respect of defined benefit plans over the next 10 years are broken down as follows:

Benefits to be paid over the next 10 years € million	Pension commitments	Medical expenses and other employee benefits
2023	272	7
2024	278	7
2025	288	7
2026	295	7
2027	316	7
2028-2032	1,638	37

At 30 June 2021 and 30 June 2022, the main assumptions used for the measurement of pension obligations and other long-term employee benefits were as follows:

	30.06.2021		30.06.2022	
Actuarial assumptions in respect of commitments	**Pension commitments**	**Medical expenses and other employee benefits**	**Pension commitments**	**Medical expenses and other employee benefits**
Discount rate	1.97%	2.46%	3.85%	3.56%
Average rate of increase in annuities	3.33%	Not applicable	3.40%	Not applicable
Average salary increase	2.89%	3.26%	3.18%	3.57%
Expected increase in medical expenses				
• Initial rate	Not applicable	5.18%	Not applicable	5.13%
• Final rate	Not applicable	4.00%	Not applicable	4.12%

	30.06.2021		30.06.2022	
Actuarial assumptions in respect of the expense for the financial year	**Pension commitments**	**Medical expenses and other employee benefits**	**Pension commitments**	**Medical expenses and other employee benefits**
Discount rate	1.65%	2.94%	1.97%	2.46%
Average rate of increase in annuities	3.15%	Not applicable	3.33%	Not applicable
Average salary increase	2.46%	2.62%	2.89%	3.26%
Expected increase in medical expenses				
• Initial rate	Not applicable	5.72%	Not applicable	5.18%
• Final rate	Not applicable	4.64%	Not applicable	4.00%

Actuarial assumptions at 30.06.2022 ***(pension and other commitments)*** **By region**	**United Kingdom**	**United States**	**Canada**	**Eurozone countries**	**Other non-Eurozone countries**
Discount rate	3.79%	4.42%	4.86%	2.72%	4.78%
Average rate of increase in annuities	3.51%	Not applicable	Not applicable	2.36%	2.34%
Average salary increase	2.51%	2.98%	3.00%	3.34%	6.50%
Expected increase in medical expenses					
• Initial rate	5.50%	5.50%	4.56%	3.86%	Not applicable
• Final rate	5.50%	4.00%	3.56%	3.86%	Not applicable

The obligation period-related discount rates used within the Eurozone are as follows:

- short-term rate (3-5 years): 0.00% to 0.25%;
- medium-term rate (5-10 years): 0.25% to 0.75%;
- long-term rate (more than 10 years): 0.75% to 1.20%.

Discount rates are determined by reference to the yield at the reporting date on premium category corporate Bonds (if available), or on government Bonds, with maturities similar to the estimated duration of the benefit obligations.

The expected rate of return on assets corresponds to the discount rate, in accordance with IAS 19.

The sensitivity of the debt to changes in the discount rate is shown in the table below:

€ million	Pension commitments	Medical expenses and other employee benefits	Total
Commitments at 30.06.2022	4,130	134	4,264
Commitments at 30.06.2022 with a 0.5% decrease in the discount rate	4,424	143	4,567
Commitments at 30.06.2022 with a 0.5% increase in the discount rate	3,865	126	3,991

The impact of a change in the rate of increase in medical expenses would be as follows:

	Effect of change		
Post-employment medical benefits € million	With current rate	1% increase	1% decrease
On the present value of the benefit obligations at 30.06.2022	106	9	(7)
On the expense for FY22	5	0	(0)

The experience gains or losses on the benefit obligations and plan assets are set out below:

	30.06.2022	
€ million	Pension commitments	Medical expenses and other employee benefits
Amounts of experience losses or (gains) on benefit obligations	74	(2)
Percentage compared with amounts of benefit obligations	1.8%	-1.5%
Amounts of financial assumption losses or (gains) on benefit obligations	(1,157)	(15)
Percentage compared with amounts of benefit obligations	-28.0%	-11.1%
Amounts of demographic assumption losses or (gains) on benefit obligations	(57)	(0)
Percentage compared with amounts of benefit obligations	-1.4%	-0.1%
Amounts of experience losses or (gains) on plan assets	1,084	-
Percentage compared with amounts of plan assets	25.8%	0.0%
Amounts of experience losses or (gains) on the limitation on assets	8	-
Percentage compared with amounts of plan assets	0.2%	0.0%
Average duration (years)	13.63	12.79

Note 4.8 Financial liabilities

IFRS 9 (Financial Instruments) replaced IAS 39 as of 1 July 2018. IAS 32 has been applied since 1 July 2004. IFRS 7 has been applied since 1 July 2007. The amendment approved by the European Union on 22 November 2011 has been applied from 1 July 2011.

Borrowings and other financial liabilities are recognised, on the basis of their effective interest rates, in accordance with the amortised cost method. The effective interest rate includes all costs, commissions and fees payable under the contract between the parties. Under this method, costs that are directly attributable to the acquisition or issue of the financial liability are recognised in profit and loss on the basis of the effective interest rate.

In accordance with IAS 7 (Statement of cash flows), cash and cash equivalents presented in assets and liabilities in the balance sheet and shown in the consolidated cash flow statements include items that are immediately available as cash or are readily convertible into a known amount of cash and which are subject to an insignificant risk of change in their value. Cash is composed of cash at bank and on hand, short-term deposits with an initial maturity of less than three months and money market mutual funds that are subject to an insignificant risk of change in their value. Cash equivalents are short-term investments with a maturity of less than three months. Bank overdrafts, which are considered to be equivalent to financing, are excluded from cash and cash equivalents.

IFRS 16 (Leases)

The Group assesses whether a contract is, or contains, a lease if the contract conveys, at inception, the right to control the use of an identified asset for a set period of time in exchange for consideration.

The lease liability is initially calculated at the present value of the future lease payments. The discount rates are based on the Group's borrowing rate plus a spread to take into account country-specific economic environments. They are estimated in each currency using available market data. They take into account the term of the leases. Lease payments may include fixed or variable payments that depend on a rate or index known at the commencement date of the lease.

The period used to calculate the lease liability corresponds to the non-cancellable term of the contract, unless it is reasonably certain that the Group will exercise a renewal option beyond this period. The probability of exercising an option is determined on a lease-by-lease basis, taking into account Management's intentions. This liability is then calculated at amortised cost using the effective interest rate method.

Leases are recognised in the balance sheet from the commencement date. They are presented in "Lease liabilities" with a corresponding entry in "Property, plant and equipment", depending on the nature of the underlying asset (see Note 4.1 – *Property, plant and equipment*). Lease liabilities comprise a current and non-current portion on the basis of the expected future payments.

In the income statement, depreciation expenses are recognised on the basis of the use of the underlying asset and interest expenses are presented in financial income/(expense).

In the cash flow statement, repayments of lease liabilities are reported under "Lease repayments" in cash flows from financing activities, while interest payments are reported under "Interest paid" in cash flows from operating activities.

The Group has chosen not to apply IFRS 16 to leases corresponding to assets with a low unit replacement value or to short-term leases. These leases are recognised directly in expenses.

Net financial debt, as defined and used by the Group, corresponds to total gross debt (translated at the closing rate), including lease liabilities and fair value and net foreign currency assets hedged derivatives (hedging of net investments and similar), less cash and cash equivalents.

1. Breakdown of net financial debt by nature and maturity

€ million	30.06.2021			30.06.2022		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	**70**	**8,787**	**8,857**	**842**	**9,238**	**10,079**
Syndicated loan	-	-	-	-	-	-
Commercial paper	7	-	7	180	-	180
Other loans and financial debts	115	108	222	226	179	405
Other financial liabilities	**122**	**108**	**229**	**406**	**179**	**585**
Gross financial debt	**192**	**8,894**	**9,086**	**1,248**	**9,417**	**10,664**
Fair value hedge derivatives instruments – assets	-	(22)	(22)	(5)	-	(5)
Fair value hedge derivatives instruments – liabilities	-	-	-	-	9	9
Fair value hedge derivatives	**-**	**(22)**	**(22)**	**(5)**	**9**	**3**
Net investment hedge derivatives – assets	-	(43)	(43)	-	-	-
Net investment hedge derivatives – liabilities	-	-	-	-	9	9
Net investment hedge derivatives	**-**	**(43)**	**(43)**	**-**	**9**	**9**
Financial debt after hedging	**192**	**8,830**	**9,022**	**1,242**	**9,435**	**10,677**
Cash and cash equivalents	**(2,078)**	**-**	**(2,078)**	**(2,527)**	**-**	**(2,527)**
Net financial debt excluding lease liabilities	**(1,886)**	**8,830**	**6,944**	**(1,284)**	**9,435**	**8,150**
Lease liabilities	**103**	**405**	**508**	**107**	**400**	**507**
Net financial debt	**(1,783)**	**9,235**	**7,452**	**(1,177)**	**9,835**	**8,657**

The analysis of the change in net financial debt based on the changes in cash and non-cash is described below:

€ million	30.06.2021	Changes in cash flows	Changes in cash flows with no cash impact			30.06.2022
		Total cash flows	Other movements	Change in fair value	Other	
Bonds	**8,857**	**735**	**514**	**(25)**	**-**	**10,079**
Syndicated loan	-	-	-	-	-	-
Commercial paper	7	173	-	-	-	180
Other loans and financial debts	222	163	19	-	-	405
Gross financial debt	**9,086**	**1,070**	**533**	**(25)**	**-**	**10,664**
Fair value hedge derivatives instruments – assets	(22)	-	-	17	-	(5)
Fair value hedge derivatives instruments – liabilities	-	-	-	9	-	9
Fair value hedge derivatives	**(22)**	**-**	**-**	**26**	**-**	**3**
Economic net investment hedge derivatives – assets	(43)	-	43	-	-	-
Economic net investment hedge derivatives – liabilities	-	-	9	-	-	9
Economic net investment hedge derivatives – liabilities	**(43)**	**-**	**52**	**-**	**-**	**9**
Financial debt after hedging	**9,022**	**1,070**	**584**	**0**	**-**	**10,677**
Cash and cash equivalents	(2,078)	(508)	59	-	-	(2,527)
Net financial debt excluding lease liabilities	**6,944**	**562**	**644**	**0**	**-**	**8,150**
Lease liabilities	508	(115)	19	-	95	507
Net financial debt	**7,452**	**447**	**663**	**0**	**95**	**8,657**

2. Breakdown of debt excluding lease liabilities by currency before and after foreign exchange hedging instruments at 30 June 2021 and 30 June 2022

30.06.2021 € million	Gross financial debt	Amount hedged	Debt after hedging	Cash	Net debt after hedging	% debt after hedging	% net debt after hedging
EUR	5,350	135	5,484	(1,273)	4,211	61%	61%
USD	3,677	(119)	3,558	(36)	3,522	39%	51%
GBP	-	12	12	(30)	(18)	0%	0%
SEK	2	(72)	(70)	(38)	(108)	-1%	-2%
Other currencies	57	(19)	37	(700)	(663)	0%	-10%
Financial debt by currency	**9,086**	**(64)**	**9,022**	**(2,078)**	**6,944**	**100%**	**100%**

30.06.2022 € million	Gross financial debt	Amount hedged	Debt after hedging	Cash	Net debt after hedging	% debt after hedging	% net debt after hedging
EUR	6,297	410	6,708	(1,627)	5,081	63%	62%
USD	4,236	(96)	4,140	(128)	4,013	39%	49%
GBP	43	32	75	(46)	29	1%	0%
SEK	1	(64)	(63)	(55)	(118)	-1%	-1%
Other currencies	86	(268)	(182)	(671)	(854)	-2%	-10%
Financial debt by currency	**10,664**	**13**	**10,677**	**(2,527)**	**8,150**	**100%**	**100%**

3. Breakdown of fixed-rate/floating rate debt (excluding lease liabilities) before and after interest rate hedging instruments at 30 June 2021 and 30 June 2022

	30.06.2021				30.06.2022			
€ million	Debt before hedging		Debt after hedging		Debt before hedging		Debt after hedging	
Fixed-rate debt	8,975	99%	8,302	92%	10,398	97%	9,628	90%
Capped floating-rate debt	-	-	-	-	-	-	-	-
Floating-rate debt	47	1%	720	8%	278	3%	1,049	10%
Financial debt after hedging by type of rate	**9,022**	**100%**	**9,022**	**100%**	**10,677**	**100%**	**10,677**	**100%**

At 30 June 2022, before taking account of any hedges, the Group's gross debt was 97% fixed rate and 3% floating rate. After hedging, the floating-rate part was 10%.

4. Schedule of financial liabilities at 30 June 2022

The following table shows the maturity of future financial liability-related cash flows (nominal and interest). Floating-rate interest flows have been estimated on the basis of rates at 30 June 2021 and 30 June 2022.

30.06.2021 € million	Carrying amount	Contractual flows	< 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years
Nominal value	-	(9,061)	(63)	(60)	(690)	(1,017)	(1,667)	(1,122)	(4,442)
Interest	-	(1,856)	(87)	(95)	(168)	(154)	(144)	(119)	(1,088)
Gross financial debt	**(9,086)**	**(10,917)**	**(151)**	**(155)**	**(858)**	**(1,171)**	**(1,811)**	**(1,241)**	**(5,531)**
Lease liabilities	**(508)**	**(572)**	**(42)**	**(69)**	**(90)**	**(66)**	**(56)**	**(47)**	**(202)**
Cross currency swaps	-	-	-	-	-	-	-	-	-
Flows payable	-	-	-	-	-	-	-	-	-
Flows receivable	-	-	-	-	-	-	-	-	-
Derivative instruments – liabilities	(6)	(6)	(6)	-	-	-	-	-	-
Derivative instruments – liabilities	**(6)**	**(6)**	**(6)**	**-**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities	**(9,600)**	**(11,495)**	**(199)**	**(224)**	**(948)**	**(1,236)**	**(1,867)**	**(1,288)**	**(5,733)**

30.06.2022 € million	Carrying amount	Contractual flows	< 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years
Nominal value	(10,664)	(10,664)	(1,140)	(49)	(532)	(1,693)	(1,200)	(33)	(6,018)
Interest	-	(1,926)	(87)	(97)	(168)	(168)	(143)	(115)	(1,149)
Gross financial debt	**(10,664)**	**(12,590)**	**(1,226)**	**(146)**	**(700)**	**(1,860)**	**(1,342)**	**(148)**	**(7,167)**
Lease liabilities	**(507)**	**(565)**	**(46)**	**(71)**	**(86)**	**(71)**	**(60)**	**(47)**	**(186)**
Cross currency swaps	(9)	-	-	-	-	-	-	-	-
Flows payable	-	(513)	-	(11)	(11)	(492)	-	-	-
Flows receivable	-	476	-	5	5	465	-	-	-
Derivative instruments – liabilities	(18)	(10)	(8)	(0)	(0)	(0)	(0)	-	-
Derivative instruments – liabilities	**(27)**	**(47)**	**(8)**	**(6)**	**(6)**	**(27)**	**(0)**	**-**	**-**
Total financial liabilities	**(11,198)**	**(13,202)**	**(1,280)**	**(222)**	**(791)**	**(1,958)**	**(1,402)**	**(195)**	**(7,353)**

5. Credit lines

At 30 June 2022, credit lines mainly comprised the multi-currency syndicated loan of €2,500 million, a bilateral line of €500 million and a Champagne loan of €260 million. No drawdowns have been made from these credit lines.

6. Bonds

Nominal amount	Interest rate	Issue date	Maturity	Carrying amount at 30.06.2022 € million
US$800 M	4.25%	12.01.2012	15.07.2022	785
€500 M	0.00%	24.10.2019	24.10.2023	499
€650 M	2.13%	29.09.2014	27.09.2024	659
€250 M	1.13%	27.04.2020	07.04.2025	253
€750 M	1.13%	01.04.2020	07.04.2025	748
€600 M	1.50%	17.05.2016	18.05.2026	600
US$600 M	3.25%	08.06.2016	08.06.2026	567
€500 M	0.50%	24.10.2019	24.10.2027	499
US$600 M	1.25%	01.10.2020	01.04.2028	575
€750 M	1.38%*	07.04.2022	07.04.2029	740
€500 M	0.13%	04.10.2021	04.10.2029	491
€250 M	1.75%	27.04.2020	08.04.2030	263
€750 M	1.75%	01.04.2020	08.04.2030	748
US$900 M	1.63%	01.10.2020	01.04.2031	860
€500 M	0.88%	24.10.2019	24.10.2031	496
US$850 M	5.50%	12.01.2012	15.01.2042	826
US$500 M	2.75%	01.10.2020	01.10.2050	469
Total bonds				**10,079**

* *Subject to the achievement of the key performance indicators to which this obligation is linked.*

7. Offsetting of financial assets and financial liabilities

The table below shows the amounts of financial assets and financial liabilities before and after offsetting.

The amounts offset in the balance sheet were established in accordance with IAS 32. Accordingly, financial assets and financial liabilities are offset and the net amount is shown in the balance sheet if and only if the Group has a legally enforceable right to offset the recognised amounts, and if it intends to settle the net amount. The assets and liabilities offset stem from the multi-currency cash pooling implemented within the Group.

At 30.06.2021 € million	Gross financial assets and liabilities	Amounts offset in the balance sheet	Net amounts in the balance sheet	Impact of master netting agreements and similar agreements	Financial instruments received as collateral	Net amounts under IFRS 7
Assets						
Cash and cash equivalents	2,290	(212)	2,078	-	-	-
Liabilities						
Bank debt	434	(212)	222	-	-	-

At 30.06.2022 € million	Gross financial assets and liabilities	Amounts offset in the balance sheet	Net amounts in the balance sheet	Impact of master netting agreements and similar agreements	Financial instruments received as collateral	Net amounts under IFRS 7
Assets						
Cash and cash equivalents	2,770	(243)	2,527	-	-	-
Liabilities						
Bank debt	648	(243)	405	-	-	-

Note 4.9 Financial instruments

1. Fair value of financial instruments

€ million	Measurement level	Breakdown by accounting classification: Fair value through profit or loss	Fair value through shareholder equity	Assets at amortised cost	Liabilities at amortised cost	30.06.2021: Carrying amount	Fair value
Assets							
Shareholder equity instruments	Levels 1 and 3	-	286	-	-	286	286
Guarantees, deposits, investment-related loans and receivables		-	-	106	-	106	106
Trade receivables and other operating receivables		-	-	1,126	-	1,126	1,126
Other current assets		-	-	413	-	413	413
Derivative instruments – assets	Level 2	29	43	-	-	72	72
Cash and cash equivalents	Level 1	2,078	-	-	-	2,078	2,078
Liabilities							
Bonds		-	-	-	8,857	8,857	9,399
Bank debt		-	-	-	229	229	229
Lease liability		-	-	-	508	508	508
Derivative instruments – liabilities	Level 2	6	-	-	-	6	6

€ million	Measurement level	Breakdown by accounting classification: Fair value through profit or loss	Fair value through shareholder equity	Assets at amortised cost	Liabilities at amortised cost	30.06.2022: Carrying amount	Fair value
Assets							
Shareholder equity instruments	Levels 1 and 3	-	345	-	-	345	345
Guarantees, deposits, investment-related loans and receivables		-	-	170	-	170	170
Trade receivables and other operating receivables		-	-	1,388	-	1,388	1,388
Other current assets		-	-	435	-	435	435
Derivative instruments – assets	Level 2	21	15	-	-	37	37
Cash and cash equivalents	Level 1	2,527	-	-	-	2,527	2,527
Liabilities							
Bonds		-	-	-	10,079	10,079	9,291
Bank debt		-	-	-	585	585	585
Lease liability		-	-	-	507	507	507
Derivative instruments – liabilities	Level 2	18	9	-	-	27	27

The methods used are as follows:

- debt: the fair value of the debt is determined for each loan by discounting future cash flows on the basis of market rates at the balance sheet date, adjusted for the Group's credit risk; for floating rate bank debt, fair value is approximately equal to the net carrying amount;
- bonds: market liquidity enabled the Bonds to be valued at their fair value using the quoted prices;
- other long-term financial liabilities: the fair value of other long-term financial liabilities is calculated for each loan by discounting future cash flows using an interest rate taking into account the Group's credit risk at the reporting date;
- derivative instruments: the market value of instruments recognised in the financial statements at the balance sheet date was calculated on the basis of available market data, using current valuation models.

The hierarchical levels for fair value disclosures below accord with the definitions in the amended version of IFRS 7 (Financial Instruments: Disclosures):

- level 1: fair value based on prices quoted in an active market;
- level 2: fair value measured based on observable market data (other than quoted prices included in Level 1);
- level 3: fair value determined by valuation techniques based on unobservable market data.

In accordance with IFRS 13, derivatives were measured taking into account the Credit Valuation Adjustment (CVA) and the Debt Valuation Adjustment (DVA). The measurement is based on historical data (rating of counterparty banks and probability of default). At 30 June 2022, the impact was not significant.

2. Risk management

Management and monitoring of financial risks is performed by the Financing and Treasury Department. Reporting to the Group Finance Department, it oversees all financial exposures and processes or validates all financing, investment and hedging transactions, as part of a programme approved by Senior Management.

All financial instruments used hedge existing or forecast hedge transactions or investments. They are contracted with a limited number of counterparties that have a first-class rating.

Management of liquidity risk

At 30 June 2022, the Group's cash and cash equivalents totalled €2,527 million (compared with €2,078 million at 30 June 2021). An additional €3,260 million of renewable medium-term credit facilities with banks was confirmed and undrawn. Group funding is provided in the form of long-term debt (bank loans, Bonds, etc.) and short-term financing (commercial paper and bank overdrafts) as well as factoring and securitisation, which provide adequate financial resources to ensure the continuity of its business. The Group also set up a €7 billion EMTN (Euro Medium Term Note) programme in May 2020. The Group's short-term financial debt after hedging was €1,242 million at 30 June 2022 (compared to €192 million at 30 June 2021).

While the Group has not identified any other significant cash requirement, it cannot be fully guaranteed that it will be able to continue to access the funding and refinancing needed for its day-to-day operations and investments on satisfactory terms, given the uncertain economic context.

The credit ratings sought by Pernod Ricard from rating agencies on its long- and short-term debt are Baa1/P2 from Moody's and BBB+/A2 from Standard & Poor's, respectively.

The Group's bank and bond debt contracts include covenants and a financial ratio. Breaches of these covenants or financial ratio could force the Group to make accelerated payments. At 30 June 2022, the Group was in compliance with the covenants under the terms of its syndicated loan, with a solvency ratio (total net debt converted at the average rate/consolidated EBITDA) of 5.25 or less.

Furthermore, while the vast majority of the Group's cash surplus is placed with affiliates of global banks enjoying the highest agency ratings, it cannot be ruled out that these Group investments may lose some of their liquidity and/or value.

The currency controls in place in certain countries limit the Group's ability to use cash (prohibition on investment with the Group) and, in some cases, delay the possibility of paying dividends (authorisation is required from the relevant authorities, notably in Cuba). At 30 June 2022, the delayed availability cash amounted to €190 million, including €183 million relating to Cuba.

Specific terms of financing agreements and the schedule of financial liability maturity are respectively disclosed in the "Material contracts" subsection of the management report and in Note 4.8 – *Financial liabilities* of the Notes to the consolidated financial statements.

Management of currency risk

As the Group consolidates its financial statements in euros, it is exposed to fluctuations against the euro by the currencies in which its assets and liabilities are denominated (asset risk) or in which transactions are carried out (transaction risk and translation of results).

While some hedging strategies allow exposure to be limited, there is no absolute protection against exchange rate fluctuations.

For asset risk, financing foreign currency-denominated assets acquired by the Group with debt in the same currency provides natural hedging. This principle was applied for the acquisition of Seagram, Allied Domecq and Vin&Sprit, with part of the debt being denominated in USD, reflecting the importance of cash flows generated in dollars or linked currencies.

Movements in currencies against the euro (notably the USD) may impact the nominal amount of these debts and the financial expense published in euros in the consolidated financial statements, and this could adversely affect the Group's results.

For operational currency risk, the Group's international operations expose it to currency risks affecting transactions carried out by affiliates in a currency other than their operating currency (transaction accounting risk).

As a rule, it is Group policy to invoice end customers in the functional currency of the distributing entity. Exposure to currency risk on invoicing between producer and distributor affiliates is managed *via* a monthly payment centralisation procedure involving most countries with freely convertible and transferable currencies and whose internal legislation allows this participation. This system hedges against net exposure using forward exchange contracts.

Residual risk is partially hedged using financial derivatives (forward purchases, forward sales or options) to hedge certain or highly probable non-Group operating receivables and payables.

In addition, the Group may use firm or optional hedges with the aim of reducing the impact of currency fluctuations on its operating activities in some Brand Companies that make significant purchases in currencies other than the euro – especially USD, GBP or SEK – or in order to secure the payment of dividends back to the parent.

Management of interest rate risk

At 30 June 2022, the Pernod Ricard Group's debt comprised floating-rate debt (mainly commercial paper and other bank loans) and fixed-rate debt (mainly Bonds), in addition to a hedging portfolio including USD swaps.

The Group cannot guarantee that these hedges will prove sufficient, or that it will be able to maintain them on acceptable terms.

Maturity of debt and floating-rate EUR hedges (notional value in € million)

At 30.06.2022 € million	< 1 year	> 1 year and < 5 years	> 5 years	Total
Total assets (cash)	1,627	-	-	1,627
Total floating-rate liabilities	(219)	2	(0)	(217)
Net floating-rate debt before hedging	**1,408**	**2**	**(0)**	**1,410**
Derivative instruments	(401)	(9)	-	(410)
Net floating-rate debt after hedging	**1,007**	**(7)**	**(0)**	**1,000**

Maturity of debt and floating-rate USD hedges *(notional value in € million)*

At 30.06.2022 € million	< 1 year	> 1 year and < 5 years	> 5 years	Total
Total assets (cash)	128			128
Total floating-rate liabilities	(118)	9	-	(109)
Net floating-rate debt before hedging	**10**	**9**	**-**	**19**
Derivative instruments	(473)	(201)	-	(674)
Net floating-rate debt after hedging	**(463)**	**(193)**	**-**	**(655)**

Analysis of the sensitivity of financial instruments to interest rate risk (impact on the income statement)

A 50 basis point increase or decrease in interest rates (USD and EUR) would increase or reduce the cost of net financial debt by €4 million.

Analysis of the sensitivity of financial instruments to interest rate risk (impact on shareholder equity)

A relative change of plus or minus 50 basis points in interest rates (USD and EUR) would not generate any gain or loss on shareholder equity.

Analysis of the sensitivity of financial instruments used to hedge risks related to farm raw materials (impact on shareholder equity)

At 30 June 2022, the sensitivity of the portfolio was not significant.

Counterparty risk in financial transactions

The Group could be exposed to counterparty default *via* its cash investments, hedging instruments or the availability of confirmed but undrawn financing lines. In order to limit this exposure, the Group performs a rigorous selection of counterparties according to several criteria, including credit ratings, and depending on the maturity dates of the transactions.

However, no assurance can be given that this rigorous selection will be enough to protect the Group against risks of this type, particularly in the current economic context.

Note 4.10 Interest rate, foreign exchange and commodity derivatives

Pursuant to the amended version of IAS 9 (Financial Instruments), all derivative instruments must be recognised in the balance sheet at fair value, determined on the basis of standard market valuation models or external prices issued by financial institutions.

Where the derivative has been designated as a fair value hedge, changes in the value of the derivative and of the hedged item are recognised in profit and loss for the same period. If the derivative has been designated as a cash flow hedge, the change in value of the "effective" portion of the hedge is recognised in shareholder equity. It is recognised in profit and loss when the hedged item is itself recognised in profit and loss. The change in value of the ineffective component of the derivative is however recognised directly in profit and loss. If the derivative is designated as a hedge of a net foreign currency investment, the change in value of the "effective" portion of the hedge is recognised in shareholder equity and the change in value of the "ineffective" portion is recognised in profit and loss.

Hedging instruments (by risk category and nature of hedge)

Type of hedge at 30.06.2021 € million	Description of financial instrument	Notional amount of contracts < 1 year	> 1 year and < 5 years	> 5 years	Total	Fair value Assets	Liabilities
Fair value hedge						**22**	**-**
Interest rate risk hedges	Swaps	-	673	-	673	22	-
Interest rate and currency risk hedges	Cross currency swaps	-	-	-	-	-	-
Net investment hedge						**43**	**-**
Currency risk hedges	FX forwards	-	-	-	-	-	-
Interest rate and currency risk hedges	Cross currency swaps	-	460	-	460	43	-
Derivative instruments included in net debt						**64**	**-**
Cash flow hedge						**2**	**0**
Interest rate risk hedges	Swaps	-	-	-	-	-	-
Hedging of currency risk on intragroup financing and operational hedging	Currency swaps and FX forwards and FX options	20	-	-	20	1	-
Commodity risk hedges	Swaps	17	-	-	17	2	0
Non hedge accounting						**6**	**6**
Hedging of currency risk on intragroup financing and operational hedging	Currency swaps and FX forwards	1,494	-	-	1,494	6	6
Interest rate risk hedges	Swaps	-	-	-	-	-	-
Total derivative instruments						**72**	**6**
Total non-current						**65**	**0**
Total current						**8**	**6**

Type of hedge at 30.06.2022 € million	Description of financial instrument	Notional amount of contracts < 1 year	> 1 year and < 5 years	> 5 years	Total	Fair value Assets	Liabilities
Fair value hedge						**5**	**9**
Interest rate risk hedges	Swaps	578	193	-	770	5	9
Interest rate and currency risk hedges	Cross currency swaps	-	-	-	-	-	-
Net investment hedge						**-**	**9**
Currency risk hedges	FX forwards	-	-	-	-	-	-
Interest rate and currency risk hedges	Cross currency swaps	-	460	-	460	-	9
Derivative instruments included in net debt						**5**	**18**
Cash flow hedge						**15**	**0**
Interest rate risk hedges	Swaps	-	-	-	-	-	-
Hedging of currency risk on intragroup financing and operational hedging	Currency swaps & FX Forwards & FX Options	-	-	-	-	-	-
Commodity risk hedges	Swaps	12	-	-	12	15	0
Non hedge accounting						**16**	**9**
Hedging of currency risk on intragroup financing and operational hedging	Currency swaps & FX forwards	1,625	-	-	1,625	16	9
Interest rate risk hedges	Swaps	-	-	-	-	-	-
Total derivative instruments						**37**	**27**
Total non-current						**4**	**18**
Total current						**32**	**9**

The notional amount of these contracts is the nominal value of the contracts. Foreign currency denominated notional amounts in cross-currency swaps are shown in euros at the exchange rate agreed. For other instruments, notional amounts denominated in foreign currencies are translated into euros at year-end rates. Estimated market values are based on information available on the financial markets and valuation methods appropriate to the type of financial instrument concerned. These valuation methods yield results consistent with the valuations provided by bank counterparties.

The Group’s hedging instruments at 30 June 2022 were not ineffective.

Hedged items (by category and nature of hedge)

Type of hedging at 30.06.2021 € million	Carrying amount of the hedged item		Cumulative FVH adjustments included in the carrying amount of the hedged item		Balance sheet item in which the hedged item is included	CFH reserves	Change in fair value of CFH derivatives in OCI
	Assets	Liabilities	Assets	Liabilities			
Fair value hedge (FVH)							
Interest rate risk							
Fixed-rate Bonds hedged	-	682	22	-	Bonds	N/A	N/A
End of hedging	-	-	-	-	Bonds	N/A	N/A
Currency risk							
Firm commitment	-	-	-	-	-	N/A	N/A
Cash flow hedge (CFH)							
Interest rate risk							
Floating rates of Bonds	N/A	N/A	N/A	N/A	N/A	-	3
End of hedging	-	-	-	-	N/A	(6)	-
Currency risk							
Future foreign currency sales hedges	N/A	N/A	N/A	N/A	N/A	1	1
End of hedging	-	-	-	-	N/A	-	-
Commodity risk							
Commodity risk hedges	N/A	N/A	N/A	N/A	N/A	1	1
Net investment hedge (NIH)							
Net assets hedged	421	-	N/A	N/A	N/A	N/A	N/A
End of hedging	-	-	-	-	N/A	-	-

N/A: not applicable.

Type of hedge at 30.06.2022 € million	Carrying amount of the hedged item		Cumulative FVH adjustments included in the carrying amount of the hedged item		Balance sheet item in which the hedged item is included	CFH reserves	Change in fair value of CFH derivatives in OCI
	Assets	Liabilities	Assets	Liabilities			
Fair value hedge (FVH)							
Interest rate risk							
Fixed-rate Bonds hedged	-	781	5	9	Bonds	N/A	N/A
End of hedging	-	-	-	-	Bonds	N/A	N/A
Currency risk	-	-	-	-	-	-	-
Firm commitment	-	-	-	-	-	N/A	N/A
Cash flow hedge (CFH)							
Interest rate risk							
Floating rates of Bonds	N/A	N/A	N/A	N/A	N/A	-	-
End of hedging	-	-	-	-	N/A	-	6
Currency risk	-	-	-	-	-	-	-
Future foreign currency sales hedges	N/A	N/A	N/A	N/A	N/A	-	(1)
End of hedging	-	-	-	-	N/A	-	-
Commodity risk	-	-	-	-	-	-	-
Commodity risk hedges	N/A	N/A	N/A	N/A	N/A	5	4
Net investment hedge (NIH)							
Net assets hedged	481	-	N/A	N/A	N/A	N/A	N/A
End of hedging	-	-	-	-	N/A	-	-

N/A: not applicable.

Note 4.11. Other current liabilities

Other current liabilities are broken down as follows:

€ million	30.06.2021	30.06.2022
Taxes and social payables	718	786
Other current liabilities	416	526
Total	**1,134**	**1,311**

Other current liabilities at 30 June 2022 mainly comprise the interim dividend payment of €401 million on 8 July 2022. Most of these other current liabilities are due within one year.

Note 5 Notes to the cash flow statement

1. Working Capital Requirement

Working Capital Requirements increased by +€252 million. It is mainly explained as follows:

- inventory: +€632 million;
- trade receivables: +€185 million;
- trade payables: €(550) million;
- others: €(15) million.

2. Acquisitions of financial investments and activities

The acquisitions of financial investments and activities net of disposals generated a cash outflow of €(723) million, mainly related to acquisitions and disposals of activities in the period, related in particular to the transactions described in paragraph 1.1 of Note 1.2 – *Significant events during the financial year*.

3. Bond issues/repayment of debt

During the financial year, the Pernod Ricard Group carried out bond issuance/subscriptions for €1,564 million and repayment of debt for €493 million. These transactions mainly correspond to the bond subscriptions and redemptions described in paragraph 1.2 of Note 1.2 – *Significant events during the financial year*.

In addition, the Group increased the stock of commercial paper for €173 million.

The Group also paid €127 million in respect of its lease liabilities, of which €115 million related to repayment of the nominal amount and €12 million to interest payments reported in cash flows from operating activities.

Note 6 Additional information

Note 6.1 Shareholder equity

1. Share capital

In April 2022, the Group reduced its share capital by cancelling 3,929,205 shares previously held that were acquired under the Group's share buyback programme. Following this transaction, the capital changed to €399,818,400, divided into 257,947,355 shares with a par value of €1.55 each:

	Number of shares	Amount € million
Share capital on 30.06.2021	261,876,560	406
Share capital on 30.06.2022	257,947,355	400

All Pernod Ricard shares are issued and fully paid for a nominal value of €1.55. Only one category of Pernod Ricard shares exists. These shares obtain double voting rights if they have been nominally registered for an uninterrupted period of 10 years.

2. Treasury shares

Treasury shares are recognised on acquisition as a deduction from equity. Subsequent changes in the value of treasury shares are not recognised. When treasury shares are sold, any difference between the acquisition cost and the fair value of the shares at the date of disposal is recognised as a change in shareholder equity and has no impact on profit and loss for the year.

On 30 June 2022, Pernod Ricard and its controlled affiliates held 1,014,620 Pernod Ricard shares for a value of €146 million. These treasury shares are reported, at cost, as a deduction from shareholder equity.

As part of its stock option and bonus share allocation plans, Pernod Ricard SA holds shares either directly (treasury shares) or indirectly (calls or repurchase options). These shares may be allocated if options are exercised under the stock option plans or, in the case of bonus shares, if performance targets are met.

3. Interim dividend

At its meeting of 27 April 2022, the Board of Directors decided to pay an interim dividend of €1.56 per share in respect of FY22, *i.e.* a total of €401 million. The interim dividend was paid on 8 July 2022 and recognised under "Other current liabilities" in the balance sheet at 30 June 2022.

4. Capital management

The Group manages its capital in such a way as to optimise its cost of capital and profitability for its shareholders, provide security for all its counterparties and maintain a high rating. In this context, the Group may adjust its payment of dividends to shareholders, repay part of its capital, buy back its treasury shares and authorise share-based payment plans.

5. Liquidity agreement

On 24 May 2012, Pernod Ricard SA put in place a 12-month liquidity agreement, effective from 1 June 2012, through Rothschild & Cie Banque. The agreement is tacitly renewable for successive periods of 12 months. It complies with the French Financial Markets Association (AMAFI) Code of Ethics, which was approved by the French Financial Markets Authority (AMF) in its decision of 21 March 2011.

The sum of €5 million was allocated for the implementation of the liquidity agreement.

Note 6.2 Share-based payments

The Group applies IFRS 2 (Share-based payments) to transactions whose award and settlement are share-based.

Pursuant to this standard, stock options and performance shares granted to employees are measured at fair value. The amount of such fair value is recognised in the income statement over the vesting period of the rights and a corresponding double entry is recognised as an increase in shareholder equity.

This fair value was calculated using valuation models taking into account the characteristics of the plan and market data at the date of grant and on the basis of Group Management assumptions.

Description of share-based payment plans

The Group grants long-term incentive plans to high-level executives, key Group executives and high-potential managers. As of the grant on 10 November 2022, these plans are granted through shares, whether or not subject to internal or external performance conditions; the stock option mechanism is no longer used for new allocations. In addition, for all plans granted during the financial year, the presence condition was revised to three years instead of the four years previously in force.

In the course of FY22, three share allocation plans were set up on 10 November 2021:

- a performance share plan including:
  - a performance condition based on the positioning of the overall performance of the Pernod Ricard share (TSR [1]) compared to the overall performance of a panel of 12 peers over the period from 13 October 2021 to 13 October 2024 inclusive (three years),
  - a performance condition based on the average level of profit from recurring operations compared to budget, measured over three consecutive financial years, including that in which the shares were allocated,
  - a condition relating to the achievement of Corporate Social Responsibility (CSR) targets measured over three consecutive financial years, including that in which the shares were allocated;
- a performance share plan including:
  - a performance condition based on the average level of Profit from Recurring Operations compared to budget, measured over three consecutive financial years, including that in which the shares were allocated,
  - a condition relating to the achievement of Corporate Social Responsibility (CSR) targets measured over three consecutive financial years, including that in which the shares were allocated;
- a share plan without performance conditions.

(1) *Total Shareholder Return.*

The expense recognised for options/shares vested or in the process of being vested during the financial year (period from 1 July 2021 to 30 June 2022) is described below:

Stock options	Type of options	Presence of performance condition	Number of beneficiaries	Commencement date for exercise of options	Expiry date	Subscription or purchase price (€)	Outstanding options at 30.06.2022	Stock option expense for FY22 (€ thousand)
Plan dated 09.11.2017	Purchase	Conditional	15	10.11.2021	09.11.2025	€126.53	56,100	198
Plan dated 21.11.2018	Purchase	Conditional	15	22.11.2022	21.11.2026	€137.78	86,009	545
Plan dated 08.11.2019	Purchase	Conditional	14	09.11.2023	08.11.2027	€162.79	125,578	766
Plan dated 27.11.2020	Purchase	Conditional	14	28.11.2024	27.11.2028	€154.11	136,711	804

Performance shares	Type of shares	Presence of performance condition	Number of beneficiaries	Shares acquired from	Shares vested from	Outstanding shares at 30.06.2022	Share expense for FY22 (€ thousand)
Plan dated 09.11.2017	Free	Conditional	1,000	10.11.2021	10.11.2021	0	1,971
Plan dated 21.11.2018	Free	Conditional	958	22.11.2022	22.11.2022	180,499	5,464
Plan dated 08.11.2019	Free	Conditional	820	09.11.2023	09.11.2023	155,783	5,371
Plan dated 27.11.2020	Free	Conditional	754	28.11.2024	28.11.2024	255,186	8,287
Plan dated 10.11.2021	Free	Conditional and unconditional	777	12.11.2024	12.11.2024	235,359	8,463

The history of stock option plans that have not yet expired is presented in the "Corporate governance" section of the universal registration document.

For vested stock option plans, the total number of options outstanding is 173,368, with an average remaining life of two years and four months.

As at 30 June 2022, the Group recognised an expense of €2.3 million in operating loss for the four stock option plans vested or in the process of vesting during the financial year, as well as an expense of €29.6 million in respect of the four performance share plans.

Annual expenses € million	30.06.2021	30.06.2022
Stock options – through a double entry to shareholder equity	2	2
Performance and bonus shares – through a double entry to shareholder equity	24	30
Total annual expenses	**26**	**32**

Changes made to outstanding stock options/shares during the financial year (period from 1 July 2021 to 30 June 2022) are described below:

Stock options	Type of options	Presence of performance condition	Outstanding options at 30.06.2021	Allocated during the period	Cancelled during the period	Exercised during the period	Expired during the period	Outstanding options at 30.06.2022
Plan dated 06.11.2015	Purchase	Conditional	69,175	0	0	15,477	0	53,698
Plan dated 17.11.2016	Purchase	Conditional	75,872	0	0	12,302	0	63,570
Plan dated 09.11.2017	Purchase	Conditional	77,253	0	0	21,153	0	56,100
Plan dated 21.11.2018	Purchase	Conditional	103,629	0	17,620	0	0	86,009
Plan dated 08.11.2019	Purchase	Conditional	125,578	0	0	0	0	125,578
Plan dated 27.11.2020	Purchase	Conditional	136,711	0	0	0	0	136,711

Performance shares	Type of shares	Presence of performance condition	Outstanding shares at 30.06.2021	Allocated during the period	Cancelled during the period	Transferred during the period	Expired during the period	Outstanding shares at 30.06.2022
Plan dated 09.11.2017	Free	Conditional	186,345	0	2,745	183,600	0	0
Plan dated 21.11.2018	Free	Conditional	192,817	0	11,774	544	0	180,499
Plan dated 08.11.2019	Free	Conditional	166,420	0	10,156	481	0	155,783
Plan dated 27.11.2020	Free	Conditional	267,666	0	12,005	475	0	255,186
Plan dated 10.11.2021	Free	Conditional and unconditional	0	237,306	1,947	0	0	235,359

The average strike price of options exercised during FY22 was €113.82.

The assumptions used in calculating the fair values of the options and shares allocated over the financial year, using the binomial or Monte Carlo models and the terms under which the options/shares were granted, are as follows:

	Type of shares	Presence of performance condition	Initial share price (€)(1)	Strike price (€)	Expected volatility	Expected dividend yield	Risk-free interest rate	IFRS 2 fair value (€)
Plan dated 10.11.2021	Free	Unconditional	205.00	N/A	N/A	1.87%	N/A	193.82
Plan dated 10.11.2021	Free	Conditional	205.00	N/A	N/A	1.87%	N/A	193.82
Plan dated 10.11.2021	Free	Conditional	205.00	N/A	23%	1.87%	-0.40%	118.08

N/A: not applicable.
(1) Closing rate at grant date.

The fair values are fixed upon implementation of each plan and do not vary year on year. In addition, only the values relating to the plans allocated during FY22 are presented above (information on previous plans is available in the previous universal registration documents).

From 2012 onwards, the volatility assumption used for the plans is based on a multi-criteria approach taking into consideration:

- historic volatility over a period equal to the duration of the options;
- implied volatility calculated on the basis of options available in financial markets.

Three share plans were granted on 10 November 2021.

For one of the plans, part of the grant is contingent on the overall performance of the Pernod Ricard share (TSR [1]) compared to the overall performance of a panel of 12 peers: the shares will be pre-vested on 10 November 2023 provided that the positioning of the overall performance of the Pernod Ricard share (TSR [1]) is equal to or greater than 7th position out of 13 (the number will be determined in stages according to the level of performance achieved). The other part of the allocation of this plan is subject to an internal performance condition, the achievement of which will depend on the average of the Group's profit from recurring operations for the financial years ended 30 June 2022, 30 June 2023 and 30 June 2024 compared to the budgeted profit from recurring operations for each financial year, at constant exchange rates and scope. The fair value here corresponds to the market price of the share on the grant date, less the loss of dividends expected during the vesting period (*i.e.* three years for all beneficiaries) and includes the probability of achieving the TSR performance condition. The IFRS 2 accounting expense of the plan will be adjusted at the latest at the end of the vesting period in relation to this condition.

The fair value of the other two plans (with and without internal performance conditions) corresponds to the market price of the share at the grant date, less the loss of dividends expected during the vesting period (*i.e.* three years for all beneficiaries).

For all these plans, vesting will be definitive if the presence condition is validated on 10 November 2024.

Employee share ownership plan

In the spring of 2022, employees in 24 markets (*i.e.* around 80% of the Group's employees) had the opportunity to participate in the Pernod Ricard share ownership plan, as part of a structured offer, including in particular a 20% discount on the reference share price.

The acquisition price was set at €156.14, corresponding to 80% of the average opening share price over the 20 trading sessions preceding the Chairman & CEO's decision, *i.e.* from 19 April to 9 May 2022.

At 13 May 2022, date of the end of the vesting/withdrawal period, all shares available under this offer (525,183) had been subscribed by the employees of the affiliates present in the 24 markets participating in the plan.

The IFRS 2 expense measuring the benefit offered to employees is measured with reference to the fair value of a discount offered on non-transferable shares.

The IFRS 2 expense recognised in respect of this plan in the FY22 consolidated financial statements amounts to €6.0 million.

This plan did not result in a capital increase, as the shares concerned were bought back by the Group on the secondary market during the FY22 financial year; the employee contribution was also made over the financial year.

Note 6.3 Off-balance sheet commitments

€ million	Total	< 1 year	> 1 year and < 5 years	> 5 years
Commitments given at 30.06.2021	**2,340**	**870**	**1,332**	**138**
Commitments given in relation to companies within the Group	***3***	***1***	***1***	***-***
Investment commitments	3	1	1	-
Commitments given as part of specific transactions	-	-	-	-
Other	-	-	-	-
Commitments given in relation to the financing of the Company	***29***	***22***	***1***	***6***
Financial guarantees given	29	22	1	6
Other	-	-	-	-
Commitments relating to the operating activities of the issuer	***2,308***	***846***	***1,330***	***133***
Firm and irrevocable commitments to purchase raw materials	2,006	628	1,307	70
Tax commitments (customs guarantees and others)	249	179	9	61
Operating lease agreements	10	4	4	1
Other	44	34	9	1

(1) *Total Shareholder Return.*

€ million	Total	< 1 year	> 1 year and < 5 years	> 5 years
Commitments received at 30.06.2021	**3,450**	**40**	**3,368**	**42**
Commitments received in relation to companies within the Group	***0***	***-***	***0***	***-***
Commitments received as part of specific transactions in relation to competition and markets	-	-	-	-
Other	0	-	0	-
Commitments received in relation to the financing of the Company	***3,401***	***36***	***3,363***	***1***
Lines of credit received and not used	3,360	0	3,360	-
Financial guarantees received	41	36	3	1
Other	0	0	-	-
Commitments relating to the operating activities of the issuer	***49***	***4***	***4***	***41***
Contractual commitments related to business activity and business development	47	4	4	40
Other	2	0	0	1

€ million	Total	< 1 year	> 1 year and < 5 years	> 5 years
Commitments given at 30.06.2022	**2,650**	**934**	**1,595**	**121**
Commitments given in relation to companies within the Group	***12***	***12***	***1***	***-***
Investment commitments	12	12	1	-
Commitments given as part of specific transactions	-	-	-	-
Other	-	-	-	-
Commitments given in relation to the financing of the Company	***51***	***26***	***20***	***5***
Financial guarantees given	51	26	20	5
Other	-	-	-	-
Commitments relating to the operating activities of the issuer	***2,587***	***897***	***1,575***	***116***
Firm and irrevocable commitments to purchase raw materials	2,310	724	1,518	67
Tax commitments (customs guarantees and others)	156	97	12	47
Leases	9	3	5	1
Other	113	72	40	1

€ million	Total	< 1 year	> 1 year and < 5 years	> 5 years
Commitments received at 30.06.2022	**3,367**	**300**	**3,011**	**56**
Commitments received in relation to companies within the Group	***0***	***-***	***0***	***-***
Commitments received as part of specific transactions in relation to competition and markets	-	-	-	-
Other	0	-	0	-
Commitments received in relation to the financing of the Company	***3,306***	***294***	***3,011***	***1***
Lines of credit received and not used	3,260	260	3,000	-
Financial guarantees received	46	34	11	1
Other	-	-	-	-
Commitments relating to the operating activities of the issuer	***61***	***6***	***0***	***55***
Contractual commitments related to business activity and business development	60	6	-	54
Other	1	0	0	1

1. Lines of credit received and not used

The lines of credit received and not used correspond primarily to the nominal amounts of the syndicated loan and a bilateral credit line not drawn at 30 June 2022 (see Note 4.8 – *Financial liabilities*).

2. Firm and irrevocable commitments to purchase raw materials

In the context of their cognac, wine, champagne and whisky production, the Group's main affiliates have signed raw material supply agreements for *eaux-de-vie*, grapes, base wines and grain in the amount of €2,213 million.

Note 6.4 Contingent liabilities

Pernod Ricard has received several notices of tax adjustment for the financial years 2007 to 2018, specifically concerning, for an amount of 9,037 million Indian rupees (equivalent to €110.6 million, including interest as of the date of the reassessment), the tax deductibility of promotion and advertising expenses. It should be noted that the level and amount of this risk have been gradually and significantly reduced in recent years and that the Company obtained two court rulings in its favour in FY20 for the period from FY07 to FY14. These court decisions further strengthen Pernod Ricard India's position on the tax deductibility of advertising and promotional expenses. Reassured by these decisions and after consulting with its tax advisers, Pernod Ricard India will continue to dispute the merits of the reassessment proposal and believes it has a probable chance of success in litigation. Accordingly, no provision has been booked for this matter.

The tax authorities conducted a special audit for financial year 2017 and made tax adjustments for an amount of 2,398 million Indian rupees (equivalent to €29.2 million) on various grounds. Pernod Ricard has challenged the order before the higher appellate forum and believes it has strong chances of relief from the appellate authorities.

Note 6.5 Disputes

In the normal course of business, Pernod Ricard is involved in a number of legal, governmental, arbitration and administrative proceedings.

A provision for such procedures is constituted under "Other provisions for risks and charges" (see Note 4.7 – *Provisions*) only when it is likely that a current liability stemming from a past event will require the payment of an amount that can be reliably estimated. In the latter case, the provisioned amount corresponds to the best estimation of the risk. The provisioned amount recorded is based on the assessment of the level of risk on a case by case basis, it being understood that any events arising during the proceedings may at any time require that risk to be reassessed.

The provisions recorded by Pernod Ricard at 30 June 2022 for all litigation and risks in which it is involved amounted to €441 million, compared with €366 million at 30 June 2021 (see Note 4.7 – *Provisions*), excluding uncertain tax positions recognised in Income tax payable. Pernod Ricard provides no further details (other than in exceptional circumstances), as disclosing the amount of any provision for ongoing litigation could cause the Group serious harm.

To the best of the Company's knowledge, there are no other governmental, legal or arbitration proceedings pending or threatened, including any proceeding of which the Company is aware, which may have or have had over the last 12 months a significant impact on the profitability of the Company and/or the Group, other than those described below.

Disputes relating to brands

Havana Club

The Havana Club brand is owned in most countries by a joint venture company called Havana Club Holding SA (HCH), of which Pernod Ricard is a shareholder, and is registered in over 160 countries in which the Havana Club rum is distributed. In the United States, this brand is owned by a Cuban company (Cubaexport). Ownership of this brand is currently being challenged in the United States by a competitor of Pernod Ricard.

In 1998, the United States passed a law relating to the conditions for the protection of brands previously used by nationalised companies. This law was condemned by the World Trade Organization (WTO) in 2002. However, to date, the United States has not amended its legislation to comply with the WTO decision.

1. The United States Office of Foreign Assets Control (OFAC) decided that this law had the effect of preventing any renewal of the US trademark registration for the Havana Club brand, which, in the United States, has been owned by Cubaexport since 1976, without obtaining a specific licence from OFAC. In August 2006, the United States Patent and Trademark Office (USPTO) denied the renewal of the said Havana Club trademark registration, following OFAC's refusal to grant a specific licence. Cubaexport petitioned the Director of the USPTO to reverse this decision and also filed a claim against the OFAC, challenging both OFAC's decision and the law and regulations applied by OFAC. In& March 2009, the US District Court for the District of Columbia ruled against Cubaexport. In March 2011, in a two-to-one decision, the Court of Appeals blocked Cubaexport from renewing its trademark. A certiorari petition was filed before the US Supreme Court on 27 January 2012, with the support of the French government, the National Foreign Trade Council and the Washington Legal Foundation. On 14 May 2012, the Supreme Court denied the petition. In November 2015, Cubaexport again applied for a specific licence from OFAC to renew the trademark in the United States. On 11 January 2016, OFAC granted Cubaexport's licence application and on 13 January 2016, the application to the Director of USPTO was declared admissible and the trademark was renewed for the 10-year period ending on 27 January 2016. A request for a further renewal for a period of 10 years from 27 January 2016 was also granted.

2. A competitor of the Group has petitioned the USPTO to cancel the Havana Club trademark registration in the United States. In January 2004, the USPTO denied the petition and refused to cancel the trademark registration. As this decision was appealed, proceedings are now ongoing before the Federal District Court for the District of Columbia (DC Court). These proceedings were stayed pending the outcome of Cubaexport's petition to the USPTO. Following acceptance of the petition by the Director of the USPTO, these judicial proceedings resumed and the plaintiff amended the complaint. In response, Cubaexport and HCH filed two motions in 2016: one to dismiss all actions commenced against them and one to expedite proceedings on certain issues. Both applications have been fully disclosed and are awaiting a decision by the Court. In February 2021, HCH and Cubaexport filed a notice of supplemental authority with the DC Court. To date, after the filing of our notice of supplemental authority, the case is no longer listed as stayed on the DC Court's docket. We are now waiting for the Court's order on the two motions.

These risks constitute a potential obstacle to the Group's business development but there are no foreseeable obligations resulting from these events at the present time. The resolution of these disputes would represent a business development opportunity for the Group.

Tax disputes

The Group's companies are regularly audited by the tax authorities in the countries in which they are registered.

The assessment of the risk related to each tax dispute is regularly reviewed by the affiliate or region concerned and by the Group's Tax Department, with the assistance of external counsel for the most significant or complex cases. Provisions are recognised if necessary. Pernod Ricard provides no further details (other than in exceptional circumstances), as disclosing the amount of any provision for ongoing tax litigation could cause the Group serious harm.

India

Pernod Ricard India (P) Ltd has an ongoing dispute with the Indian customs authorities over the declared transaction value of concentrates of alcoholic beverages (CAB) imported into India. Customs are challenging the transaction values, arguing that some competitors used different values for the import of similar goods. This matter was ruled on by the Supreme Court which issued an order in July 2010, setting out the principles applicable for the determination of values which should be taken into account for the calculation of duty. Pernod Ricard India (P) Ltd has already paid the corresponding amounts up to 2001. For the period between 2001 and December 2010, Pernod Ricard India (P) Ltd has paid almost the entire differential duty as determined by customs in Delhi following the initial adjustment notice received in 2011. A second notice received in 2013 and confirmed by a court on 14 August 2017 has been suspended by the Supreme Court. With regard to imports of alcoholic beverage concentrate (CAB) since 2011, the Indian authorities have issued opinions and reports disputing the values of the transactions. The Group continues to work actively with the authorities and the courts to resolve outstanding issues.

Pernod Ricard India (P) is also involved in a debate with the Indian customs authorities over the transaction value of international products imported into India. Discussions are ongoing with the relevant authorities and jurisdictions.

Moreover, Pernod Ricard India (P) received several notices of tax adjustment for FY07 to FY18 relating to the tax deductibility of advertising and promotional expenses (see Note 6.4 – *Contingent liabilities*). In FY20, Pernod Ricard India (P) obtained two court rulings in its favour for the period from FY07 to FY14, strengthening its position on the tax deductibility of advertising and promotional expenses.

It should be noted that the above-mentioned disputes are only the subject of provisions, which, where appropriate, are recorded in other provisions for risks and charges (see Note 4.7 – *Provisions*) or in current tax liabilities (see Note 3.3 – *Corporate income tax*), when it is probable that a present obligation resulting from a past event will require a settlement the amount of which can be reliably estimated. The amount of the provision is the best estimate of the outflow of resources required to extinguish this liability.

Commercial disputes

Colombia

A complaint was filed before the Colombian Competition Agency (the Superintendencia De Industria Y Comercio) on 14 November 2017 by the Department of Cundinamarca and its wholly owned distilling company Empresa de Licores de Cundinamarca against Pernod Ricard SA, Pernod Ricard Colombia SA and a competitor company. In late December 2020, Pernod Ricard Colombia received notice of a similar complaint, initially filed in September 2019 by the departments of Valle and Antioquia (as well as its wholly-owned distillation companies). The complaint alleges that the defendants have committed violations of the Colombian Unfair Competition Act and, in particular, articles 7 and 18 thereof, through the illegal import of spirits into Colombia. The complaints allege that the companies have gained an unfair market advantage over local producers through such activity. The plaintiffs seek damages corresponding to the loss of profits and taxes over the period 2013/17 (2019 in the case of Valle and Antioquia).

Pernod Ricard intends to vigorously defend itself against such allegations. This recent complaint contains allegations that are similar to those made in prior legal proceedings before the New York courts brought by Cundinamarca, the Republic of Colombia and several other Colombian departments in 2004. The New York proceedings were dismissed voluntarily by the parties in 2012.

Note 6.6 Related parties

Transactions with associates and joint ventures were immaterial in the financial year ended 30 June 2022.

The compensation paid to corporate officers and Executive Committee (COMEX) members in return for their services to the Group is detailed below:

€ million	30.06.2021	30.06.2022
Board of Directors[(1)]	1	1
Group Executive Committee		
• Short-term benefits	10	16
• Post-employment benefits	2	4
• Share-based payments[(2)]	5	7
Total expenses recognised for the financial year	**19**	**28**

(1) *Directors' compensation.*
(2) *The cost of share-based payments corresponds to the expenses recognised in profit/loss over the period under stock options and performance shares allocated to the members of the Group Executive Committee.*

In addition, the Executive Director is eligible for the following severance payments (the subject of a related-party agreement approved by the General Meeting of 17 November 2016):

- one-year non-compete clause, together with a payment corresponding to 12 months' compensation;
- imposed departure clause subject to performance conditions, together with a maximum payment corresponding to 12 months' compensation.

These clauses were not implemented in the course of the past financial year.

Note 6.7 Events after the reporting period

There are no events after the reporting period having significant impact on the Group's financial statements.

Note 6.8 Fees of the Statutory Auditors and members of their network for the 12-month financial year[(1)]

	KPMG			Deloitte & Associés			Other			Total		
	Amount (excluding tax)			Amount (excluding tax)			Amount (excluding tax)			Amount (excluding tax)		
€ million	FY21	FY22	%	FY21	FY22	%	FY21	FY22	%	FY21	FY22	%
Audit												
Statutory Auditors, certification, review of individual and consolidated financial statements[(3)]												
Issuer[(2)]	0.7	0.7	19%	0.7	0.7	15%	0.0	0.0	0%	1.3	1.4	16%
Fully consolidated affiliates	2.5	2.6	73%	3.4	3.6	75%	0.1	0.2	80%	6.0	6.4	74%
Subtotal	**3.1**	**3.3**	**92%**	**4.1**	**4.3**	**90%**	**0.1**	**0.2**	**80%**	**7.4**	**7.8**	**91%**
Services other than the certification of financial statements[(4)]												
Issuer[(2)]	0.1	0.1	2%	0.2	0.3	6%	0.0	0.0	0%	0.3	0.4	4%
Fully consolidated affiliates	0.4	0.2	6%	0.2	0.2	4%	0.0	0.1	20%	0.6	0.5	5%
Including legal, tax, corporate	*0.4*	*0.1*	*2%*	*0.2*	*0.1*	*2%*	*0.0*	*0.0*	*5%*	*0.5*	*0.2*	*2%*
Subtotal	**0.5**	**0.3**	**8%**	**0.4**	**0.5**	**10%**	**0.0**	**0.1**	**20%**	**0.9**	**0.8**	**9%**
Total	**3.6**	**3.6**	**100%**	**4.5**	**4.8**	**100%**	**0.2**	**0.3**	**100%**	**8.3**	**8.7**	**100%**

(1) *For the period under review, this refers to services provided and recognised in the income statement during a financial year.*
(2) *The issuer is understood to be the Parent Company.*
(3) *Including the services of independent experts or members of the Statutory Auditors' network employed to certify the financial statements.*
(4) *This section sets out the procedures and services provided to the issuer or its affiliates by the Statutory Auditors or the members of their networks. They may be required by law or by the provisions stipulated at the request of the Group or its affiliates and undertake to comply with the requirements of independence.*

6.

Note 7 Consolidation scope

The annual consolidated financial statements include the financial statements of the Parent Company, Pernod Ricard SA, and those of entities controlled by the Parent Company ("the affiliates"). Control is the power to influence the financial and operating policies of an entity so as to obtain benefits from its activities, irrespective of the percentage held in the entity. Non-controlling interests in the net assets of consolidated affiliates are presented separately from Parent Company shareholder equity. Non-controlling interests include both the interests of minority shareholders at the date of the original business combination and minority interests in any subsequent changes to shareholder equity.

Intragroup transactions and internal profits and losses relating to consolidated companies are eliminated.

Companies over which the Group exercises significant influence are accounted for under the equity method.

Note 7.1 Consolidation scope

The main changes to the Group's scope of consolidation at 30 June 2022 are presented in Note 1.2 – *Significant events during the financial year*.

Note 7.2 List of main consolidated companies

Companies	Country	% interest 30.06.2021	% interest 30.06.2022	Consolidation method***
Pernod Ricard SA	France	Parent Company	Parent Company	
Laurenskirk (Pty) Ltd	South Africa	80	80	FC
Pernod Ricard South Africa PTY Ltd	South Africa	100	100	FC
Black Forest Distillers GmbH	Germany	100	100	FC
Pernod Ricard Deutschland GmbH	Germany	100	100	FC
Pernod Ricard Andorra, SLU	Andorra	100	100	FC
Pernod Ricard Angola, LDA	Angola	100	100	FC
Pernod Ricard Argentina SRL	Argentina	100	100	FC
Yerevan Brandy Company	Armenia	100	100	FC
Pernod Ricard Pacific Holding Pty Ltd	Australia	100	100	FC
Pernod Ricard Winemakers Pty Ltd	Australia	100	100	FC
Pernod Ricard Austria GmbH	Austria	100	100	FC
Pernod Ricard Belgium SA	Belgium	100	100	FC
Pernod Ricard Brasil Indústria e Comércio ltda.	Brazil	100	100	FC
Pernod Ricard Bulgaria EOOD	Bulgaria	100	100	FC
Corby Spirit and Wine Limited*	Canada	45.76	45.76	FC
Hiram Walker & Sons Limited	Canada	100	100	FC
Pernod Ricard Canada Ltée	Canada	100	100	FC
Pernod Ricard Chile SpA	Chile	100	100	FC
Pernod Ricard (China) Trading Co., Ltd	China	100	100	FC
Pernod Ricard Colombia SA	Colombia	100	100	FC
Pernod Ricard Korea Imperial Company Ltd.	South Korea	100	100	FC
Pernod Ricard Korea Ltd	South Korea	100	100	FC
Havana Club International SA	Cuba	50	50	FC
Pernod Ricard Denmark A/S	Denmark	100	100	FC
Bodeboca SL	Spain	100	100	FC
Drinksandco Marketplace, SLU	Spain	100	100	FC
Pernod Ricard España	Spain	100	100	FC
Pernod Ricard Winemakers España, SAU	Spain	100	100	FC
Vermuteria de Galicia	Spain	80	80	FC
Pernod Ricard Estonia OÜ	Estonia	100	100	FC

Companies	Country	% interest 30.06.2021	% interest 30.06.2022	Consolidation method***
Austin, Nichols & Co., Inc.	United States	100	100	FC
Avión Spirits, LLC	United States	100	100	FC
Castle Brands, Inc.	United States	100	100	FC
Del Maguey Inc.	United States	62.36	62.36	FC
Firestone & Robertson Distilling Company LLC	United States	100	100	FC
Pernod Ricard Americas IP Management LLC	United States	100	100	FC
Pernod Ricard Americas Travel Retail LLC	United States	100	100	FC
Pernod Ricard Assets USA LLC	United States	100	100	FC
Pernod Ricard Kenwood Holding LLC	United States	100	100	FC
Pernod Ricard Marketing USA LLC	United States	100	100	FC
Pernod Ricard USA Finance Inc.	United States	100	100	FC
Pernod Ricard USA, LLC	United States	100	100	FC
PRUSA Acquisitions LLC	United States	100	100	FC
Rabbit Hole Spirits, LLC	United States	80	80	FC
Smooth Ambler Spirits Co.	United States	80	80	FC
Pernod Ricard Finland OY	Finland	100	100	FC
Augier Robin Briand & Cie	France	100	100	FC
Champagne Perrier-Jouët	France	100	100	FC
Château Sainte Marguerite	France	0	60	FC
Domaines Jean Martell	France	100	100	FC
Financière Moulins de Champagne	France	100	100	FC
GH Mumm & Cie SVCS	France	100	100	FC
Le Maine au Bois	France	100	100	FC
Lina 16	France	100	100	FC
Lina 3	France	100	100	FC
Lina 5	France	100	100	FC
Martell & Co SA	France	100	100	FC
Martell Mumm Perrier-Jouët	France	100	100	FC
Vignobles Mumm Perrier-Jouët	France	100	100	FC
Pernod Ricard Finance SA	France	100	100	FC
Pernod Ricard Middle East and North Africa	France	100	100	FC
Pernod Ricard North America SAS	France	100	100	FC
Pernod Ricard France SAS****	France	100	100	FC
Société Lillet Frères	France	100	100	FC
Spirits Partners SAS	France	100	100	FC
Théodore Legras	France	100	100	FC
Pernod Ricard Ghana Limited	Ghana	100	100	FC
Pernod Ricard Hellas ABEE	Greece	100	100	FC
Allied Spirits & Wine (China) Ltd	Hong Kong	100	100	FC
Pernod Ricard Asia Duty Free Ltd	Hong Kong	100	100	FC
Pernod Ricard Hong Kong Ltd	Hong Kong	100	100	FC
Peri Mauritius	Mauritius	100	100	FC
Pernod Ricard India Private Limited	India	100	100	FC
Comrie Limited	Ireland	100	100	FC
Irish Distillers Group Unlimited Company	Ireland	100	100	FC
Irish Distillers Ltd	Ireland	100	100	FC

Companies	Country	% interest 30.06.2021	% interest 30.06.2022	Consolidation method***
Samuelson International DAC	Ireland	100	100	FC
Irish Distillers International LTD	Ireland	100	100	FC
Pernod Ricard Italia SPA	Italy	100	100	FC
The Kyoto Distillery KK	Japan	51	100	FC
Pernod Ricard Japan KK	Japan	100	100	FC
Pernod Ricard Kazakhstan	Kazakhstan	100	100	FC
Pernod Ricard Kenya Limited	Kenya	100	100	FC
Pernod Ricard Lietuva UAB	Lithuania	100	100	FC
La Hechicera Company Sarl	Luxembourg	51	51	FC
Pernod Ricard Malaysia SDN BHD	Malaysia	100	100	FC
Pernod Ricard Maroc	Morocco	100	100	FC
Pernod Ricard Mexico SA de CV	Mexico	100	100	FC
Seagram Myanmar Company Ltd*	Myanmar	34	34	FC
Pernod Ricard Norway AS	Norway	100	100	FC
Pernod Ricard Winemakers New Zealand Limited	New Zealand	100	100	FC
Allied International Holdings BV	Netherlands	100	100	FC
Pernod Ricard Nederland BV	Netherlands	100	100	FC
PR Goal Nederland BV	Netherlands	100	100	FC
Pernod Ricard Peru SA	Peru	100	100	FC
Pernod Ricard Philippines, Inc.	Philippines	70	70	FC
Agros Holding SA	Poland	100	100	FC
Wyborowa SA	Poland	100	100	FC
Pernod Ricard Portugal – Distribuição, SA	Portugal	100	100	FC
Pernod Ricard Dominicana, SA	Dominican Republic	100	100	FC
Jan Becher – Karlovarska Becherovka, a.s.	Czech Republic	100	100	FC
Pernod Ricard Romania SRL	Romania	100	100	FC
Allied Domecq (Holdings) Limited	United Kingdom	100	100	FC
Allied Domecq Limited	United Kingdom	100	100	FC
Allied Domecq Overseas (Europe) Limited	United Kingdom	100	100	FC
Allied Domecq Spirits & Wine Holdings Limited	United Kingdom	100	100	FC
Allied Domecq Spirits & Wine Limited	United Kingdom	100	100	FC
Allied Domecq Westport Limited	United Kingdom	100	100	FC
Chivas Brothers (Holdings) Ltd	United Kingdom	100	100	FC
Chivas Brothers Ltd**	United Kingdom	100	100	FC
Chivas Brothers International Ltd**	United Kingdom	100	100	FC
Chivas Brothers Pernod Ricard	United Kingdom	100	100	FC
Chivas Holdings (IP) Limited	United Kingdom	100	100	FC
Chivas Investments Limited**	United Kingdom	100	100	FC
Coates & Co (Plymouth) Limited	United Kingdom	100	100	FC
Dillon Bass Ltd	United Kingdom	74	74	FC
Edward Dillon (Bonders) Ltd	United Kingdom	100	100	FC
Goal Acquisitions (Holdings) Ltd	United Kingdom	100	100	FC
Goal Acquisitions Ltd	United Kingdom	100	100	FC
Italicus Ltd	United Kingdom	50.1	50.1	FC

Companies	Country	% interest 30.06.2021	% interest 30.06.2022	Consolidation method***
Pernod Ricard UK Group Ltd	United Kingdom	100	100	FC
Pernod Ricard UK Ltd	United Kingdom	100	100	FC
PR Goal 3 Ltd	United Kingdom	100	100	FC
The Whisky Exchange	United Kingdom	0	100	FC
World Brands Duty Free Ltd	United Kingdom	100	100	FC
Pernod Ricard Rouss CJSC	Russia	100	100	FC
Pernod Ricard Singapore PTE Ltd	Singapore	100	100	FC
Pernod Ricard Slovakia s.r.o	Slovakia	100	100	FC
Distilled Innovation AB	Sweden	100	100	FC
Pernod Ricard Sweden AB	Sweden	100	100	FC
The Absolut Company AB	Sweden	100	100	FC
Pernod Ricard Swiss SA	Switzerland	100	100	FC
Pernod Ricard Taiwan Ltd	Taiwan	100	100	FC
Pernod Ricard Thailand Ltd	Thailand	100	100	FC
Pernod Ricard Istanbul Ic ve Dis Ticaret Limited Sirketi	Turkey	100	100	FC
Pernod Ricard Ukraine	Ukraine	100	100	FC
Pernod Ricard Uruguay SA	Uruguay	100	100	FC
Pernod Ricard Vietnam Company Limited	Vietnam	100	100	FC

* *The companies Corby Spirit and Wine Limited and Seagram Myanmar Company Ltd are consolidated using the full consolidation method because of the Group's majority controlling interest in them.*

** *Limited companies that are members, or with affiliates that are members, of UK partnerships.*
In accordance with Regulation 7 of The Partnerships (Accounts) Regulations 2008, annual financial statements have not been prepared for the aforementioned companies as said UK companies are consolidated within the Pernod Ricard Group consolidated financial statements.

*** *"FC" for fully consolidated.*

**** *Since the merger of Pernod SAS and Ricard SAS, on 1 July 2020.*

6.7 Statutory Auditors' report on the consolidated financial statements

This is a translation into English of the statutory auditors' report on the financial statements of Pernod Ricard issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 30 June 2022

To the Pernod Ricard S.A. Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying consolidated financial statements of Pernod Ricard S.A. for the year ended 30 June 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 30 June 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for statutory auditors for the period from 1 July 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code ("*Code de commerce*") relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Key Audit Matters	Responses as part of our audit
Brands' valuation *(Notes 1.1.4, 1.2.4, 3.1 and 4.1 to the consolidated financial statements)* As of 30 June 2022, indefinite-life brands were recorded in the balance sheet for a net carrying amount of €11,301 million, i.e. 31% of total assets. Cash Generating Units ("CGUs") are defined as the brand and all assets required to generate the cash flows associated with the brand. An impairment loss is recorded when their net carrying amount exceeds their recoverable amount. Their recoverable amount is determined as part of mandatory annual impairment tests given their indefinite life and/or specific tests required in the event of an indication of a loss in value. Recoverable amounts are generally determined based on discounted future cash flow calculations and involve significant management judgments of components such as price and volume growth rates, the timing of future operating expenses and discount and long-term growth rates. In addition, and as indicated in Note 1.2.4, given the high level of uncertainty related to the Russo-Ukrainian conflict, future cash flows from the region have been excluded from the calculations of the recoverable amounts of CGUs. Based on its annual impairment tests results, the Company recorded an impairment loss before tax of €10 million for the year ended 30 June 2022, as disclosed in Notes 3.1 and 4.1 to the consolidated financial statements.	Our procedures mainly consisted in: • assessing the principles and methods of calculating CGUs' accounting and recoverable amounts, notably the exclusion of future cash flows arising from the Russo-Ukrainian region from the calculations of the recoverable amounts of CGUs; • testing the operation of Group controls covering the calculation of CGUs' recoverable amounts; • for CGUs with a recoverable amount close to their carrying amount ("sensitive brands' CGUs"), confirming the results of the valuation model used by management by comparing them with the results of our models; • corroborating the reasonableness of the main data and assumptions underlying the estimates (such as the discount rates and long-term growth rates), primarily for "sensitive brands' CGUs", especially with regard to available market analyses and in relation to economic environments where the Group operates; • being informed of the commercial outlook of the brands based on interviews with management and comparing the accounting estimates of prior period cash flow projections with corresponding actual values to assess reliability; • testing the arithmetical accuracy of the valuations used by the Company on a sample basis; • assessing management's sensitivity analysis on recoverable amounts to changes in main assumptions.

Key Audit Matters	Responses as part of our audit
Furthermore, the sensitivity of CGUs' recoverable amounts to assumptions was analysed by management and presented in Note 4.1. Changes in these assumptions could give rise to further impairment losses. Considering the weight of brands on the balance sheet, the complexity of the models used and their sensitivity to changes in the data and assumptions underlying the estimates, particularly cash flow forecasts and discount rates used, we considered the recoverable amount of brands to be a key audit matter presenting a risk of material misstatement.	We also assessed the appropriateness of the disclosures in Notes 1.1.4, 1.2.4, 3.1 and 4.1 to the consolidated financial statements and verified the arithmetical accuracy of the presented sensitivity analysis.
Tax risk *(Notes 1.1.4, 4.7, 4.7.1, 4.7.2, 6.4 and 6.5 to the consolidated financial statements)* The Group operates in numerous different tax jurisdictions. The tax authorities of the countries in which the Group companies operate regularly have queries on issues relating to their everyday activities. Tax audits can therefore give rise to tax reassessments and litigation with these tax authorities. The assessment of the risk related to each tax litigation is regularly reviewed by each concerned subsidiary or region and by the Group's tax department, with the support of its external counsels for the most significant and complex litigations. Part of the amount of provisions for contingences for all legal disputes or risks involving the Group relate to tax risks and litigation. More particularly, the Indian subsidiary is involved in disputes with customs and tax authorities over, among others, the declared transaction value of imported products into India and the tax deductibility of promotional and advertising expenses. As indicated in the Note 6.5 "Disputes", the reassessment proposals are only the subject of provisions or income tax payables where appropriate, when it is likely that a current liability resulting from a past event will require an outflow of resources which can be reliably estimated. Given the Group's exposure to tax issues, which are in part specific to its business sector, and the high level of management judgment in estimating the risks and amounts recorded, we considered tax risks to be a key audit matter and the understatement of the corresponding provisions to be a possible source of material misstatement in the financial statements.	Based on discussions with management, we have been informed of the procedures implemented by the Group to identify uncertain tax positions and, where necessary, provide for tax risks or income tax payables. In addition, we assessed the judgments made by management in evaluating the probability of taxes being payable, the amount of potential exposure and the reasonableness of the estimates adopted for provisions for tax risks or income tax payables. We particularly focused on the impact of changes in local tax regulations and ongoing audits conducted by local tax authorities. To assess whether the tax liabilities were appropriately recognized, and with the assistance of our tax experts, we: • conducted interviews with the Group's tax department and regional and local management teams in order to assess the current state of the investigations and reassessments made by tax authorities and monitor the development of ongoing tax disputes; • consulted the recent Group company decisions and correspondence with local tax authorities, and reviewed the correspondence between the relevant companies and their lawyers, where necessary; • analysed lawyers' responses to our information requests; • performed a critical review of the estimates and positions adopted by management; • assessed whether the latest developments were taken into account in the provisions recorded in the balance sheet. We also assessed the appropriateness of the disclosures in Notes 1.1.4, 4.7, 4.7.1, 4.7.2, 6.4 and 6.5 to the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code ("*Code de commerce*") is included in the Group's information given in the management report, it being specified that, in accordance with the provisions of Article L.823-10 of the code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and this information should be reported by an independent third party.

Report on Other Legal and Regulatory Requirements

Format of presentation of the consolidated financial statements included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation N° 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Pernod Ricard by the Shareholders’ Meeting held on 13 May 2003 for Deloitte & Associés and on 17 November 2016 for KPMG S.A.

As at 30 June 2022, Deloitte & Associés and KPMG S.A. were in the 19th year and 6th year of total uninterrupted engagement, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (“*Code de commerce*”), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code ("*Code de commerce*") and in the French Code of Ethics ("*Code de déontologie*") for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, 20 September 2022

The Statutory Auditors

French original signed by

KPMG Audit

A Division of KPMG SA

Eric Ropert
Partner

Caroline Bruno-Diaz
Partner

Deloitte & Associés

Marc de Villartay
Partner

part

7.

Pernod Ricard SA separate financial statements

7.1 Pernod Ricard SA income statement

For the financial years ended 30 June 2021 and 30 June 2022

€ thousand	30.06.2021	30.06.2022
Net sales	288,181	360,569
Royalties	18,793	18,152
Other products	155	465
Reversals of financial provisions and expense transfers	11,401	18,017
Operating income	**318,530**	**397,203**
Purchases of goods and supplies not for stock and external services	(246,695)	(330,160)
Duties and taxes	(7,925)	(7,788)
Employee benefits expense	(117,682)	(125,578)
Depreciation, amortisation and provisions	(29,476)	(40,643)
Other expenses	(4,626)	(7,838)
Operating expenses	**(406,404)**	**(512,007)**
Operating profit (loss)	**(87,874)**	**(114,804)**
Income from investments	887,716	1,926,810
Interest and related income	71,878	172,511
Reversals of financial provisions and expense transfers	241,982	205,526
Foreign exchange gains	254,816	11,046
Financial income	**1,456,392**	**2,315,893**
Provision charges	(232,989)	(215,106)
Interest and related expenses	(219,485)	(287,327)
Foreign exchange losses	(277,951)	(5,342)
Financial expenses	**(730,425)**	**(507,775)**
Financial income/(expense)	**725,967**	**1,808,118**
Profit (loss) from continuing operations	**638,093**	**1,693,314**
Exceptional items	**(111,456)**	**(3,358)**
Net profit/(loss) before tax	**526,637**	**1,689,956**
Corporate income tax	130,649	144,598
Profit for the financial year	**657,286**	**1,834,554**

7.2 Pernod Ricard SA balance sheet

For the financial years ended 30 June 2021 and 30 June 2022

Assets

€ thousand	Net value at 30.06.2021	Gross value at 30.06.2022	Depreciation, amortisation and provisions	Net value at 30.06.2022	Notes
Concessions, patents and licences	28,351	34,208	(5,482)	28,726	
Other intangible assets	26,706	91,014	(48,668)	42,346	
Advances and down payments	20,417	26,411	-	26,411	
Intangible assets	**75,474**	**151,633**	**(54,150)**	**97,483**	**2**
Land	485	485	-	485	
Buildings	31,231	35,193	(5,303)	29,890	
Machinery and equipment	625	883	(405)	478	
Other property, plant and equipment	21,786	32,818	(13,355)	19,463	
Advances and down payments	867	342	-	342	
Property, plant and equipment	**54,994**	**69,721**	**(19,063)**	**50,658**	
Investments	12,953,319	13,198,196	(171,790)	13,026,406	3
Loans and advances to affiliates and associates	53,536	59,370	-	59,370	3 and 4
Other financial investments	9,248	9,253	-	9,253	3 and 4
Financial investments	**13,016,103**	**13,266,819**	**(171,790)**	**13,095,029**	**3**
Total fixed assets	**13,146,571**	**13,488,173**	**(245,003)**	**13,243,170**	
Advances and supplier prepayments	**565**	**873**	**-**	**873**	**4**
Trade receivables	332,332	457,204	(8,891)	448,313	
Other receivables	1,033,224	1,205,107	(3,392)	1,201,715	
Receivables	**1,365,556**	**1,662,311**	**(12,283)**	**1,650,028**	**4**
Marketable securities	**126,686**	**139,597**	**-**	**139,597**	**5**
Cash	**93,029**	**312,516**	**-**	**312,516**	
Prepaid expenses	**6,218**	**3,644**	**-**	**3,644**	**6**
Total current assets	**1,592,054**	**2,118,941**	**(12,283)**	**2,106,658**	
Bond redemption premiums	**24,420**	**37,239**	**-**	**37,239**	**6**
Unrealised foreign exchange losses	**182,637**	**359,885**	**-**	**359,885**	**6**
Total assets	**14,945,682**	**16,004,238**	**(257,286)**	**15,746,952**	

Liabilities

€ thousand	30.06.2021	30.06.2022	Notes
Capital	**405,909**	**399,818**	**7**
Issue, merger and contribution premiums	**3,039,030**	**3,039,030**	
Statutory reserves	41,140	41,140	
Regulated reserves	179,559	179,559	
Reserves	**220,699**	**220,699**	
Retained earnings	**1,928,778**	**1,034,290**	
Profit for the financial year	**657,286**	**1,834,554**	
Interim dividends pending allocation	**(346,984)**	**(400,870)**	
Total shareholder equity	**5,904,718**	**6,127,522**	**8**
Provisions for risks and charges	**415,339**	**379,678**	**9**
Bonds	7,205,692	8,229,000	4 and 13
Bank debt	-	-	4 and 14
Other debt	80	931	4
Debts	**7,205,772**	**8,229,931**	
Trade payables	148,218	192,328	
Taxes and social payables	62,721	58,942	
Amounts due on non-current assets and related accounts	-	-	
Other payables	1,065,925	449,023	
Trade and other accounts payable	**1,276,864**	**700,293**	**4**
Deferred income	**18,989**	**16,293**	**4 and 11**
Total liabilities	**8,501,625**	**8,946,517**	
Unrealised foreign exchange gains	**124,000**	**293,234**	**11**
Total liabilities and shareholder equity	**14,945,682**	**15,746,952**	

7.3 Pernod Ricard SA cash flow statement

For the financial years ended 30 June 2021 and 30 June 2022

€ thousand	30.06.2021	30.06.2022
Operating activities		
Net profit	657,286	1,834,554
Net depreciation, amortisation and provision charges	50,064	21,057
Changes in provisions	(23,088)	(32,507)
Net (gain)/loss on disposal of assets and other items	6,495	(10,870)
Self-financing capacity	**690,757**	**1,812,234**
Decrease/(increase) in Working Capital Requirements	392,715	(245,897)
Change in net debt from operating activities	**1,083,472**	**1,566,337**
Investing activities		
Purchases of non-financial assets (net of disposals)	(33,297)	(38,954)
Purchases of financial assets (net of disposals)	21,368	(67,830)
Change in net debt from investing activities	**(11,929)**	**(106,784)**
Financing activities		
Long and medium-term bond issue	(1,455,510)	1,022,867
Loans and medium and long-term debt	4,325	(12,819)
Other changes in equity	-	(745,727)
Dividends paid	(733,370)	(866,023)
Change in net debt from financing activities	**(2,184,555)**	**(601,702)**
Change in short-term net debt	**(1,113,012)**	**857,851**
Short-term net debt at the beginning of period	**602,104**	**(510,908)**
Short-term net debt at end of period	**(510,908)**	**346,944**

Note: Presentation of cash flow statement

Changes in net debt comprise changes in both debt and "cash and cash equivalents".
Net debt breaks down as follows:

€ thousand	30.06.2021	30.06.2022
Loans and long-term debts	(80)	(931)
Bonds	(62,390)	(62,831)
Intra-group current account	(668,152)	(41,407)
Marketable securities	126,686	139,597
Cash	93,029	312,516
Short-term net debt at end of period	**(510,908)**	**346,944**
Bonds	(7,143,302)	(8,166,169)
Loans and long-term debts	24,420	37,239
Medium and long-term net debt at reporting date	**(7,118,882)**	**(8,128,930)**
Total net debt at end of period	**(7,629,790)**	**(7,781,986)**

7.4 Analysis of Pernod Ricard SA income statement and balance sheet

7.4.1 Relations between the Parent Company and its affiliates

The main role of Pernod Ricard SA, the Group's Parent Company, is to carry out general interest and coordination activities in strategy, financial control of affiliates, external growth, marketing, development, research, human resources and communication. Pernod Ricard SA's financial relations with its affiliates mainly involve the billing of royalties for the operation of brands owned by Pernod Ricard SA, various billings and the receipt of dividends.

7.4.2 Income statement and balance sheet as at 30 June 2022

Analysis of FY22 income statement

Operating income represented an amount of €397 million as at 30 June 2022, *i.e.* an increase of €79 million compared to 30 June 2021, partly due to an increase of €72 million in net sales (see Note 17).

The amount of operating expenses as at 30 June 2022 was €(512) million compared with €(406) million in the previous financial year, *i.e.* an increase in expenses of €(106) million.

The operating result was a loss of €(115) million in the year ended 30 June 2022, a deterioration of €(27) million compared with the year ended 30 June 2021.

Financial income/(expense) amounted to €1,808 million at 30 June 2022 compared to €726 million at 30 June 2021, *i.e.* an increase of €1,082 million (see Note 18).

Exceptional items at 30 June 2022 represented an expense of €(3) million.

Lastly, income tax comprised tax income of €145 million related to the effects of the tax consolidation in FY22.

As a result, net profit for FY22 was €1,835 million.

The Covid-19 health crisis and the Russia-Ukraine conflict did not have a significant impact on the results of the Pernod Ricard SA entity.

Analysis of the FY22 balance sheet

Assets

Total net fixed assets stood at €13,243 million at 30 June 2022 compared with €13,147 million for the previous financial year, *i.e.* a increase of €(97) million. The main changes observed are as follows:

- an increase of €22 million in intangible assets;
- an increase of €73 million in financial investments (see Note 3).

Current assets amounted to €2,107 million during the financial year, an increase of €515 million compared to 30 June 2021.

Prepaid expenses and deferred charges, amounting to €397 million, consist of the items Unrealised foreign exchange losses and Bond redemption premiums.

Liabilities

Shareholder equity amounted to €6,128 million at 30 June 2022, compared with €5,905 million at 30 June 2021. The main movements for the period were:

- profit for the financial year of €1,835 million;
- the payment of the balance of the dividend for FY21 of €347 million;
- the payment of an interim dividend of €1.56 per share in respect of FY22, amounting to €401 million. This interim dividend was paid on 8 July 2022;
- the continuation of the share buyback programme with the cancellation of the shares bought back for a total amount of €752 million;
- the impact of the application of the IFRIC directive relating to IAS 19 (Employee Benefits), concerning the allocation of employee benefits, had the effect of reducing the amount of the pension obligation provisioned by €6.5 million (see Note 1.8 Pensions and other long-term employee benefits).

The amount of provisions for risks and charges was €380 million, a reduction of €36 million.

During the period, borrowings increased by €1,024 million. This was mainly due to:

- the contracting of two new bonds of €500 million and €750 million and the repayment of a bond of €500 million;
- the change in accrued interest for €0.4 million;
- the impact of foreign exchange on debts in dollars of €272 million.

Operating payables amounted to €717 million, a decrease of €579 million, mainly due to:

- the increase of €44 million in accounts payable;
- the change in miscellaneous debts, including €671 million on the intra-group current account and €54 million on the dividends payable account.

The deferred income and adjustment account of €293 million at 30 June 2022 comprised the €169 million increase in the value of unrealised foreign exchange gains compared with 30 June 2021.

7.5 Notes to the Pernod Ricard SA separate financial statements

Pernod Ricard SA is a French public limited company (*Société Anonyme*), subject to all laws governing commercial companies in France, including in particular the provisions of the French Commercial Code. The Company is headquartered at 5 cours Paul Ricard, 75008 Paris, France and is listed on the Euronext exchange.

The balance sheet total for the financial year ended 30 June 2022 was €15,746,952 thousand. The income statement for the financial year recorded a profit of €1,834,554 thousand. The financial year covered the 12-month period from 1 July 2021 to 30 June 2022.

Note 1 Accounting policies

The annual financial statements for the period are prepared in accordance with the policies of French GAAP, which apply under Regulation 2014-03 of the French Accounting Standards Body (ANC) of 5 June 2014 and all rules subsequently amended. The general accounting conventions have been applied, in compliance with the principle of prudence, in accordance with the following base assumptions:

- going concern;
- consistency of accounting policies from one financial year to the next;
- accruals basis of accounting; and
- in accordance with the general rules of drawing up and presenting the annual financial statements.

The basic method used to measure items recorded in the balance sheet is based on historical cost.

1. Intangible assets

The brands acquired from the merger of Pernod and Ricard in 1975 and from subsequent mergers are the Company's main intangible assets.

Intangible assets are initially measured at cost; depreciation has been calculated on a straight-line basis over their expected useful life.

As part of its digital transformation, Pernod Ricard SA has developed tools to use data generated by the Group's various activities. This production of algorithms falls within the scope of the accounting regulations for internally generated intangible assets. Development costs are recognised as intangible assets from the date on which the technical feasibility has been demonstrated and the human and material resources are sufficient to produce these tools. The amount recognised as intangible assets relating to these projects represented an amount of €19.6 million for FY22. The amortisation period is five years.

2. Property, plant and equipment

Property, plant and equipment is initially measured at cost (purchase price plus ancillary costs but not including fees incurred in connection with asset purchases). Impairment is calculated using the straight-line or declining-balance methods, on the basis of the estimated useful lives of the assets:

- buildings: between 20 and 50 years (straight-line);
- building fixtures and fittings: 10 years (straight-line);
- equipment: 5 years (straight-line);
- furniture, office equipment: 10 years (straight-line) or 4 years (reducing balance).

3. Financial investments

The gross value of investments is composed of their acquisition cost, excluding ancillary costs.

If the value in use of investments is lower than their acquisition cost, a provision for impairment is recognised in financial income/(expense) for the amount of the difference.

Pernod Ricard SA mainly uses two methods to estimate the value in use of its equity investments:

- the enterprise value of the main securities is estimated on the basis of the most recent estimate of the revalued net asset value, by identifying in particular the unrealised capital gains on assets held by the affiliates, such as the brands. The adjusted net asset value is assessed based on methods such as the discounted cash flow method. The term of the cash flow projections reflects the characteristics of the Group's brands and their production assets. Discounted projected cash flows are established based on annual budgets and multi-year strategies, extrapolated to subsequent years by gradually converging the growth for the last year of the plan for each brand and market towards a perpetual growth rate. The calculation includes a terminal value derived by capitalising the cash flows generated in the last forecast year;
- for other equity investments, value in use is estimated based on the share of the affiliate's shareholder equity represented by the investment.

4. Receivables

Receivables are recognised at their nominal value. A provision is recognised in the event that their value falls below the net carrying amount at the balance sheet date.

5. Marketable securities

This item includes the treasury shares acquired for the allocation of stock option and performance share plans from the time of acquisition.

A liability is recognised when it becomes probable that the rights to receive the marketable securities concerned under the plans will be exercised. For other marketable securities, an impairment provision is recognised when the cost price is higher than the market price.

6. Bonds

Redemption premiums are amortised over the life of the loans.

7. Provisions for risks and charges

Provisions for risks and charges are recognised in accordance with French Accounting Regulation 2000-06 on liabilities, issued on 7 December 2000 by the French Accounting Regulatory Committee (CRC).

This accounting regulation provides that a liability be recognised when an entity has an obligation towards a third party and that it is probable or certain that this obligation will cause an outflow of resources to the third party without equivalent consideration being received. A present obligation must exist at the reporting date for a provision to be recognised.

8. Pensions and other long-term employee benefits

Since the year ended on 30 June 2014, the Company has opted to recognise the full liability for pensions and other long-term employee benefits in the balance sheet, as provided by recommendation 2013-02. At 30 June 2022, the provision for pensions and other long-term employee benefits was €50 million.

During the first half of 2022, the Group finalised the calculation of the impacts related to the first-time application of the decision published by the IFRIC in April 2021 relating to IAS 19 "Employee benefits" and the attribution of employee benefits to periods of service. This decision clarifies the periods over which employee benefits should be attributed in allocating the IAS 19 expense. The Company has chosen, in accordance with the ANC update of 17 November 2021 to its Recommendation No. 2013-02 of 7 November 2013 on the rules for valuing and recognising pension commitments and similar benefits, to also apply this accounting method for its financial statements prepared in accordance with French accounting principles. This change constitutes a change in accounting method and has the effect of reducing by €6.5 million the amount of the pension commitment provisioned at 30 June 2021 in the annual financial statements of Pernod Ricard SA through the counterparty of retained earnings, which was increased by the same amount.

9. Translation of foreign currency-denominated items

Payables, receivables and cash balances denominated in foreign currencies are translated into euros as follows:

- translation of all payables, receivables and cash balances denominated in foreign currencies at year-end rates;
- recognition of a provision for currency risk for any unrealised currency losses, after taking into account the effect of any offsetting foreign exchange hedging transactions.

Pernod Ricard SA has several hedging relationships and generates an overall foreign currency position for the hedging instruments and the covered items that are not part of a hedging relationship in order to calculate the currency risk provision.

10. Forward financial instruments

Differences arising from changes in the value of financial instruments used as hedges are recognised in profit and loss in a manner symmetrical to that in which income and expenses relating to the hedged item are recognised.

11. Corporate income tax

Pernod Ricard SA is subject to the French tax consolidation system defined by the law of 31 December 1987. Under certain conditions, this system allows income taxes payable by profitable companies to be offset against tax losses of other companies. The scheme is governed by articles 223 A *et seq.* of the French General Tax Code.

Each company in the tax group calculates and accounts for its income tax expense as if it were taxed as a stand-alone entity.

The effects of tax consolidation are recognised in the Pernod Ricard SA financial statements.

12. Related parties

The majority of transactions with related parties are carried out with affiliates held directly or indirectly.

Note 2 Property, plant and equipment and intangible assets

1. Gross value

€ thousand	At 30.06.2021	Acquisitions	Disposals/ outflows	At 30.06.2022
Brands	32,473	-	-	32,473
Brand costs	1,297	437	-	1,734
Software[1]	78,467	31,263	(18,717)	91,014
Advances and down payments on intangible assets	20,416	37,909	(31,914)	26,411
Total intangible assets	**132,653**	**69,609**	**(50,631)**	**151,633**
Land	485	-	-	485
Buildings	35,102	91	-	35,193
Machinery and equipment	860	23	-	883
Other property, plant and equipment	34,555	1,671	(3,408)	32,818
Advances and down payments	867	1,075	(1,600)	342
Total property, plant and equipment	**71,869**	**2,860**	**(5,008)**	**69,721**

2. Depreciation, amortisation and provisions

€ thousand	At 30.06.2021	Allowances	Reversals	At 30.06.2022
Brands	(5,088)	-	-	(5,088)
Brand costs	(331)	(62)	-	(393)
Software[1]	(51,760)	(15,623)	18,716	(48,668)
Total amortisation of intangible assets	**(57,179)**	**(15,685)**	**18,716**	**(54,150)**
Land	-	-	-	-
Buildings	(3,870)	(1,433)	-	(5,303)
Machinery and equipment	(235)	(170)	-	(405)
Other property, plant and equipment	(12,769)	(3,994)	3,408	(13,355)
Total depreciation of property, plant and equipment	**(16,875)**	**(5,597)**	**3,408**	**(19,063)**

(1) *Scrapping of fully amortised software for €19 million at 30 June 2022.*

Note 3 Financial investments

1. Gross value

€ thousand	At 30.06.2021	Acquisitions/ inflows	Capital transaction	Disposals/ outflows	At 30.06.2022
Investments in consolidated entities	13,113,869	-	72,750	-	13,186,619
Investments in non-consolidated entities	10,826	80	71	(40)	10,937
Other investments	640	-	-	-	640
Advance on investment	-	-	0	-	-
Investments	**13,125,335**	**80**	**72,821**	**(40)**	**13,198,196**
Loans and advances to affiliates and associates	53,536	6,321		(487)	59,370
Guarantee deposits	3,991	63		(38)	4,016
Liquidity agreement	5,257	-		(20)	5,237
Own treasury shares	-	-		-	-
Total	**13,188,119**	**6,464**	**72,821**	**(585)**	**13,266,819**

The change in the "Investments in consolidated entities" item is mainly due to the capital increase of PR Australia for €64 million, Créateurs de convivialité Ventures for €6 million, and of Drinks & Co Store and LINA 14, both 100% owned by Pernod Ricard SA.-

The change in the "Investments in non-consolidated entities" item is explained by the creation of Lina 30 and 31, both 100% owned by Pernod Ricard SA, the capital increase of Lina 8, Lina 23 and 24 and lastly, the sale of all shares of Lina 26 to Lina 3.

2. Provisions

€ thousand	At 30.06.2021	Allowances	Reversals	At 30.06.2022
Investments in consolidated entities(1)	(165,673)	(3,092)	3,317	(165,448)
Investments in non-consolidated entities	(5,702)	-	-	(5,702)
Other investments	(640)	-	-	(640)
Advance on investment	-	-	-	-
Investments	**(172,016)**	**(3,092)**	**3,317**	**(171,790)**
Own treasury shares	-	-	-	-
Total	**(172,016)**	**(3,092)**	**3,317**	**(171,790)**

(1) *Change in the provision corresponding to additions to Drinks & Co Store France securities for €3 million and to reversals on Pernod Ricard North America securities for €3.3 million.*

Note 4 Maturity of receivables and payables

1. Receivables

€ thousand	Gross amount	Due in one year or less	Due in more than one year
Loans and advances to affiliates and associates	59,370	1,906	57,464
Loans	-	-	-
Other financial investments	9,254	5,237	4,016
Receivables and other financial investments	**68,624**	**7,143**	**61,480**
Current assets other than marketable securities and cash	1,663,184	1,533,379	129,805
Prepaid expenses	3,644	3,644	-
Total	**1,735,452**	**1,544,166**	**191,285**

2. Debt

€ thousand	Gross amount	Due in one year or less	Due in 1 to 5 years	Due in more than 5 years
Bonds (see detail in Note 12)	8,229,000	62,831	4,097,838	4,068,331
Bank debt	-	-	-	-
Other debt	931	931	-	-
Trade payables	192,328	192,328	-	-
Taxes and social payables	58,942	58,942	-	-
Amounts due on non-current assets and related accounts	-	-	-	-
Other payables[1]	449,023	449,023	-	-
Deferred income	16,293	16,293	-	-
Total	**8,946,517**	**780,348**	**4,097,838**	**4,068,331**

(1) Mainly current accounts for €48 million and dividends payable for €401 million.

Note 5 Marketable securities

€ thousand or quantities	At 30.06.2021		Acquisitions[1]		Capital transaction		Translation adjustments		Exercise/ disposal[2]		At 30.06.2022	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Pernod Ricard shares	-	-	-	-	-	-	-	-	-	-	-	-
Gross value	965,483	126,686	248,000	43,654	-	-	-	-	(234,032)	(30,743)	979,451	139,597
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Net value	**965,483**	**126,686**	**248,000**	**43,654**	**-**	**-**	**-**	**-**	**(234,032)**	**(30,743)**	**979,451**	**139,597**

(1) Of which €25 million for the 2018 plan and €19 million for the 2021 plan.
(2) Of which mainly €(25) million for the vesting of bonus shares (2017 plans) and €(3) million for the exercise of stock options (2017 plan).

In accordance with article L. 225-210 of the French Commercial Code, Pernod Ricard SA holds reserves under liabilities on its balance sheet, in addition to the statutory reserve, of an amount at least equal to the value of all the treasury shares it owns for the amount of €140 million in marketable securities.

Note 6 Prepaid expenses and deferred charges

€ thousand	At 30.06.2021	Increases	Decreases	At 30.06.2022
Prepaid expenses	6,218	-	(2,574)	3,644
Bond redemption premiums	24,420	16,760	(3,941)	37,239
Unrealised foreign exchange losses[1] (see breakdown in Note 1.9)	182,637	359,885	(182,637)	359,885
Total	**213,275**	**376,645**	**(189,152)**	**400,768**

(1) The €360 million in unrealised foreign exchange losses at 30 June 2022 is attributable mainly to the revaluation of assets and liabilities at the closing euro/US dollar exchange rate on 30 June 2022.

Note 7 Composition of share capital

At 30 June 2022, the share capital comprised 257,947,355 shares with a par value of €1.55 per share. The total share capital thus amounted to €399,818,400.

On 27 April 2022, the Company carried out a capital reduction in the amount of €6,090,268, by cancelling 3,929,205 shares, previously held as treasury shares and acquired in particular as part of the Company's share buyback programme.

Note 8 Shareholder equity

€ thousand	At 30.06.2021	Impact of IFRIC IAS 19(2)	At 30.06.2021 (restated)	Allocation of net profit	Cancellation of shares following share buyback(3)	Distribution of dividends	Results 2022	At 30.06.2022
Capital	405,909		405,909	-	(6,091)	-		399,818
Issue, merger and contribution premiums	3,039,030		3,039,030	-	-	-	-	3,039,030
Statutory reserves	41,140		41,140	-	-	-	-	41,140
Regulated reserves	179,559		179,559	-	-	-	-	179,559
Retained earnings	1,928,778	6,502	1,935,280	657,286	(746,139)	(812,137)		1,034,290
Profit for the financial year	657,286		657,286	(657,286)	-	-	1,834,554	1,834,554
Interim dividends to be paid(1)	(346,984)		(346,984)	-	-	(53,886)	-	(400,870)
Total	**5,904,718**	**6,502**	**5,911,220**	**-**	**(752,230)**	**(866,023)**	**1,834,554**	**6,127,522**

(1) At its meeting in April 2022, the Board of Directors decided to pay an interim dividend of €1.56 per share in respect of FY22, i.e. a total of €401 million. This interim dividend was paid on 8 July 2022.

(2) The application of the IFRIC directive relating to IAS 19 "Employee Benefits", concerning the allocation of employee benefits to periods of service, had the effect of reducing the amount of the pension obligation provisioned by €6.5 million, with a counterparty in retained earnings.

(3) The Board of Directors of April 2022 approved the cancellation of the 3,929,205 shares bought back as part of the share buyback programme, for a total amount of €752 million.

Note 9 Provisions

€ thousand	At 30.06.2021	Increases in the financial year	Used reversals	Unused reversals	At 30.06.2022
Provisions for risks and charges					
Provision for currency losses	96,652	98,494	-	(96,652)	98,494
Other provisions for risks(1)	255,242	230,505	(2,067)	(252,330)	231,350
Provisions for pensions and other long-term employee benefits	63,445	5,545	-	(19,156)	49,834
Total 1	**415,339**	**334,544**	**(2,067)**	**(368,138)**	**379,678**
Provisions for depreciation and amortisation					
On financial investments(2)	172,016	3,092	(3,317)	-	171,791
On trade receivables	6,127	2,764	-	-	8,891
On other receivables	3,002	390	-	-	3,392
On marketable securities	-	-	-	-	-
Total 2	**181,145**	**6,246**	**(3,317)**	**-**	**184,074**
OVERALL TOTAL	**596,483**	**340,790**	**(5,384)**	**(368,138)**	**563,751**

(1) Changes mainly due to provisions for bonus share plans for €(9) million.

(2) Changes related to provisions and reversals of impairment of equity investments.

Provisions for risks and charges

Provision for currency losses

The €98 million provision for currency losses as at 30 June 2022 consists of the unrealised currency loss for unhedged US dollar receivables and payables.

Other provisions for risks

Other provisions for risks correspond to:

- provisions for risks and charges relating to tax consolidation for €102 million;
- various provisions amounting to €129 million.

Provisions for pensions and other long-term employee benefits

Description and recognition of employee benefit obligations

Pernod Ricard SA's employee benefit obligations are composed of:

- long-term post-employment benefits (retirement bonuses, medical expenses, etc.);
- long-term benefits payable during the period of employment.

The liability arising as a result of the Company's net employee benefit obligation is recognised in provisions for risks and charges on the balance sheet.

Calculation of the provision with respect to the net benefit obligation

The provision recognised by Pernod Ricard SA is equal to the difference, for each benefit plan, between the present value of the employee benefit obligation and the value of plan assets paid to specialised entities in order to fund the obligation.

The present value of employee benefit obligations is calculated using the prospective method involving the calculation of a projected salary at the retirement date (projected unit credit method). The measurement is made at each balance sheet date and the personal data concerning employees is revised at least every three years. The calculation requires the use of economic assumptions (inflation rate and discount rate) and assumptions concerning employees (mainly average salary increase, rate of employee turnover and life expectancy).

At 30 June 2022, the total amount of benefit obligations was €50 million. These obligations are fully provisioned.

For information, the inflation rate used for the valuation at 30 June 2022 was 2.00% and the discount rate was 1.75%.

Plan assets are measured at their market value at each balance sheet date.

Accounting for actuarial gains and losses

Actuarial gains and losses arise primarily when estimates differ from actual outcomes, or when there are changes in long-term actuarial assumptions (*e.g.* discount rate, rate of increase of salaries, etc.).

The Company has applied the option set out in recommendation 2013-02, in which the full pension liability is recognised, since the financial year ended 30 June 2014.

Components of the expense recognised for the financial year

The expense recognised in respect of the benefit obligations described above incorporates:

- expenses corresponding to the acquisition of an additional year's rights;
- interest expense arising on the unwinding of the discount applied to vested rights at the start of the year (as a result of the passage of time);
- income corresponding to the expected return on plan assets measured using the discount rate which is used to measure plan liabilities;
- income or expense corresponding to actuarial gains or losses;
- income or expense related to changes to existing plans or the creation of new plans;
- the income or expense related to any plan curtailments or settlements.

Note 10 Deferred income and adjustment accounts

€ thousand	At 30.06.2021	Increases	Decreases	At 30.06.2022
Deferred income	18,989	-	(2,696)	16,293
Unrealised foreign exchange gains[1] (see breakdown in Note 1.9)	124,000	293,234	(124,000)	293,234
Total	**142,989**	**293,234**	**(126,696)**	**309,527**

(1) *The €293 million in unrealised foreign exchange gains at 30 June 2022 is attributable mainly to the revaluation of assets and liabilities at the closing euro/US dollar exchange rate on 30 June 2022.*

Note 11 Accrued income and expenses

Accrued income

€ thousand	30.06.2021	30.06.2022
Amount of accrued income in the following balance sheet items		
Loans and advances to affiliates and associates	53,536	59,370
Trade receivables	338,459	457,204
Other receivables	1,036,227	1,205,107
Cash	93,028	312,516
Total	**1,521,251**	**2,034,197**

Accrued expenses

€ thousand	30.06.2021	30.06.2022
Amount of accrued expenses in the following balance sheet items		
Bank debt	-	-
Trade payables	148,218	192,328
Taxes and social payables	62,721	58,942
Other payables	1,065,925	449,023
Total	**1,276,864**	**700,293**

Note 12 Bonds

	Amount (US$ thousand)	Amount (€ thousand)	Maturity date	Accrued interest (€ thousand)	Rate	Total (€ thousand)
Bond of 29.09.2014		650,000	27.09.2024	10,482	Fixed	660,482
USD bond of 12.01.2012	800,000	770,194	15.07.2022	15,100	Fixed	785,294
USD bond of 12.01.2012	850,000	818,331	15.01.2042	20,763	Fixed	839,094
Bond of 28.09.2015		500,000	28.09.2023	-	Fixed	500,000
Bond of 06.04.2020		1,000,000	07.04.2025	2,620	Fixed	1,002,620
Bond of 24.10.2019		500,000	24.10.2027	1,712	Fixed	501,712
Bond of 06.04.2020		1,000,000	08.04.2030	4,027	Fixed	1,004,027
Bond of 24.10.2019		500,000	24.10.2031	2,997	Fixed	502,997
Bond of 17.05.2016		600,000	18.05.2026	1,085	Fixed	601,085
USD bond of 08.06.2016	600,000	577,645	08.06.2026	1,180	Fixed	578,825
Bond of 07.04.2022		750,000	07.04.2029	2,402	Fixed	752,402
Bond of 04.10.2021		500,000	04.10.2029	462	Fixed	500,462
Total		**8,166,170**		**62,830**		**8,229,000**

During the financial year, Pernod Ricard SA signed two new bond issues of €500 million and €750 million, and redeemed a bond issue maturing on 28 September 2023 for a total amount of €500 million.

Note 13 Bank debt

Syndicated loan

On 14 June 2017, Pernod Ricard SA finalised a new five-year multi-currency Revolving Credit agreement for €2.5 billion. The new agreement meant that the syndicated loan from April 2012 could be refinanced in full.

On 26 April 2019, in accordance with clause 6.1.6 of the agreement, the term was extended by one year to 14 June 2024.

At 30 June 2022, no drawdowns had been made by Pernod Ricard SA.

Bilateral loan

The €600 million bilateral loan entered into on 23 March 2020 matured on 23 March 2022. No drawdowns were made during the year.

On 22 March 2022, Pernod Ricard SA finalised a new three-year bilateral loan of €500 million with an optional one-year plus one-year extension clause.

At 30 June 2022, no drawdowns had been made by Pernod Ricard SA.

Note 14 Breakdown of corporate income tax

€ thousand	Total	Profit (loss) from continuing operations	Exceptional items
Net profit/(loss) before tax	1,689,956	1,693,314	(3,358)
Tax and withholding tax	(1,089)		
Tax on tax consolidation	145,687		
Profit after tax	**1,834,554**	**1,693,314**	**(3,358)**

Within the framework of the tax consolidation, the tax loss carryforwards (tax basis) of the Pernod Ricard tax group amount is zero.

Note 15 Increases and decreases in future tax liabilities

Type of temporary differences

€ thousand	Amount of tax
Increases	**NIL**
Organic and other	224
Other provisions for risks	-
Provision for pensions and other long-term employee benefits	27,577
Decreases in future tax liabilities	**27,801**

The tax rate used was 28.41% in the short term and 25.83% in the long term.

Note 16 Compensation

Compensation allocated to the management and administrative bodies amounted to €4,572,053, broken down as follows:

- compensation(1) paid to Directors €1,012,500;
- compensation(1) paid to the Chairman and CEO €3,559,553.

(1) Fixed and variable.

Note 17 Operating income

Operating income totalled €397 million for FY22, compared to €319 million for FY21. It principally comprised rebilling of overheads to Group affiliates for €361 million, €18 million in royalties, and €18 million in provision reversals.

The net sales of €361 million comprised €100 million in net sales in France and €261 million abroad.

Note 18 Financial income and expenses

€ thousand	30.06.2021	30.06.2022
Financial income from equity investments (see detail in Note 22)	887,716	1,926,811
Income from other fixed asset securities and receivables	-	-
Interest and related income	71,878	172,511
Reversals of financial provisions and expense transfers	241,982	205,526
Foreign exchange gains	254,816	11,046
Net gains on disposals of marketable securities	-	-
Total financial income	**1,456,392**	**2,315,894**

€ thousand	30.06.2021	30.06.2022
Depreciation, amortisation and provision charges	(232,989)	(215,107)
Interest and related expenses	(219,485)	(287,327)
Foreign exchange losses	(277,951)	(5,342)
Net expenses on disposals of marketable securities	-	-
Total financial expenses	**(730,425)**	**(507,776)**

Note 19 Exceptional items

€ thousand	Amount at 30.06.2022
Net profit on management operations	(50,036)
Net profit on capital operations	382
Charges and reversals of financial provisions and expense transfers	46,296
Exceptional items	**(3,358)**

Note 20 Off-balance sheet commitments

Guarantees granted

Commitments made

€ thousand	Amount at 30.06.2022
Guarantees on behalf of affiliates	54
Other leases	1,019
Rents	115,823
Total	**116,896**

Commitments granted include guarantees, in particular those related to bonds, commercial paper and the syndicated loan.

Derivative instruments

Hedging for Pernod Ricard SA	Nominal value (US$ thousand)	Fair value at 30 June 2022 (€ thousand)
Interest rate swaps	800,000	(3,432)
Currency swaps	998,000	196,971
Total	**1,798,000**	**193,539**

Interest rate swaps provide hedging for Pernod Ricard SA's external or internal debts that bear fixed-rate interest. At 30 June 2022 these broke down as follows:

USD interest rate hedge	Maturity	Net base (US$ thousand)
Interest rate swaps	July 2022	600,000
Interest rate swaps	June 2026	100,000
Interest rate swaps	**June 2026**	**100,000**

Currency hedge	Maturity	Basis (US$ thousand)
Currency swaps	December 2022	800,000
Currency swaps	December 2022	400,000
Currency swaps	July 2022	(202,000)
Currency swaps		**998,000**
Financial assets		2,427,973
Financial liabilities		(2,490,477)
Total		**(62,504)**

Payables and receivables denominated in foreign currencies are hedged by currency swaps. The Company had a residual US dollar position of US$(63) million at 30 June 2022.

Other

- **Guarantees given by Pernod Ricard SA as part of financing agreements at 30 June 2022**

Pernod Ricard SA granted a guarantee to the banking syndicate in respect of the drawdowns carried out by the subsidiaries concerned under the terms of the multicurrency revolving facility agreement concluded on 14 June 2017.

Pernod Ricard SA guarantees to BNP Paribas the commitments made by Pernod Ricard Finance under the bilateral revolving credit agreement entered into on 22 March 2022.

Pernod Ricard SA was authorised by the Board of Directors on 21 July 2021 to renew the guarantee of the payment obligations of Pernod Ricard Internal Finance LLC, as part of its bond issues under the EMTN programme.

- **Guarantees given by Pernod Ricard SA to the Allied Domecq pension funds**

Pernod Ricard SA guaranteed the contributions owed by Allied Domecq Holdings Ltd and its affiliates to the Allied Domecq pension funds.

- **Guarantees granted by Pernod Ricard SA in favour of the Irish affiliates**

Pernod Ricard SA, pursuant to Section 357 of the 2014 Companies Act (Republic of Ireland), has irrevocably guaranteed the liabilities of the following affiliates for FY22: Irish Distillers Group Unlimited, Irish Distillers Ltd, Irish Distillers International Ltd, Smithfield Holdings Ltd, Ermine Ltd, Ind Coope Holding Ltd, Proudlen Liqueurs Ltd, Eight Degrees Brewing Company Ltd, The West Coast Cooler Co. Ltd and Comrie Limited.

- **Guarantee granted by Pernod Ricard SA in favour of Corby Spirit and Wine Limited**

Pernod Ricard SA guarantees to Corby Spirit and Wine Limited the payment of liabilities owed to it by the Group affiliates involved in the representation agreement for Group brands in Canada, signed on 24 September 2020.

- **Guarantee granted by Pernod Ricard SA in favour of Pernod Ricard Ukraine SFI**

On 23 March 2022, Pernod Ricard SA granted, as part of the provision of a credit line in favour of Pernod Ricard Ukraine SFI, a first demand guarantee in favour of the Joint Stock Company bank “UKRSIBBANK”.

- **Guarantee granted by Pernod Ricard SA in favour of Lina 26**

Pernod Ricard SA is jointly and severally liable for compliance by Lina 26 with all of its obligations under an acquisition agreement.

Note 21 Average headcount at 30 June 2022

	Employees	Temporary staff (all reasons combined)
Managers[1]	524	1
Supervisors and technicians	45	2
Employees	2	-
Average headcount	**571**	**3**
Work-study contracts	28	-

(1) Including 94 expatriate employees.

Note 22 Affiliates and associates at 30 June 2022

€ thousand	Capital	Shareholder equity before allocation of income	Share of capital (%)	Carrying amount of investment		Loans	Sureties and endorsements	Net sales excluding taxes	Net profit	Dividends received
				Gross	Net					
Investments whose carrying amount exceeds 1% of Pernod Ricard SA's share capital										
AGROS[1] Ul. Chalubinskiego 8 00-613 Warsaw (Poland)	-	259,910	100%	122,008	122,008	-	-	-	-	-
House of Campbell Limited[2] 111/113 Renfrew Road Paisley, PA3 4DY (Scotland)	90	4,791	100%	40,538	4,781	-	-	1,049	1,049	-
Geo G Sandeman Sons & Co Ltd[3] 400 Capability Green Luton Beds LU1 3AE (England)	1,560	14,196	30%	9,180	4,150	-	-	1,124	309	65
Pernod Ricard France SA Les Docks, 10, place de la Joliette 13002 Marseille	54,000	247,348	100%	162,171	162,171	-	-	669,939	88,740	62,270
Pernod Ricard Asia SAS 5 cours Paul Ricard 75008 Paris	4,512	84,719	100%	42,457	42,457	-	-	-	40,150	35,906
Pernod Ricard Central and South America 5 cours Paul Ricard 75008 Paris	52,198	52,053	100%	210,153	86,802	-	-	-	19,277	-
Pernod Ricard Europe Middle East Africa 5 cours Paul Ricard 75008 Paris	40,000	3,073,949	100%	36,407	36,407	-	-	22,799	402,641	1,700,000
Pernod Ricard North America SAS 5 cours Paul Ricard 75008 Paris	39,398	32,525	100%	126,735	126,735	-	-	-	11,152	-
Pernod Ricard Finance SA 5 cours Paul Ricard 75008 Paris	232,000	464,892	100%	238,681	238,681	-	-	-	67,513	-
Pernod Ricard International Finance LLC 21 Little Falls Drive Wilmington, Delaware 19808	240,685	249,467	100%	213,529	213,529	-	-	-	4,901	-
Pernod Ricard Pacific Holdings[4] 167 Fullarton Road Dulwich SA 5065 (Australia)	135,860	101,025	100%	215,925	215,925	-	-	405,007	12,734	-
Lina 3 5 cours Paul Ricard 75008 Paris	819,730	16,377,009	100%	11,690,953	11,690,953	-	-	-	(8,997)	-
Lina 5 5 cours Paul Ricard 75008 Paris	30,640	571,824	100%	30,631	30,631	-	-	-	(54)	-
Lina 20 5 cours Paul Ricard 75008 Paris	60	3,931	100%	4,071	4,071	-	-	-	(54)	-
Créateurs de Convivialité Ventures 5 cours Paul Ricard 75008 Paris	40	21	100%	7,470	7,350	-	-	-	(13,273)	-
Yerevan Brandy Company[5] 2, Admiral Isakov Avenue, Yerevan 375092, (Republic of Armenia)	24,960	202,318	100%	27,856	27,856	-	-	-	8,937	6,319
Havana Club Holding	8,592	(23,218)	50%	5,592	5,592	-	-	-	(6,728)	-
Total 1				**13,184,357**	**13,020,098**			**1,099,917**	**629,242**	**1,804,560**
Affiliates:										
French				6,351	1,093					
Foreign				5,091	4,129					122,211
Investments:										
French				1,757	1,085					40
Foreign				641	1					
Total 2				**13,840**	**6,308**					**122,251**
Total 1 +2				**13,198,197**	**13,026,406**					**1,926,811**

(1) *The AGROS exchange rates correspond to the rate on 30.06.2022.*
(2) *Information from the House of Campbell Limited financial statements at 30.06.2022.*
(3) *Information from the Geo G Sandeman Sons & Co Ltd financial statements at 31.12.2021.*
(4) *Information from the Pernod Ricard Pacific Holdings financial statements at 30.06.2021.*
(5) *Information from Yerevan Brandy Company's financial statements at 30.06.2021.*

Note 23 Tax credit

Pernod Ricard SA has a research tax credit in the amount of €100,739, a tax credit for sponsorship activities in the amount of €1,750,532 and a family tax credit in the amount of €251,315.

Note 24 Events after the reporting period

There are no events after the reporting period with a significant impact on the Pernod Ricard SA separate financial statements.

7.6 Other items relating to the financial statements

The separate financial statements detailed in the previous pages are those of Pernod Ricard SA and are the subject of the Statutory Auditor's report on the annual financial statements.

The elements relating to the separate financial statements in the management report of the Board of Directors are included in the following pages. The sections concerned are:

- other financial elements:
  - expenses and charges referred to in article 223 quater of the CGI (French General Tax Code),
  - the breakdown of supplier payables set out in articles L. 441-6-1 and D. 441-4 of the French Commercial Code,
  - the information on payment terms provided for in article D. 441-4 of the French Commercial Code in its wording under Decree No. 2015-1553 of 27 November 2015, implemented by the Order of 6 April 2016;
- financial income/(expense) over the last five financial years;
- dividends paid over the last five financial years;
- inventory of marketable securities.

The amount of the Statutory Auditors' fees was €1,339 thousand.

Expenses and charges referred to in article 223 quater of the CGI (French General Tax Code)

It is specified that the total amount of expenses and charges referred to in article 223 quater of the French General Tax Code and the amount of the applicable tax due to these expenses and charges are:

€	At 30.06.2022
Expenses and charges	322,345
Corresponding tax	103,215

Supplier payment deadlines

In accordance with the law on the modernisation of the economy of 4 August 2008 and subsequent articles L. 441-6-1 and D. 441-4 of the French Commercial Code, the breakdown of Pernod Ricard SA's trade payables balance at the reporting date was as follows:

€ inc. tax	At 30.06.2022
Trade payables not due	**93,751,416**
At 30 days	5,725,242
Between 30 and 45 days	76,791,571
Beyond 45 days	11,234,604
Trade payables past due	**3,866,081**
Recognised and not paid (A)	60,390
Group invoices	3,498,589
Disputes recognised	307,102

In accordance with article D. 441-4 of the French Commercial Code in its wording under Decree No. 2015-1553 of 27 November 2015, implemented by the Order of 6 April 2016, information on supplier payment terms is as follows:

€	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day and over)
(A) Late payment categories						
Number of invoices concerned	2	6	1	0	6	13
Total amount of invoices concerned including VAT	46,875	3,800	1,051	0	8,665	13,516
Percentage of total purchase amount excluding tax for the financial year	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
(B) Invoices excluded from (A) relating to disputed or unrecognised payables and receivables						
Number of excluded invoices	34	-	2	2	25	29
Total amount of excluded invoices including tax	345,386	-	94,459	11,094	178,072	283,625
(C) Reference payment terms used to calculate late payments (article L. 441-6 or article L. 443-1 of the French Commercial Code)						
☑ Contractual payment terms (45 days end of month, 30 days end of month or 15 days end of month)						
☐ Statutory time frame						

Trade receivable payment times

As the Company's receivables only consist of receivables from Group companies, certain information required by article D. 441-4 of the French Commercial Code have not been presented below as they are considered not relevant.

Information on receivables is set out below:

€ inc. tax	At 30.06.2022
Trade receivables not due	344,556,551
Trade receivables past due	63,564,870
Total	**408,121,421**
Of which disputed receivables	882,841

7.7 Financial income/(expense) over the last five financial years

€	30.06.2018	30.06.2019	30.06.2020	30.06.2021	30.06.2022
Financial position at the reporting date					
Share capital	411,403,468	411,403,468	411,403,468	405,908,668	399,818,401
Number of shares outstanding	265,421,592	265,421,592	265,421,592	261,876,560	257,947,355
Number of bonds convertible or exchangeable for shares	-	-	-	-	-
Number of bonus shares awarded on 16 January 2007 (dividend rights from 1 July 2006)	-	-	-	-	-
Number of shares created following the capital increase of 14 May 2009	-	-	-	-	-
Number of bonus shares awarded on 18 November 2009 (dividend rights from 1 July 2009)	-	-	-	-	-
Operating results					
Net sales (excluding taxes and duties)	154,976,030	179,569,040	204,799,992	288,181,244	360,568,871
Profit before taxes, amortisation, depreciation and allowances to provisions	432,466,377	221,535,314	966,689,347	557,958,295	1,730,616,561
Corporate income tax	179,468,467	151,988,378	163,348,627	130,649,147	144,598,985
Profit after taxes, amortisation, depreciation and allowances to provisions	565,822,841	325,725,565	1,177,954,098	657,285,969	1,834,554,231
Dividends paid [(1)]	626,394,957	828,115,367	700,774,787	741,313,021	-
Earnings per share					
Profit after taxes, but before amortisation, depreciation and allowances to provisions	2.3	1.41	4.26	2.63	7.27
Profit after taxes, amortisation, depreciation and allowances to provisions	2.13	1.23	4.44	2.51	7.11
Dividend paid per share[(1)]	2.36	3.12	2.66	3.12	-
Personnel					
Number of employees	401	422	444	498	571
Total payroll	64,087,417	70,178,837	60,952,594	82,640,089	82,651,720
Employee-related benefits paid during the year	29,981,592	30,963,383	26,104,626	35,041,823	42,927,004

(1) *The amount of dividends for 2022 will be known with certainty after the General Meeting of 10 November 2022 (dividends in respect of the financial year from 1 July 2021 to 30 June 2022).*

7.8 Dividends paid over the last five financial years

Financial year €	Payment date	Net amount	Total amount for the financial year
FY18	06.07.2018	1.01	
	05.12.2018	1.35	2.36
FY19	10.07.2019	1.18	
	27.11.2019	1.94	3.12
FY20	10.07.2020	1.18	
	27.11.2020	1.48	2.66
FY21	09.07.2021	1.33	
	24.11.2021	1.79	3.12
FY22	08.07.2022[(1)]	1.56	

(1) *An interim dividend for FY22 was paid on 8 July 2022. The balance will be decided by the General Meeting of November 2022 called to approve the financial statements for the financial year ended 30 June 2022.*

7.9 Inventory of marketable securities

French marketable securities with a net carrying amount in excess of €100,000 €	Number of shares held	Net carrying amount
Lina 3	163,945,972	11,690,953,301
Lina 5	306,400	30,630,500
Pernod Ricard France	1,750,000	162,170,656
Pernod Ricard Asia SAS	2,785,000	42,457,051
Pernod Ricard Central and South America	386,650	86,801,700
Pernod Ricard Europe Middle East and Africa	1,000,000	36,407,284
Pernod Ricard Finance SA	29,000,000	238,680,987
Pernod Ricard North America SAS	4,377,500	126,734,557
Résidence de Cavalières	205,950	959,350
Lina 20	600	4,071,400
Créateurs de Convivialité Ventures	400	7,350,000
Subtotal	**203,758,472**	**12,427,216,787**
Other shareholdings in French companies	5,606	1,218,856
Investments in unlisted foreign companies	-	597,970,149
Total marketable securities at 30.06.2022	**-**	**13,026,405,792**

7.10 Statutory Auditors' report on the annual financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 30 June 2022

To the Pernod Ricard S.A. Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying financial statements of Pernod Ricard for the year ended 30 June 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of 30 June 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Financial Statements*" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for statutory auditors, for the period from 1 July 2021 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Emphasis of Matter

Without qualifying our opinion mentioned above, we draw your attention to the change in accounting method related to the valuation of pensions and other long-term employee benefits described in note 1.8 « Pensions and other long-term employee benefits » in the notes to the financial statements, which presents the impact of the application of the IFRS IC decision on IAS 19 « Employee benefits » regarding the attribution of employee benefits to periods of service.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Key Audit Matters	Responses as part of our audit
Valuation of investments *(Notes 1.3 and 3 to the financial statements)* As at 30 June 2022, consolidated and non-consolidated investments are recorded in the balance sheet at a net carrying amount of €13,026 million and represent 83% of total assets. They are initially recognised at acquisition cost, excluding ancillary costs. If the value in use of investments is lower than their net carrying amount, a provision for impairment is recognised in financial income/(expense) in the amount of the difference. As disclosed in Note 1.3 to the financial statements, value in use is determined based on two methodologies: • The enterprise value of the main investments is based on the most recent estimate of the adjusted net asset value, by identifying unrealized capital gains on assets owned by the subsidiaries, such as brands. The adjusted net asset value is assessed based on methods such as the discounted cash flows method. • For other investments, value in use is estimated based on the share of the subsidiary's equity represented by the investment. Estimates of the value in use of these investments are based on complex valuation models for subsidiaries which in turn own several subsidiaries and require management to exercise significant judgment (particularly regarding cash flow assumptions and taking into consideration asset revaluations). Given the weight of investments in the balance sheet, the complexity of the models used and their sensitivity to changes in the data and assumptions underlying estimates, we considered the determination of the value in use of investments to be a key audit matter.	We familiarized ourselves with the Company's controls covering the process for determining the value in use of investments. Our other procedures mainly consisted in: • verifying, based on information communicated to us, that the values in use for investments estimated by management are supported by appropriate documentation of the valuation method and amounts used; • obtaining and analysing the valuation report on certain investments produced by the Company's external valuation advisors; • comparing data used in investment impairment tests with source documents by entity and the results of our audit procedures on these subsidiaries; • sample testing the arithmetical accuracy of values in use adopted by the Company. We also assessed the appropriateness of disclosures in Note 1.3 to the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

Information given in the management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements

We have no matters to report on the fair presentation and consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to shareholders.

We attest the fair presentation and consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (*Code de commerce*).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance contains the information required by L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled enterprises included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

Format of presentation of the financial statements included in the annual financial report

We have also verified, in accordance with the professional standards applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Pernod Ricard S.A. by the Shareholders' Meeting of 13 May 2003 for Deloitte & Associés and 17 November 2016 for KPMG S.A.

As of 30 June 2021, Deloitte & Associés and KPMG S.A. were in the 19th year and 6th year of total uninterrupted engagement, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, September 20, 2022

The Statutory Auditors
French original signed by

KPMG Audit
Division of KPMG S.A.

Eric Ropert
Partner

Caroline Bruno-Diaz
Partner

Deloitte & Associés

Marc de Villartay
Partner

7.11 Statutory Auditors' special report on regulated agreements

This is a free translation into English of the Statutory Auditors' special report on regulated agreements that is issued in French and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code (Code de Commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

Shareholders' Meeting held to approve the financial statements for the year ended 30 June 2022

To the Pernod Ricard S.A. Shareholders' Meeting,

As Statutory Auditors of your Company, we hereby present our report on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this assignment. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements submitted to the approval of the shareholders' Meeting

Agreements authorized and entered into during the year

We hereby inform you that we have not been advised of any agreement authorized and entered into during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L.225-38 of the French Commercial Code.

Agreements previously approved by Annual General Meeting

Agreements approved in prior years that remained in force during the financial year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreement, previously approved by prior Shareholders' Meetings, has remained in force during the year.

€2,500,000,000 Multicurrency Revolving Facility Agreement

The Board of Directors' meeting of 19 April 2017 authorised the signature of a new loan agreement in English entitled "€2,500,000,000 Multicurrency Revolving Facility Agreement" with, amongst others, BNP Paribas and Crédit Agricole Corporate & Investment Bank as Mandated Lead Arrangers and Bookrunners and BNP Paribas and Crédit Agricole Corporate & Investment Bank as Original Lenders, under which the lenders would make available to the Company, to Pernod Ricard Finance and to the other companies of the Group party to the agreement, a revolving loan facility of a maximum principal amount of €2,500,000,000.

The new loan agreement was signed on 14th June 2017.

Pernod Ricard undertook to guarantee under certain conditions, as joint and several guarantor, compliance with the payment obligations of the other borrowing companies of the Group.

No amounts were drawn down by Pernod Ricard and its subsidiaries under this loan agreement during the year ended 30 June 2022. Non-use fees for the syndicated loan facility totalled €2,414,757 for the year ended 30 June 2022.

Pernod Ricard invoices a guarantee commission at market rates to Group companies exercising their drawing rights in respect of the guarantee granted by Pernod Ricard to certain of its subsidiaries under the loan agreement; the amount of this commission may vary in line with market conditions. No subsidiaries exercised their drawing rights in the year ended 30 June 2022 and accordingly, Pernod Ricard did not invoice any guarantee commission to its subsidiaries.

This loan agreement provides Pernod Ricard, Pernod Ricard Finance and other Group companies with a multicurrency revolving credit facility for their financing needs.

Corporate officer involved:

- Mr. Wolfgang Colberg, also member of the Deutsche Bank AG Regional Board (party to the loan agreement).

Paris La Défense, 20 September 2022

The Statutory Auditors

French original signed by

KPMG Audit		Deloitte & Associés
Division of KPMG S.A.		
Eric Ropert	Caroline Bruno-Diaz	Marc de Villartay
Partner	*Partner*	*Partner*

part

8. Annual Ordinary General Meeting

8.1 Agenda – Annual Ordinary General Meeting on 10 November 2022

1. Approval of the separate financial statements for the financial year ended 30 June 2022.
2. Approval of the consolidated financial statements for the financial year ended 30 June 2022.
3. Allocation of net profit for the financial year ended 30 June 2022 and setting of the dividend.
4. Renewal of the directorship of Ms Patricia Barbizet.
5. Renewal of the directorship of Mr Ian Gallienne.
6. Renewal of the term of office of KPMG SA as Statutory Auditors.
7. Non-renewal of the term of office of Salustro Reydel as Alternate Statutory Auditors.
8. Approval of the fixed and variable components of the total compensation and other benefits paid or granted during FY22 to Mr Alexandre Ricard, Chairman and CEO.
9. Approval of the compensation policy items applicable to Mr Alexandre Ricard, Chairman and CEO.
10. Approval of the information relating to the compensation of each of the Corporate Officers.
11. Approval of the compensation policy items applicable to the Corporate Officers.
12. Authorisation to be granted to the Board of Directors to trade in Company shares.
13. Approval of the agreements referred to in article L. 225-38 *et seq.* of the French Commercial Code.
14. Powers to carry out the necessary legal formalities

8.2 Presentation of the resolutions of the Annual Ordinary General Meeting on 10 November 2022

First to third resolutions

Approval of the annual financial statements and allocation of net profit

The purpose of the 1st **resolution** is to approve the Pernod Ricard separate financial statements for FY22.

The purpose of the 2nd **resolution** is to approve the Pernod Ricard consolidated financial statements for FY22.

The purpose of the 3rd **resolution** is to allocate the net profit. It is proposed that the dividend for FY22 be set at €4.12 per share. An interim dividend payment of €1.56 per share having been paid on 8 July 2022, the balance amounting to €2.56 per share would be detached on 25 November 2022 (with a record date of 28 November 2022) and paid on 29 November 2022.

Fourth and fifth resolutions

Composition of the Board: renewal of the terms of office of Directors

Information regarding the Directors for whom renewal of the term of office is proposed, appears in Section 2 "Corporate governance" in Subsection 2.5.4 "Changes in the composition of the Board of Directors" of the universal registration document.

The directorship of Ms Patricia Barbizet expires at the close of this General Meeting. It is thus proposed that, by voting on the **4th resolution**, you renew her directorship for a term of four years expiring at the close of the General Meeting to be held in 2026 to approve the financial statements for the previous financial year.

The purpose of the **5th resolution** is to renew the directorship of Mr Ian Gallienne, which is due to expire. The term of office would be granted for a period of four years, expiring at the close of the General Meeting to be held in 2026 to approve the financial statements for the previous financial year.

Thus, at the close of the General Meeting, the Board of Directors would comprise 14 members (including two Directors representing the employees), including seven Independent Directors (58.3%) and seven women (58.3%), in accordance with the recommendations of the AFEP-MEDEF Code and the law[1].

Sixth and seventh resolutions

Renewal of the term of office of KPMG SA as Statutory Auditors and non-renewal of the term of office of Salustro Reydel as Alternate Statutory Auditors

The term of office as Statutory Auditors of KPMG SA, whose registered office is located at 2 avenue Gambetta, Tour Eqho, 92066 Paris La Défense Cedex, expires at this General Meeting; you are therefore asked, by voting on the **6th resolution**, to renew the term of office of KPMG SA for a period of six financial years, *i.e.* until the close of the General Meeting to be held in 2028 to approve the financial statements for the previous financial year.

In accordance with article L. 823-1 of the French Commercial Code and article 29 of the Company's articles of association, you are asked, by voting on the **7th resolution**, not to renew the term of office of Salustro Reydel, whose registered office is located at 2 avenue Gambetta, Tour Eqho, 92066 Paris La Défense Cedex, as Alternate Statutory Auditors and not to appoint new Alternate Statutory Auditors.

(1) The Directors representing the employees are not taken into account in establishing the percentages of independence and women in senior positions in accordance with the AFEP-MEDEF Code and article L. 225-27-1 of the French Commercial Code respectively.

Eighth resolution

Approval of the components of the compensation paid or awarded in respect of FY22 to Mr Alexandre Ricard, Chairman and CEO of the Company

The purpose of the **8th resolution** is to submit for your approval the fixed and variable components of the total compensation and other benefits paid or granted during FY22 to Mr Alexandre Ricard, the Company's Chairman and CEO.

All of these items are included in Section 2 "Corporate governance", Subsection 2.8.1 "Components of the compensation paid or allocated during FY22 to Mr Alexandre Ricard, Chairman and CEO" of the universal registration document.

Ninth resolution

Approval of the compensation policy items applicable to Mr Alexandre Ricard, Chairman and CEO

The purpose of the **9th resolution** is to submit for your approval the compensation policy items applicable to Mr Alexandre Ricard, Chairman and CEO of the Company, in accordance with the provisions of article L. 22-10-8 of the French Commercial Code.

Compensation policy items are described in detail in Section 2 "Corporate governance" of the universal registration document, under Subsection 2.8.2 "Compensation policy for the Chairman and CEO".

Tenth resolution

Approval of the information relating to the compensation of each of the Corporate Officers

The purpose of the **10th resolution** is to submit for your approval the components of compensation paid or awarded to the Company's corporate officers during the financial year ended, information relating to the compensation in respect of FY22 of each of the corporate officers of Pernod Ricard, as required by article L. 22-10-9, I of the French Commercial Code. This information is provided in Section 2 "Corporate governance", Subsection 2.8.3 "Components of compensation paid or allocated during FY22 to corporate officers" of this universal registration document.

Eleventh resolution

Approval of the compensation policy items applicable to the Corporate Officers

The purpose of the **11th resolution** is to submit for your approval the compensation policy items applicable to the corporate officers of the Company, in accordance with the provisions of article L. 22-10-8 of the French Commercial Code.

Compensation policy items are described in detail in the report in Section 2 "Corporate governance" of the universal registration document, under Subsection 2.8.4 "Compensation policy for the members of the Board of Directors".

Twelfth resolution

Authorisation to be granted to the Board of Directors to trade in Company shares

The General Meeting of 10 November 2021 allowed the Board of Directors to trade in the Company's shares. The transactions carried out in accordance with this authorisation are described in Section 2 "Corporate governance" in Subsection 2.10 "Share buyback programme" of the universal registration document. This authorisation is due to expire on 9 May 2023. It is thus proposed, in the **12th resolution**, that you renew the authorisation for the Board of Directors to trade in the Company's shares for a period of **18 months at a maximum purchase price of €320 per share**, excluding acquisition costs.

This authorisation would enable the Board of Directors to purchase Company shares representing **a maximum of 10% of the Company's share capital**, primarily with a view to:

- allocating or transferring them to employees and Executive Directors of the Company and/or Group companies (including the allocation of stock options and bonus and/or performance shares) or in connection with covering the Company's commitments under financial contracts or options with cash settlement granted to the employees and Executive Directors of the Company and/or Group companies;
- using them for external growth transactions (up to a maximum of 5% of the number of shares comprising the Company's share capital);
- delivering shares upon the exercise of rights attached to securities granting access to the share capital;
- cancelling them; and
- stabilising the share price through liquidity agreements.

These transactions may be carried out during periods considered appropriate by the Board of Directors. However, during a public offering period, buybacks may only be carried out if they:

- enable the Company to comply with its prior commitments undertaken before the launch of the public offering; and
- are undertaken to pursue a share buyback programme that was already in progress; and
- cannot cause the offer to fail; and
- fall within the scope of one of the following objectives: allocation to the beneficiaries of stock options and bonus and/or performance shares; or to cover its commitments pursuant to financial contracts or options with cash payments; or the free allocation of shares to employees and/or Executive Directors of the Company and/or companies that are or will be related thereto.

Thirteenth resolution

Approval of the regulated agreements

It is proposed that, by voting on the **13th resolution**, you approve the regulated agreements concluded or still in force during FY22, as described in the Statutory Auditors' special report (see Section 7 "Pernod Ricard SA Financial Statements" of the universal registration document). These relate mainly to agreements concluded in the context of financing transactions between the Company and companies of affiliates with which it has Directors or Executives in common.

Fourteenth resolution

Power to carry out the required legal formalities

By voting on the **14th resolution**, the General Meeting is asked to authorise the Board of Directors to carry out the required legal formalities, where applicable.

8.3 Draft resolutions of the Annual Ordinary General Meeting on 10 November 2022

The purpose of the **1st, 2nd and 3rd resolutions** is to approve Pernod Ricard's separate and consolidated financial statements for **FY22** and to approve the allocation of net profit and distribution **of a dividend of €4.12 per share**, following the allocation of an interim dividend of €1.56 per share on 8 July 2022.

First resolution

Approval of the separate financial statements for the financial year ended 30 June 2022

Having reviewed the separate financial statements for the financial year ended 30 June 2022, the management report of the Board of Directors and the report of the Statutory Auditors on the annual financial statements, the General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, approves the financial statements for the financial year ended 30 June 2022 as well as all transactions recorded in the financial statements or summarised in these reports, which show a net profit of €1,834,554,230.76 for the aforementioned financial year.

Pursuant to article 223 *quater* of the French General Tax Code, the General Meeting also takes note of the fact that the total amount of the costs and expenses referred to in paragraph 4 of article 39 of the French General Tax Code amounted to €322,345 for the past financial year, and that the tax payable with regard to these costs and expenses amounts to €83,262.

Second resolution

Approval of the consolidated financial statements for the financial year ended 30 June 2022

Having reviewed the Board of Directors' report on the management of the Group in accordance with article L. 233-26 of the French Commercial Code and the Statutory Auditors' report on the consolidated financial statements, the General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, approves the consolidated financial statements for the financial year ended 30 June 2022 as presented to it as well as the transactions recorded in the financial statements or summarised in the report on the management of the Group.

Third resolution

Allocation of net profit for the financial year ended 30 June 2022 and setting of the dividend

The General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, notes that the balance sheet for the financial year ended 30 June 2022 shows a net profit of €1,834,554,230.76.

It resolves, on the proposal of the Board of Directors, to allocate and divide this profit as follows:

Profit	**€1,834,554,230.76**
Allocation to the legal reserve	€0(1)
Balance	€1,834,554,230.76
Previous retained earnings	€1,034,290,210.19
Distributable profit	€2,868,844,440.95
Distributed dividend	€1,062,743,102.60
Balance allocated to retained earnings	€1,806,101,338.35

(1) The amount of the legal reserve having reached the threshold of 10% of the share capital.

It should be noted that in the event of a change in the number of shares entitled to a dividend compared with the 257,947,355 shares making up the share capital as of 30 June 2022, the total amount of the dividend shall be adjusted accordingly and the amount allocated to "Retained earnings" shall be determined on the basis of dividends actually paid.

A dividend of €4.12 will be distributed for each Company share.

An interim dividend payment of €1.56 per share having been paid on 8 July 2022, the balance amounting to €2.56 per share will be detached on 25 November 2022 (with a record date of 28 November 2022) and paid on 29 November 2022.

The General Meeting resolves that the amount of the dividend accruing to treasury shares or shares that have been cancelled on the ex-dividend date will be allocated to "Retained earnings".

The amount distributed of €4.12 per share will be eligible for the 40% tax deduction applicable to individual shareholders who are French tax residents, as provided for in article 158, 3-2° of the French General Tax Code.

Shareholder equity amounts to €6,127,521,847.61 after allocation of net profit for the financial year.

Dividends distributed over the past three financial years are as follows:

	FY19	**FY20**	**FY21**
Number of shares	265,421,592	261,876,560	261,876,560
Dividend per share (€)	3.12(1)	2.66(1)	3.12(1)

(1) Amounts eligible for the 40% tax deduction for individual shareholders who are French tax residents, as provided for in article 158, 3-2° of the French General Tax Code.

The **4th and 5th resolutions** concern the composition of the Board of Directors and their purpose is to renew the directorships of Ms Patricia Barbizet and Mr Ian Gallienne, respectively.

Fourth resolution

Renewal of the directorship of Ms Patricia Barbizet

Having reviewed the report of the Board of Directors, the General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, resolves to renew the directorship of Ms Patricia Barbizet.

This term of office is granted for a period of four years, which shall expire at the close of the General Meeting to be held in 2026 to approve the financial statements for the previous financial year.

Fifth resolution

Renewal of the directorship of Mr Ian Gallienne

Having reviewed the report of the Board of Directors, the General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, resolves to renew the directorship of Mr Ian Gallienne.

This term of office is granted for a period of four years, which shall expire at the close of the General Meeting to be held in 2026 to approve the financial statements for the previous financial year.

The **6th and 7th resolutions** concern the renewal of the term of office of KPMG SA as Statutory Auditors (6th resolution) and the non-renewal of the term of office of Salustro Reydel as Alternate Statutory Auditors (7th resolution), both of which expire at this General Meeting.

Sixth resolution

Renewal of the term of office of KPMG SA as Statutory Auditors

Having reviewed the report of the Board of Directors, the General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, resolves to renew the term of office of KPMG SA, whose registered office is located at 2 avenue Gambetta, Tour Eqho, 92066 Paris La Défense Cedex, as Principal Statutory Auditors.

The term of office of KPMG SA is granted for a period of six financial years, *i.e.* until the close of the General Meeting to be held in 2028 to approve the financial statements for the previous financial year.

Seventh resolution

Non-renewal of the term of office of Salustro Reydel as Alternate Statutory Auditor

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the Board of Directors' report, resolves, after noting that the term of office of Salustro Reydel, Alternate Statutory Auditor, will expire at the end of this Meeting, not to renew it.

In accordance with article L. 823-1 of the French Commercial Code and article 29 of the Company's articles of association, the General Meeting also resolves not to replace Salustro Reydel.

The **8th, 9th, 10th and 11th resolutions** relate to the compensation of the Executive Director and the corporate officers; their purpose is to approve the fixed and variable components of the total compensation and benefits in kind paid or granted in respect of FY22 to Mr Alexandre Ricard, Chairman and CEO (8th resolution), to approve the compensation policy applicable to the Chairman and CEO, Mr Alexandre Ricard (9th resolution) and to the corporate officers (11th resolution), as well as to approve the information relating to the compensation of each of the corporate officers (10th resolution).

Eighth resolution

Approval of the fixed and variable components of the total compensation and other benefits paid or granted in respect of FY22 to Mr Alexandre Ricard, Chairman and CEO

The General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, approves the fixed and variable components of the total compensation and other benefits paid or granted during FY22 to Mr Alexandre Ricard, Chairman and CEO, as detailed in the report in Section 2 "Corporate governance" of the FY22 universal registration document, Subsection 2.8.1 "Components of the compensation paid or allocated during FY22 to Mr Alexandre Ricard, Chairman and CEO".

Ninth resolution

Approval of the compensation policy items applicable to Mr Alexandre Ricard, Chairman and CEO

Having reviewed the report of the Board of Directors established in accordance with article L. 22-10-8 of the French Commercial Code, the General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, approves the principles and criteria for determining, allocating and granting the fixed, variable and exceptional items of total compensation and other benefits granted to the Chairman and CEO by virtue of his office, as detailed in Section 2 "Corporate governance" of the FY22 universal registration document, Subsection 2.8.2 "Compensation policy for the Chairman and CEO".

Tenth resolution

Approval of the information relating to the compensation of each of the Corporate Officers

The General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, approves the information relating to the compensation during FY22 of each of the Directors of Pernod Ricard, as required by article L. 22-10-9, I of the French Commercial Code. All these elements are described in detail in Section 2 "Corporate governance" of the FY22 universal registration document, Subsection 2.8.3 "Components of compensation paid or allocated during FY22 to corporate officers".

Eleventh resolution

Approval of the compensation policy items applicable to the Corporate Officers

Having reviewed the report of the Board of Directors established in accordance with article L. 22-10-8 of the French Commercial Code, the General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, approves the compensation policy applicable to the corporate officers, as detailed in Section 2 "Corporate governance" of the FY22 universal registration document, Subsection 2.8.4 "Compensation policy for the members of the Board of Directors".

The purpose of the **12th resolution** is to renew the authorisation granted to the Board of Directors to implement a share buyback programme for the Company's shares, subject to certain conditions.

Twelfth resolution

Authorisation to be granted to the Board of Directors to trade in Company's shares

Having reviewed the report of the Board of Directors, the General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, authorises the Board of Directors, with the option for it to delegate these powers in turn, in accordance with the provisions of articles L. 22-10-62 *et seq.* of the French Commercial Code and of Regulation No. 596/2014 of the European Parliament and of the Council of 16 April 2014, to purchase Company shares in order to:

(i) allocate shares or tran sfer them to employees and/or Executive Directors of the Company and/or its current or future affiliates under the terms and conditions provided for by law, in particular by granting stock options or as part of employee profit-sharing plans; or

(ii) cover its commitments pursuant to financial contracts or options with cash payments relating to changes in the stock market price of the Company's shares, granted to employees and/or Executive Directors of the Company and/or its current or future affiliates under the terms and conditions provided for by law; or

(iii) make free allocations of shares to employees and/or Executive Directors of the Company and/or its current or future affiliates, under the terms and conditions of articles L. 225-197-1 and L. 22-10-59 *et seq.* of the French Commercial Code, it being specified that the shares may be allocated, in particular, to an employee savings plan in accordance with the provisions of article L. 3332-14 of the French Labour Code; or

(iv) retain them and subsequently tender them (in exchange, as payment or otherwise) within the scope of external growth transactions, subject to the limit of 5% of the number of shares comprising the share capital; or

(v) deliver shares upon the exercise of rights attached to securities granting access to the share capital through reimbursement, conversion, exchange, presentation of a warrant or in any other manner; or

(vi) cancel all or some of the shares repurchased in this manner, under the conditions provided for in article L. 22-10-62 paragraph 4 of the French Commercial Code and in accordance with the authorisation to reduce the share capital granted by the Combined General Meeting of 10 November 2021 in its 14th resolution; or

(vii) allow an investment services provider to act on the secondary market or to ensure the liquidity of the Company's shares by means of liquidity agreements in compliance with the terms of a Code of Ethics approved by the French Financial Markets Authority (AMF).

This programme is also intended to enable the Company to trade in the Company's shares for any other authorised purpose or any purpose that might come to be authorised by law or regulations in force.

The number of Company's shares purchased may be such that:

- the Company does not purchase more than 10% of the shares comprising the Company's share capital at any time during the term of the share buyback programme; this percentage applies to the share capital adjusted in accordance with capital transactions carried out after this General Meeting; in accordance with the provisions of article L. 22-10-62 of the French Commercial Code, when shares are repurchased to favour the liquidity of the share under the conditions set out by the applicable regulations, the number of shares taken into account for calculating the 10% cap is equal to the number of shares purchased, less the number of shares sold during the authorisation period; and
- the number of shares held by the Company at any time does not exceed 10% of the number of shares comprising its share capital.

These shares may be purchased, sold, transferred, delivered or exchanged, on one or more occasions, by any means authorised or that may come to be authorised by the regulations in force. These means include, in particular, over-the-counter transactions, sales of blocks of shares, sale and repurchase agreements and the use of any financial derivatives, traded on a regulated market or over-the-counter, or setting up option strategies (purchases and sales of puts and calls and any combinations thereof in compliance with the applicable regulations). Transactions involving blocks of shares may account for the entire share buyback programme.

These transactions may be carried out during periods considered appropriate by the Board of Directors. However, during a public offering period, buybacks may only be carried out if they:

- enable the Company to comply with its prior commitments undertaken before the launch of the public offering; and
- are undertaken in connection with the pursuit of a share buyback programme that was already in progress; and
- fall within the scope of the objectives referred to in items (i) to (iii) above; and
- cannot cause the offer to fail.

The General Meeting decides that the maximum purchase price per share shall be €320, excluding acquisition costs.

Under article R. 225-151 of the French Commercial Code, the General Meeting sets the total maximum amount allocated to the share buyback programme authorised above at €8,254,315,200, corresponding to a maximum number of 25,794,735 shares purchased at the maximum unit price of €320 as authorised above.

The General Meeting delegates authority to the Board of Directors, with the option for it to delegate these powers in turn under the conditions provided for by law, in the event of transactions on the Company's share capital, and in particular a change in the par value of the share, a share capital increase *via* the capitalisation of reserves, a granting of bonus shares, stock split or reverse stock split, to adjust the above-mentioned maximum purchase price in order to take account of the impact of such transactions on the share value.

The Board of Directors may also carry out, in accordance with applicable legal and regulatory provisions, the reassignment to another objective of shares previously bought back (including under a previous authorisation) and their disposal (on- or off-market).

The General Meeting grants the Board of Directors full powers, with the option for it to delegate these powers in turn under the conditions provided for by law, to decide and implement this authorisation, to specify, if necessary, its terms and decide on its conditions with the option to delegate implementation of the share buyback programme, under the conditions provided for by law, and in particular to place all stock exchange orders, enter into any agreements, with a view to keeping registers of share purchases and sales, make all declarations notably to the French Financial Markets Authority (AMF) and to any other official body which may take its place, complete all formalities and, in general, do whatever may be necessary.

This authorisation will be valid for a period of 18 months from the date of this General Meeting and cancels, as from this same date, for any unused portion, the authorisation granted to the Board of Directors by the Combined General Meeting of 10 November 2021 in its 12th resolution to trade in the Company's shares.

The purpose of the **13th resolution** is to approve the "regulated" agreements previously approved by Pernod Ricard's Board of Directors.

Thirteenth resolution

Approval of the regulated agreements referred to in articles L. 225-38 et seq. of the French Commercial Code

Having reviewed the special report of the Statutory Auditors on the regulated agreements referred to in articles L. 225-38 *et seq.* of the French Commercial Code, the General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meeting, takes note of the conclusions of said report and approves it, it being specified that no new agreements were signed in FY22.

The purpose of the **14th resolution** is to enable all legal formalities following the General Meeting to be carried out.

Fourteenth resolution

Powers to carry out the necessary legal formalities

The General Meeting grants full powers to the bearer of a copy or an extract of the minutes of this meeting to carry out, wherever they may be required, all filing and formalities regarding legal disclosure or other, as necessary.

part

9.

About the Company and its share capital

9.1 Information about Pernod Ricard

9.1.1 Company name and trading name

Pernod Ricard

9.1.2 Registered office and website

5, cours Paul Ricard, 75008 Paris (France)
Tel.: +33 (0)1 70 93 16 00
https://www.pernod-ricard.com
Information available on the website is not included in the prospectus.

9.1.3 Legal form

Pernod Ricard is a French public limited company (*Société Anonyme*) governed by a Board of Directors.

9.1.4 Applicable law

Pernod Ricard is a company subject to French law, governed by the French Commercial Code.

9.1.5 Date of formation and duration

The Company was formed on 13 July 1939 for a period of 99 years.
The General Meeting of 9 November 2012 extended the term of the Company by 99 years to 2111.

9.1.6 The issuer's objects and purposes

The corporate purpose, as provided for in article 2 of the Company's articles of association[1], is set forth below in its entirety:

"The Company's purpose is directly or indirectly:

- the manufacturing, purchase and sale of all wines, spirits and liqueurs, of alcohol and food products, the use, conversion and trading in all forms of finished or semi-finished products, by-products and substitutes generated by the main operations carried out in the distilleries or other industrial establishments of the same type;
- the above operations may be carried out on a wholesale, semi-wholesale or retail basis and in all locations, in France or outside France;
- storage, purchases and sales fall within the above list;
- the representation of any French or foreign entities, producing, manufacturing or selling products of the same type;
- investments in any businesses or operations whatsoever, which may be related to the production and the trading of similar products in any form whatsoever, and the creation of new companies, contributions, subscriptions, purchases of securities or ownership rights under any form, etc.;
- any operations connected with the hotel industry and the leisure industry in general, particularly investment by the Company in any companies, existing or to be created, businesses or operations whatsoever, that may be related to the hotel or leisure industries in general, it being specified that the Company may conduct all these transactions on its own account or on behalf of third parties, either acting alone or through equity investment, partnerships or through companies with any third parties or other companies, and carry them out in any form whatsoever: contributions, mergers, subscriptions or purchases of securities or ownership rights, etc.;
- investments in any French or foreign industrial, commercial, agricultural, property, financial or other companies, whether existing or to be formed;
- the acquisition, disposal and exchange of, and any transactions involving shares, equity interests or partnership holdings, investment certificates, convertible or exchangeable Bonds, equity warrants, Bonds with equity warrants and generally, any securities or property rights whatsoever;
- any agricultural, farming, arboriculture, livestock, wine-growing operations, etc., as well as any associated or derivative agricultural or industrial operations relating thereto;
- and generally, all industrial, commercial, financial, movable or real property or securities operations related directly or indirectly to the above purposes or being capable of favouring their development."

9.1.7 RCS registration number, NAF business activity code and LEI code

The Company is registered in the Paris Trade and Companies Register under number 582 041 943.
Pernod Ricard's business activity (NAF) code is 7010Z. It corresponds to: Head Office Operations.
Pernod Ricard's LEI is 52990097YFPX9J0H5D87.

(1) The articles of association may be consulted on the Company's website (www.pernod-ricard.com).

9.1.8 Financial year

From 1 July to 30 June of each year.

9.1.9 Entitlement to dividends – Entitlement to share in the issuer's profits

Net profits are made up of the Company's income as derived from the income statement after deduction of overheads and any other social contributions, depreciation of assets, and all provisions for commercial or industrial risks, if any.

From these net profits (reduced when necessary by prior losses), at least 5% is withheld for transfer to the legal reserve. The deduction is no longer mandatory when the legal reserve reaches an amount equal to one-tenth of the share capital. It once again becomes mandatory in the event that, for whatever reason, this reserve falls below one-tenth of the share capital.

For the first distributable profit (dividend) as determined in accordance with the law, an amount corresponding to 6% of the fully paid up share is deducted, subject to the possibility that the Board of Directors authorises shareholders who request to do so to pay up their shares in advance, it being specified that the payments cannot give rise to entitlement to the aforementioned initial dividend.

This initial dividend is not cumulative, *i.e.* if profits for the financial year are not sufficient to make this payment or are only sufficient to make the payment in part, the shareholders cannot claim this on profits generated in the following financial year.

From the available surplus, the Ordinary General Meeting may decide to deduct all amounts it considers appropriate, either to be carried forward to the following financial year or to be transferred to extraordinary or special reserves, with or without special allocations.

The balance is distributed among shareholders as an additional dividend.

The Ordinary General Meeting is authorised to distribute non-statutory reserves set up in previous years any amounts that it considers should be either:

- distributed to the shareholders or allocated to total or partial depreciation of the shares; or
- accumulated or used for the repurchase and cancellation of shares.

Wholly depreciated shares are replaced by dividend right certificates granting the same rights as the existing shares, with the exception of entitlement to the initial statutory dividend and capital repayment.

Dividend payment terms and conditions are fixed by the Ordinary General Meeting or, failing that, by the Board of Directors within the maximum period set by law.

In deliberating on the financial statements for the financial year, the Ordinary General Meeting has the option to grant each shareholder the choice between a cash or stock dividend, for all or part of a dividend or interim dividend payment.

Dividends must be paid within a maximum of nine months following the year end. This period may be extended by court ruling. Dividends will be transferred to the French State after the statutory period, *i.e.* five years.

9.1.10 Changes in the share capital and the rights attached to shares

Any changes in the share capital or the voting rights attached to the shares making up the share capital shall be governed by the standard legal provisions as the articles of association[1] do not contain any specific provisions in this respect.

9.1.11 The Statutory Auditors

Deloitte & Associés, member of the Compagnie Régionale des *Commissaires aux Comptes* de Versailles (Versailles regional auditors' association), represented by Mr Marc de Villarty, whose registered office is at TSA 20303, 92030 La Défense Cedex, reappointed by the General Meeting of 19 November 2017 for a term of six financial years, which will end after the General Meeting to be convened in 2023 to approve the preceding year's financial statements.

KPMG SA, member of the Compagnie Régionale des *Commissaires aux Comptes* de Versailles (Versailles regional auditors' association), represented by Ms Caroline Bruno-Diaz and Mr Éric Ropert, whose registered office is at Tour Eqho, 2 avenue Gambetta, 92066 Paris La Défense Cedex, and whose term of office as passed by the General Meeting of 17 November 2016 will end after the General Meeting to be convened in 2022 to approve the preceding year's financial statements.

The renewal of the term of office of KPMG SA is subject to the approval of the General Meeting of 10 November 2022.

Fees of Statutory Auditors and members of their networks

The fees of the Statutory Auditors and members of their networks for the 12-month financial year are set out in Note 6.8 – *Fees of the Statutory Auditors and members of their networks for the 12-month financial year* in Section 6 "Annual consolidated financial statements" of this universal registration document.

(1) The articles of association may be consulted on the Company's website (www.pernod-ricard.com).

9.2 Information about the share capital

The conditions under which the articles of association[1] submit changes to the share capital and the rights attached thereto are compliant in every aspect with legal stipulations in France. The articles of association [1] do not provide for any overriding provisions and do not impose any special contingencies.

9.2.1 Amount of paid-up capital at 30 June 2022

On 20 July 2011, the Board of Directors recorded that, on 30 June 2011, the share capital had increased by an amount of €758,709.50 following the exercise, since 1 July 2010, of 489,490 stock options granting entitlement to the same number of Pernod Ricard shares.

On 18 July 2012, the Board of Directors recorded that, on 30 June 2012, the share capital had increased by an amount of €912,643.10 following the exercise, since 1 July 2011, of 588,802 stock options granting entitlement to the same number of Pernod Ricard shares.

On 24 July 2013, the Board of Directors recorded that, on 30 June 2013, the share capital had increased by an amount of €172,029.85 following the exercise, since 1 July 2012, of 110,987 stock options granting entitlement to the same number of Pernod Ricard shares. Pernod Ricard's subscribed and fully paid-up share capital thus amounted to €411,403,467.60 on 30 June 2013, divided into 265,421,592 shares with a nominal value of €1.55.

Pernod Ricard's subscribed and fully paid-up share capital has amounted to €411,403,467.60 since 30 June 2014, divided into 265,421,592 shares with a nominal value of €1.55.

On 22 July 2020, upon delegation of the General Meeting of 8 November 2019, the Board decided to cancel 3,545,032 Pernod Ricard shares and noted that this cancellation entailed a reduction in the share capital of Pernod Ricard, which was reduced from €411,403,467.60 to €405,908,668, divided into 261,876,560 shares of €1.55 each.

On 27 April 2022, upon delegation of the General Meeting of 10 November 2021, the Board decided to cancel 3,929,205 Pernod Ricard shares and noted that this cancellation entailed a reduction in the share capital of Pernod Ricard, which was reduced from €405,908,668 to €399,818,400.25, divided into 257,947,355 shares of €1.55 each.

9.2.2 Shares not representing capital

There are no shares that do not represent the Company's share capital.

The 5,181,868 Pernod Ricard shares held by Société Paul Ricard are pledged for third parties.

1,352,650 Pernod Ricard shares held by Le Delos Invest I (a company controlled by Société Paul Ricard, within the meaning of article L. 233-3 of the French Commercial Code) are pledged for third parties.

4,118,105 Pernod Ricard shares held by Le Delos Invest II (a company controlled by Société Paul Ricard, within the meaning of article L. 233-3 of the French Commercial Code) are pledged for third parties.

1,720,000 Pernod Ricard shares held by Le Delos Invest III (a company controlled by Société Paul Ricard, within the meaning of article L. 233-3 of the French Commercial Code) are pledged for third parties.

9.2.3 Contingent share capital

Stock options

At 30 June 2022, there were no outstanding Company stock options.

(1) *The articles of association may be consulted on the Company's website (www.pernod-ricard.com).*

9.2.4 Changes in the share capital over the last five years

Table of changes in the share capital over the last five years

Amount of share capital prior to transaction	Number of shares prior to transaction	Year	Type of transaction	Quantity	Effective date	Securities created/cancelled	Share/conversion premium	Number of shares after transaction	Amount of share capital after transaction
€411,403,467.60	265,421,592	2018	-	-	-	-	-	265,421,592	€411,403,467.60
€411,403,467.60	265,421,592	2019	-	-	-	-	-	265,421,592	€411,403,467.60
€411,403,467.60	265,421,592	2020	-	-	-	-	-	265,421,592	€411,403,467.60
€411,403,467.60	265,421,592	2021	Cancellation of shares	N/A	22.07.2020	3,545,032	-	261,876,560	€405,908,668
€405,908,668	261,876,560	2022	Cancellation of shares	N/A	27.04.2022	3,929,205	-	257,947,355	€399,818,400.25

N/A: Not applicable.
The date mentioned is the date on which the Board of Directors made the decision to cancel shares.

9.2.5 Changes in voting rights over the last five years

Years[1]	Number of voting rights[2]
Position on 30.06.2018	311,072,670
Position on 30.06.2019	314,615,287
Position on 30.06.2020	317,440,412
Position on 30.06.2021	314,421,245
Position on 30.06.2022	310,685,307

(1) The data provided are from the date of the breakdown of share capital and voting rights.
(2) The information concerns the total number of voting rights in the Company, including suspended voting rights.

9.

9.2.6 Breakdown of share capital and voting rights on 30 June 2022

Shareholders	Position on 30.06.2022			Position on 30.06.2021			Position on 30.06.2020		
	Number of shares	% of share capital	% of voting rights*	Number of shares	% of share capital	% of voting rights*	Number of shares	% of share capital	% of voting rights*
Société Paul Ricard[1]	35,939,659	13.93	20.09	34,630,930	13.22	19.43	41,303,024	15.56	21.30
Mr Rafaël Gonzalez-Gallarza[2]	1,477,603	0.57	0.95	1,477,603	0.56	0.94	1,477,603	0.56	0.93
Directors and Management of Pernod Ricard	208,387	0.08	0.07	362,973	0.14	0.16	323,330	0.12	0.15
Shares held by Pernod Ricard employees	3,567,721	1.38	1.77	3,328,778	1.27	1.65	3,132,107	1.18	1.57
Groupe Bruxelles Lambert (Belgium)[3]	19,891,870	7.71	12.80	19,891,870	7.60	12.65	19,891,870	7.49	12.45
MFS Investment Management (USA)[4]	12,994,021	5.04	4.18	15,698,042	5.99	4.99	24,035,625	9.06	7.57
BlackRock Investment Management Limited (UK)[5]	12,002,224	4.65	3.86	13,130,591	5.01	4.18	11,849,009	4.46	3.73
Invesco (UK)[6]	6,598,665	2.56	2.13	2,646,623	1.01	0.84	1,316,178	0.50	0.41
La Caisse des Dépôts et Consignations[7]	6,376,245	2.47	2.05	6,061,268	2.31	1.93	6,543,422	2.47	2.06
FIL Fund Management Limited (Ireland)[8]	4,551,211	1.76	1.46	3,974,614	1.52	1.26	-	-	-
Amundi Asset Management[9]	3,965,340	1.54	1.28	2,675,786	1.02	0.85	2,644,214	1.00	0.83
Norges Bank Investment Management (Norway)[10]	3,917,610	1.52	1.26	-	-	-	-	-	-
Alecta[11]	1,399,000	0.55	0.45	-	-	-	-	-	-
Threadneedle Asset Management Holdings Ltd[12]	1,376,315	0.54	0.45	-	-	-	-	-	-
Allianz Global Investors GmbH[13]	1,318,122	0.51	0.43	-	-	-	-	-	-
American Century Investments Management, Inc.[14]	1,315,136	0.51	0.42	-	-	-	-	-	-
Capital Group Companies (USA)[15]	-	-	-	13,254,986	5.06	4.22	15,736,495	5.93	4.96
WCM Investment Management, LLC (USA)[16]	-	-	-	5,220,603	1.99	1.66	-	-	-
Citigroup Global Markets Limited (UK)[17]	-	-	-	4,221,764	1.61	1.34	-	-	-
Credit Suisse Group (UK)[18]	-	-	-	1,810,840	0.69	0.58	1,613,803	0.61	0.51
Aviva plc[19]	-	-	-	1,550,453	0.59	0.49	1,353,465	0.51	0.43
Jupiter Asset Management Limited[20]	-	-	-	-	-	-	1,733,757	0.65	0.55
La Française Investment Solutions[21]	-	-	-	-	-	-	1,482,844	0.56	0.47
Abu Dhabi Investment Authority[22]	-	-	-	-	-	-	1,378,176	0.52	0.43
Select Equity[23]	-	-	-	-	-	-	1,342,526	0.51	0.42

Shareholders	Position on 30.06.2022			Position on 30.06.2021			Position on 30.06.2020		
	Number of shares	% of share capital	% of voting rights*	Number of shares	% of share capital	% of voting rights*	Number of shares	% of share capital	% of voting rights*
Treasury shares:									
• Shares held by affiliates	-	-	-	-	-	-	-	-	-
• Treasury shares	979,454	0.38	0.00	965,483	0.37	0.00	4,747,588	1.79	0.00
Others and public	140,068,772	54.30	46.33	130,973,353	50.01	42.82	123,516,556	46.54	41.22
Total	**257,947,355**	**100.00**	**100.00**	**261,876,560**	**100.00**	**100.00**	**265,421,592**	**100.00**	**100.00**

On the basis of declarations regarding the crossing of legal and statutory thresholds (0.5% of the share capital) notified to the Company principally during the past financial year.

* *Although there is only one class of share, shares held for 10 years in registered form are entitled to double voting rights. Calculated on the basis of a total of 310,685,307 "theoretical" voting rights (including suspended voting rights).*

(1) *Société Paul Ricard is wholly owned by the Ricard family. The declaration also covers a total of 169,868 shares held by Le Garlaban; 1,352,650 shares held by Le Delos Invest I; 4,431,928 shares held by Le Delos Invest II; and 1,720,002 shares held by Le Delos Invest III. These four companies are controlled by Société Paul Ricard, under article L. 233-3 of the French Commercial Code.*

(2) *Mr Rafaël Gonzalez-Gallarza signed a shareholders' agreement with Société Paul Ricard, as detailed below.*

(3) *Declaration of 22 June 2017.*

(4) *Declaration of 21 June 2022.*

(5) *Declaration of 08 July 2022.*

(6) *Declaration of 11 April 2022.*

(7) *Declaration of 24 September 2021.*

(8) *Declaration of 22 June 2022.*

(9) *Declaration of 21 March 2022.*

(10) *Declaration of 15 July 2021.*

(11) *Declaration of 2 March 2022.*

(12) *Declaration of 26 November 2021.*

(13) *Declaration of 1 April 2022.*

(14) *Declaration of 22 February 2022.*

(15) *Declaration of 16 July 2020.*

(16) *Declaration of 25 August 2020.*

(17) *Declaration of 2 December 2020.*

(18) *Declaration of 27 July 2020.*

(19) *Declaration of 11 November 2020.*

(20) *Declaration of 18 October 2019.*

(21) *Declaration of 18 December 2019.*

(22) *Declaration of 22 January 2020.*

(23) *Declaration of 20 February 2020.*

Certain Company shares carry double voting rights as described in Subsection 2.12.3 "Voting conditions" of Section 2 "Corporate governance" of the FY22 universal registration document. Of the 257,947,355 shares comprising the Company's capital on 30 June 2022, 52,737,952 shares had a double voting right.

On the same date, employees held 3,567,721 shares representing 1.38% of the share capital and 1.77% of the voting rights of the Company.

The Paul Ricard concert party (comprising: Société Paul Ricard, Le Delos Invest I, Le Delos Invest II, Le Delos Invest III, Le Garlaban and Rigivar, as well as Mses Danièle Ricard, Patricia Ricard Giron and Veronica Vargas and Messrs Rafaël Gonzalez-Gallarza, César Giron, François-Xavier Diaz, Alexandre Ricard and Paul-Charles Ricard) held 38,160,924 Company shares representing 66,526,245 voting rights, *i.e.* 14.79% of the share capital and 21.741% of the voting rights of the Company as at 30 June 2022.

The shareholders' agreement between the Company's shareholders (Mr Rafaël Gonzalez-Gallarza and Société Paul Ricard SA, held by the Ricard family), is described under "Shareholders' agreements" in Subsections 2.5.8. "Declaration of Directors" and 2.11.3 "Agreements between shareholders of which the Company is aware" of the FY22 universal registration document and is also available on the AMF website (www.amf-france.org).

Shareholdings exceeding the legal thresholds for share capital or voting rights

By letter received on 22 June 2022, the US company Massachusetts Financial Services (MFS) Company (111 Huntington Avenue, Boston MA 02199, USA), acting on behalf of the clients and funds it manages, declared that on 16 June 2022, it had, directly and indirectly, through companies that it controls, dropped below the threshold of 5% of the capital of Pernod Ricard, and held 12,994,021 Pernod Ricard shares representing the same number of voting rights, *i.e.* 4.96% of the capital and 4.13% of the voting rights of this company.

Additional information on the shareholders

The number of Pernod Ricard shareholders with registered securities is estimated at approximately 11,620.

Breakdown of capital (Company analysis using TPI[1] at 31.03.2022 and nominative data)	(in %)
Paul Ricard concert party	14.6
Board + Management + Employees + Treasury shares	2.3
Groupe Bruxelles Lambert	7.6
US institutional investors	30.4
French institutional investors	8.9
British institutional investors	11.5
Other foreign institutional investors	21.1
Individual shareholders	3.6
Total	**100**

(1) Identifiable bearer shares.

To Pernod Ricard's knowledge, all the shareholders who directly or indirectly, alone or in concert, hold more than 5% of the share capital or voting rights are included in the above table entitled "Breakdown of share capital and voting rights on 30 June 2022".

There is no individual or corporate body that exercises direct or indirect control over Pernod Ricard's share capital, whether individually, jointly or in concert.

To the best of the Company's knowledge, there have not been any further significant changes in the breakdown of the Company's capital during the last three financial years, other than those shown in the above table entitled "Breakdown of share capital and voting rights on 30 June 2022".

Pernod Ricard is the only company of the Group listed on a stock exchange (Euronext Paris).

However, the Pernod Ricard Group controls Corby Spirit and Wine Limited, holding 45.79% of its capital and 51.61% of the voting rights. Corby Spirit and Wine Limited is listed on the Toronto Stock Exchange (Canada).

Equity investments and stock options

Detailed information is provided under Section 2 "Corporate governance" of this universal registration document, in relation to the following:

- corporate officers' equity investments in the Company's share capital;
- transactions involving Pernod Ricard shares made by corporate officers in the financial year;
- stock options exercised by Executive Directors during FY22;
- stock options granted to the Group's top 10 employees other than corporate officers and options exercised by the Group's top 10 employees other than corporate officers during FY22.

9.2.7 Stock market information on Pernod Ricard shares

Pernod Ricard shares (ISIN: FR 0000 120693) are traded on the Euronext regulated market in Paris (Compartment A) (Deferred Settlement Service).

Paris stock exchange volume and share price information over 18 months (source: Bloomberg)

Date	Volume (thousands)	Capital (€ million)	Average price (€)	High (€)	Low (€)	Price at end of month (€)
January 2021	8,905	1,384	155.39	160.25	150.90	155.70
February 2021	8,809	1,421	161.30	166.45	155.95	157.35
March 2021	9,725	1,550	159.39	163.15	156.10	160.05
April 2021	7,719	1,313	170.14	177.70	159.90	170.70
May 2021	7,322	1,289	176.08	182.10	169.30	180.15
June 2021	7,949	1,450	182.39	190.60	176.50	187.20
July 2021	7,144	1,313	183.96	189.95	179.40	186.10
August 2021	6,290	1,145	182.39	188.25	172.90	177.95
September 2021	8,990	1,687	187.85	194.00	181.20	190.70
October 2021	8,098	1,593	197.20	202.00	187.95	198.70
November 2021	8,699	1,804	207.23	214.50	198.95	202.50
December 2021	7,137	1,491	209.55	214.00	200.40	211.50
January 2022	8,140	1,621	200.02	217.20	188.30	189.00
February 2022	9,003	1,735	192.68	199.30	185.55	195.65
March 2022	13,482	2,503	186.26	202.20	172.20	199.30
April 2022	7,785	1,530	196.48	203.50	189.30	197.65
May 2022	8,612	1,586	184.48	201.50	174.70	182.50
June 2022	9,684	1,691	175.84	186.20	166.60	175.30

9.2.8 Other legal information

Related-party transactions

Transactions with related parties are described in Note 6.6 – *Related parties* of the Notes to the consolidated financial statements (Section 6 of this universal registration document).

part

10.

Additional information

in the universal registration document

10.1 Persons responsible

10.1.1 Names and positions

Person responsible for the universal registration document

Mr Alexandre Ricard

Chairman and CEO of Pernod Ricard

Person responsible for the information

Ms Florence Tresarrieu

Vice-President, Financial Communication & Investor Relations

Tel.: + 33 (0)1 70 93 17 31

10.1.2 Declaration by the person responsible for the universal registration document and the annual financial report

I hereby certify that the information contained in this universal registration document is, to the best of my knowledge, in conformity with Pernod Ricard's actual situation and that there is no omission which could adversely affect the fairness of the presentation.

I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair presentation of the assets and liabilities, financial position and financial results of the Company and all the other companies included in the scope of consolidation, and that the management report set out in Section 10.3.2 of this universal registration document gives an accurate picture of the developments in the business, financial results and financial position of the Company and all the other companies included within the scope of consolidation, together with a description of the main risks and uncertainties that they face.

Paris, 20 September 2022

Mr Alexandre Ricard

Chairman and CEO of Pernod Ricard

10.2 Documents on display

Corporate documents (financial statements, minutes of Shareholders' Meetings, attendance registers for Shareholders' Meetings, list of Directors, Statutory Auditors' reports, by laws,etc.) for the last three financial years may be consulted at Pernod Ricard's Headquarters at 5, cours Paul Ricard, 75380 Paris Cedex 08, France.

The "Regulatory information" section of the Company's website is available at the following URL:

https://www.pernod-ricard.com/fr/investisseurs/

This area of the website contains all the regulatory information provided by Pernod Ricard pursuant to the provisions of articles 221-1 *et seq.* of the French Financial Markets Authority (AMF) General Regulation.

10.3 Reference tables

10.3.1 Universal registration document

This reference table is based on the headings set out in Annex I and II of Delegated Regulation (EU) 2019/980 of the Commission of 14 March 2019 and refers to the pages of this universal registration document on which the relevant information can be found.

N/A: Not applicable.

10.3.2 Management report

This universal registration document contains all elements of the management report as required by articles L. 225-100 *et seq.*, L. 232-1, II and R. 225-102 *et seq.* of the French Commercial Code.

10.3.3 Report on corporate governance

This universal registration document contains all elements of the corporate governance report as required by articles L. 225-37 *et seq.*of the French Commercial Code.

10.3.4 Annual financial report

10.3.5 Management reports, Parent Company financial statements, Group consolidated financial statements and Statutory Auditors' reports for financial years ended 30 June 2022 and 30 June 2021

The following information is included in this universal registration document for reference purposes:

- the Group's management report, the Parent Company financial statement and the Group consolidated financial statements and the Statutory Auditors' reports on the Company's annual and consolidated financial statements for the financial year ended 30 June 2021, as set out on pages 97 to 270 of the 2021 universal registration document (https://www.pernod-ricard.com/en/media/universal-registration-document-fy21), filed on 22 September 2021 under no. D. 20-0821;
- the Group's management report, the Parent Company and Group consolidated financial statements and the Statutory Auditors' reports on the Company's annual and consolidated financial statements for the financial year ended 30 June 2020, as set out on pages 85 to 249 of the 2020 universal registration document (https://www.pernod-ricard.com/en/media/universal-registration-document-fy20), filed on 23 September 2020 under no. D. 20-0821.

The information included in these two universal registration documents, other than that mentioned above, has been replaced and/or updated, as applicable, with the information contained in this universal registration document.

Financial Communication & Investor Relations Department
Pernod Ricard – 5, Cours Paul Ricard – 75380 Paris CEDEX 08 – France

Pernod Ricard

Créateurs de convivialité

Pernod Ricard
A French public limited company (*Société Anonyme – SA*) with share capital of €399,818,400.25
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