



*2012 Pernod Ricard
CEO Water Mandate
Communication on Progress*



The CEO Water Mandate



**VINEYARDS CERTIFIED ISO 14001
MARTELL**



Description of policies, practical actions and outcomes taken by Pernod Ricard to implement the CEO Water Mandate six areas for action

Pernod Ricard policies, practical actions and outcomes to implement the 6 CEO water mandate elements

Direct operations

All the 96 manufacturing sites are undertaking actions to reduce their water consumption to meet the 5% water consumption reduction per unit produced target between 2010 and 2015. These actions are based on the following principles::

- ✓ measuring consumption;
- ✓ ensuring that water intake does not endanger resources;
- ✓ taking measures to save water;
- ✓ ensuring effective treatment of waste water before its release into the environment.

These actions are particularly important for subsidiaries situated in geographical areas where water is scarce.

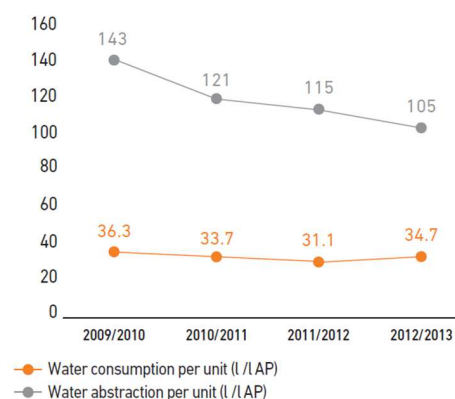
FY13 Water abstraction: a steady decrease

In 2012/2013, based on the quantity of alcohol produced, the quantity of water taken from the environment (consumed and used for cooling water) decreased by 9%.

Water management is the subject of long-term policies and investments by the distilleries and bottling plants to monitor their consumption and improve their production processes.

For example, in Mexico, Casa Pedro Domecq reduced its water consumption by 27% since 2007/2008 through several measures including the optimisation of the output of reverse osmosis units, high pressure cleaning of distilling equipment and the recovery of condensates.

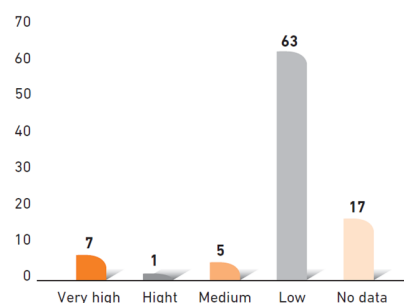
TRENDS IN WATER CONSUMPTION AND WATER ABSTRACTION



Areas of water stress: local action plans

Since 2011, detailed water flow mapping work has been conducted on the main production sites in order to identify new opportunities to reduce consumption. Thirteen of the Group's water production units were identified as being located in areas where water is a sensitive resource, particularly in India, Australia, Argentina, Mexico, Spain and Armenia. These sites located in water sensitive regions, represent 5% of the Group's water consumption. Action plans to optimise water resources have all been stepped up in these sites. Such is the case in India, where the Behror site has reduced its water consumption per unit produced by 38% since 2008: the production site situated in the dry region of Rajasthan, including a whisky distillery and a bottling plant, has been significantly modified with the aim of being able to reuse and recycle water at all stages of production. With the exception of water which is recycled for the irrigation of gardens, the site no longer emits effluent.

BREAKDOWN OF NUMBER OF GROUP PRODUCTION SITES ACCORDING TO THE INTENSITY OF WATER STRESS IN THE REGION



Wastewater treatment

Several types of processes are used by the Group's factories to reduce the water organic load and make it suitable for reuse or to be released into the environment: these include bio-digestion (hence producing biogas), aerobic lagoon treatment, membrane filtration, or even the use of grass to purify the water in the so-called "filter

gardens”, such as that put in place in 2010 by Pernod Ricard Argentina. The latter facility includes a first filtration, after which the waste water is spread on grassed parcels and purified as a result of the bacteria that develop there. The water is recovered and stored, and is then used for the irrigation of vineyards.

Supply chain and watershed management

All the products sold under the brands of Pernod Ricard are made from agricultural products: cereals for whiskies or vodkas, grapes for wines and brandies, sugar cane for rums, etc...

The data collected from Water Footprint studies show that agricultural production is usually a major part of the water use across the whole supply chain of our products. Therefore, it is Pernod Ricard policy to influence our suppliers to manage water responsibly, especially when local water availability happens to be a challenge for the future.

In practice, this is particularly implemented for vineyards, which are always grown locally in close relation with our wineries. In countries where irrigation is needed, we implement water saving practices in our own vineyards, and encourage our suppliers to do the same. In practical terms, this consists in using drip irrigation, preferably associated with measuring of soil moisture in order to bring exactly the right water quantity for the plant, applying it at night when evaporation is lower. Apart from this, proper management of fertilizers and pesticides is another way to preserve groundwater reserves, by reducing the levels of residues.

- In New Zealand, all the vineyards run by Brancott Estate are certified to “Sustainable Wine Growing New Zealand”, of which Pernod Ricard New Zealand was one of the founding members in 1995.
- In Australia, Orlando Wines is a member of “EntWine Australia”, an environmental assurance program for vineyards and winemaking sites, and contributes to promote sustainable water management by our suppliers.
- In Spain, management of the vineyards is carried out according to the guidelines of the Sinergia standard, developed under the European Life program. 22 hectares are managed according to organic farming principles;

In 2013, 83% of our own vineyards covered by the Group environmental reporting are certified to environmental standards, which illustrates the ambition of Pernod Ricard to act with exemplarity in order to engage our suppliers to contribute to water stewardship.

In 2011, Pernod Ricard decided to calculate comprehensive water footprint with available methodologies for its Behror site in India, which produces whisky. It helps the Indian site to identify the water hotspots along its entire supply chain and contribute to test the water footprint methodology. Another similar pilot was conducted in 2012 with the wine-producing Australian affiliate Orlando Wines in order to assess the possibility to develop an analytical tool for the whole Group.

In 2011, Pernod Ricard also published its policy on responsible procurement which demonstrate its commitment to encourage its suppliers reduce their environmental impacts thus, their water consumption.

In addition, Pernod Ricard affiliates help suppliers and subcontractors achieve ISO 14001 or equivalent certification. Even though there is no formal Group-wide policy, the Pernod Ricard point of sale material (POS) procurement co-ordination team has drawn up a list of Groupwide referenced suppliers. Prior to any referencing, the suppliers have to answer the Supplier Audit Checklist covering, in particular, environmental aspects.

Collective actions

In 2009, Pernod Ricard has joined the Beverage Industry Environment Roundtable (BIER). This allows the Group to share best practices related to water stewardship with other industry leaders, and to promote water responsible

management. After the development of a water Footprint methodology for beverage products in 2010, a BIER taskforce related to the Management of water-related Business risks and opportunities in the Beverage Sector was developed in 2011. Early 2012, a white paper on Impacts and Dependencies of the Beverage Sector on Biodiversity and Ecosystem Services” has also been drafted by The Nature Conservancy. It highlights the dependence of the beverage industry on agriculture and fresh water, as well as its impacts on the environment (in particular water), and provide recommendations to these beverage companies to reduce their pressure on the water resources.

More locally, Pernod Ricard is an active member of various industry Associations, such as the Scotch Whisky Association, the Bureau National Interprofessionnel du Cognac or the Comité Interprofessionnel du Champagne, hence contributing to promote sustainable industry and agricultural standards.

- An example of collective action is the development of a joint venture dedicated to the treatment of Cognac vinasses in France. Open to all distillers of the cognac area, it was promoted by Martell, and offers an sustainable solution to avoid river pollution
- Another example is the involvement of the Wyndham Estate vineyard in Australia in the “New South Wales Department of Primary Industries’ innovative Fish Friendly Farms Program”, which aims to enhance the health of rivers and creeks and restore native fish populations.

Public policy

Access to water is essential for human and business development. As a consequence, Pernod Ricard and affiliates encourage Water Conservation and Resources Protection at local, regional, national or international level.

We deal with government ministries and agencies either directly or through trade associations which provide us with a platform to share our views on water conservation and other industry-wide issues.

For example, the French Spirits Federation (FFS), the European Spirits Organization (CEPS), the Scotch Whisky Association (SWA), the Gin and Vodka Association (GVA), Distilled Spirits Council of the United States (DISCUS), the “Association Nationale des Industries Alimentaires” (ANIA), the European Confederation of Food and Drink Industry (CIAA), the International Federation of Wines and Spirits (FIVS), etc.

In addition, Pernod Ricard has developed contacts or partnerships with NGOs like Alliance for Water Stewardship, Carbon Disclosure project, World Business Council for Sustainable Development, World Resources Institute, Water Footprint Network, Sustainable Agriculture Initiative, or World Wildlife Fund (France or International).

Since 2007, Pernod Ricard has closely been involved in the “Grenelle de l’Environnement” Round Table launched by the French Minister of Ecology and recently renamed “Environmental Conference”, with a special participation in the “Biodiversity and Water Resources Protection” workgroup as the voice of the French food and drink industry (www.legrenelle-environnement.fr).

Among the decisions taken by the “Grenelle de l’Environnement”, some have a direct impact on Water Conservation and Resources Protection, for example: the purchase of 20,000 hectares of wetlands, the upgrading of all water treatment plants by 2012 to meet current standards, launching a drinking-water-saving action plan, and finally, also by 2012, improving the feeding grounds in at least 500 important or threatened water catchments.

In 2013, the Environmental Conference will contribute to the development of the water policy in order to promote a balanced water management system, allowing the government to achieve good ecological status for water bodies in France, taking into account economic and social issues.

Community engagement

Protecting wetlands and rivers in the local environment of our facilities is a way to engage and support water preservation in our communities.

- In New Zealand, in the humid regions of Kaituna, the Group's subsidiary has conducted a program to regenerate nine hectares of land, aiming to establish the original ecosystem (restoration of soil, reintroduction of local species, etc.). The subsidiary has also contributed to the protection of the falcon thanks to a fund supported by the donation of one New Zealand dollar for each bottle of wine sold from the Living Land range ;
- In Australia, Jacob's Creek has been working on the restoration of biotopes in the basin crossing the Jacob's Creek River for ten years, in collaboration with the Natural Resources Management Board, notably by converting the old vineyards of Menge's Island and Centenary Hill into natural conservation zones. Moreover, the garden at the Jacob's Creek visitors' center, which includes many endemic plants, was recognized by the Botanical Gardens of Adelaide as one of the 26 sustainable native gardens of South Australia;
- In France, the culture of yellow gentian, whose root is a key ingredient in the Suze recipe, has been the subject of research programs to enable its production in specialized farms, thus ensuring the protection of 50,000 wild plants every year

Developing awareness of our employees and our neighbors is also a way to engage with our communities.

- In Haiti, Pernod Ricard had a long time partnership with a NGO involved in building water cisterns for villagers. After the earthquake that dramatically heart the country, special support was delivered from funds granted from the company, as well as from voluntary contribution of the employees.
- The Paul Ricard Oceanographic Institute undertakes water resources education and awareness programs but also carry out specific research water projects with stakeholders. For Instance:
 - ✓ A study with regards to the sea desalinization impacts on the marine environment is underway for Veolia environment.
 - ✓ Researches on marine resurgence of spring water alongside the Mediterranean basin are also ongoing.

Transparency

Every year, Pernod Ricard publishes its corporate annual report including environmental Chapter. This chapter describes all Pernod Ricard environmental impacts (including its water impact). Each of these impacts being assessed through indicators in line with the GRI standards and verified by third party auditors.

- Pernod Ricard water impact section is available in the 2012/2013 corporate report through the following link – page 111: http://pernod-ricard.com/files/fichiers/Finance/Documents/PDF/Rapports_Annuels/RA_VGB_26-09.pdf
- Detailed information related to water policy, targets, results and actions implemented is also available in the "reference document" page 63-65 : http://pernod-ricard.com/files/fichiers/Finance/Documents/PDF/Rapports_Annuels/DDR%202012-2013%20VEng.pdf

Additionally, Pernod Ricard pledges to inform all its employees of its environmental commitments through its Corporate Environmental Policy available on its website <http://pernod-ricard.com>

Since 2011, the Pernod Ricard group participates to the CDP Water Disclosure.

Since the beginning of 2013, Pernod Ricard is a member of Transparency International.