Registration Document
2014/2015

Pernod Ricard

Créateurs de convivialité

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AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This Registration Document was filed with the French Financial Markets Authority on 23 September 2015, in accordance with article 212-13 of its General Regulations. It may be used in support of a financial transaction if it is supplemented by a prospectus approved by the French Financial Markets Authority. This document has been prepared by the issuer under the liability of the signatories.

Key FIGURES

A STRONG BUSINESS PERFORMANCE FOR THE 2014/2015 FINANCIAL YEAR, IN LINE WITH GUIDANCE, WITH AN EXPECTED GRADUAL IMPROVEMENT IN SALES GROWTH AMID AN ECONOMIC CLIMATE THAT REMAINS CHALLENGING

Alexandre Ricard, Chairman and CEO, commented:

"Our full year results are solid, delivering improving Sales and Profit from recurring operations in line with guidance. Our strategy has remained consistent and is delivering results.
For fiscal year 2015/2016, despite a challenging and volatile macroeconomic environment, we aim to continue gradually improving our business performance. We will continue to support priority brands and innovations while focusing on operational excellence."

In euro million	*Net sales*	*Profit from recurring operations (PRO)*		*Group net profit from recurring operations*
2014/2015	8,558	2,238	26.2% (1)	1,329
Organic growth (3)	+2%	+2%		+4%
Reported growth	+8%	+9%		+12%
2013/2014	7,945	2,056	25.9% (1)	1,185

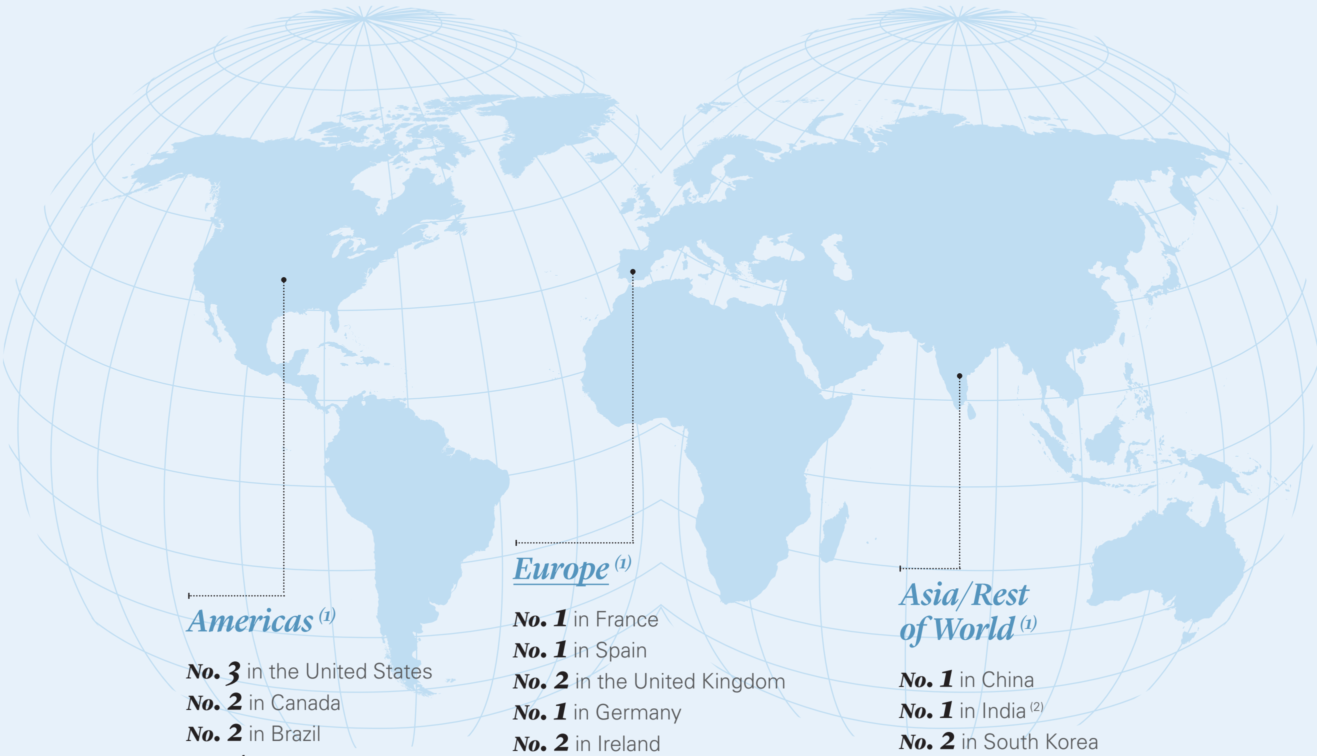
Group net profit and dividend		
2014/2015	861 (2)	€1.80 per share (4)
2013/2014	1,016	€1.64 per share
		+10%

(1) Operating margin.
(2) €1,265 million excluding Absolut impairment (+25% vs .2013/2014).
(3) Organic growth at constant exchange rates and scope of consolidation.
(4) Dividend submitted for approval at the shareholders' meeting of 6 November 2015.

DECENTRALISED AND GLOBAL GROUP

The decentralised business model which characterises Pernod Ricard is a major strategic advantage, enabling the Group to capture all growth opportunities. This highly flexible organisation, based on proximity to consumers, has proven its effectiveness.

The Group is present in the three major regions of the world, both in mature and emerging markets. This is a real competitive advantage, making the Group well positioned to benefit from future growth drivers.



Americas [(1)]

No. 3 in the United States
No. 2 in Canada
No. 2 in Brazil
No. 4 in Mexico
No. 2 in Chile

Europe [(1)]

No. 1 in France
No. 1 in Spain
No. 2 in the United Kingdom
No. 1 in Germany
No. 2 in Ireland
No. 3 in Italy
No. 2 in Greece
No. 1 in Portugal
No. 2 in the Nordic countries
No. 1 in Eastern Europe
No. 2 in Russia
No. 1 in Poland
No. 1 in the Czech Republic

Asia/Rest of World [(1)]

No. 1 in China
No. 1 in India [(2)]
No. 2 in South Korea
No. 2 in Japan
No. 2 in Thailand
No. 1 in Malaysia
No. 2 in South Africa
No. 2 in Angola
No. 2 in Turkey
No. 3 in Australia

no.1	18,421	85	101	19
worldwide in Premium and Prestige spirits [(3)]	**employees**	**market** companies in 3 regions	**production** sites	**brands** amongst the world's top 100 [(4)]

(1) Source: The Pernod Ricard Market View, based on IWSR, volume data at year-end 2014 – "International style" spirits, excluding ready-to-drink, wines, champagnes and wine-based aperitifs. Ranking among international groups.

(2) Source: Volumes of spirits with an RRP above INR 300.

(3) Source: The Pernod Ricard Market View, based on IWSR, volume data at year-end 2014 – Premium spirits: retail sale price > USD 17 and < USD 26; Prestige spirits: retail sale price > USD 84.

(4) Source: Impact Databank 2014, published in February 2015.

1

Presentation of Pernod Ricard

History and organisation

KEY DATES

2005

Acquisition of Allied Domecq. Pernod Ricard doubles in size and becomes world number 2 in Wines & Spirits, with, in particular, Mumm and Perrier-Jouët champagnes, Ballantine's whisky, Kahlúa and Malibu liqueurs and Beefeater gin

2001

Acquisition of Seagram. The Group now occupies key positions with strong brands with Chivas Regal, The Glenlivet and Royal Salute in whisky, and with Martell in cognac

1993

Pernod Ricard and the Cuban company Cuba Ron form Havana Club International, a joint venture to market and sell Havana Club

1988

Acquisition of the leading Irish whiskey producer, Irish Distillers, owner of Jameson

1975

Creation of Pernod Ricard from the merger of two French anise-based spirits companies: Pernod, founded in 1805, and Ricard, created in 1932 by Paul Ricard

2008

Acquisition of Vin&Sprit, owner of Absolut vodka, making Pernod Ricard global co-leader in Wines & Spirits

2010

Asia/Rest of World becomes the Group's largest region

Pernod Ricard Responsib'All Day

2011

The Group's credit rating is upgraded to investment grade

Launch of the first edition of Responsib'All Day, an event dedicated to promoting responsible drinking

2014

Launch of the operational efficiency project Allegro

Pernod Ricard becomes the majority shareholder in Avión Spirits, owner of the ultra-premium tequila brand, Avión

Strengthening of the wine portfolio with the acquisition of Kenwood, a premium Californian wine

2015

Pernod Ricard celebrates its 40th anniversary

40 years of success

Creation of Pernod Ricard (hereinafter referred to as "Pernod Ricard" or the "Group") and first international acquisitions

Pernod Ricard was born in **1975** out of the link-up of two companies, **Pernod SA** and **Ricard SA,** long-time competitors in the French anise-based spirits market, by two passionate and visionary entrepreneurs: Paul Ricard and Jean Hémard. The Group that resulted was able to take advantage of increased resources to develop its distribution networks and brand portfolio (Ricard, Pernod, Pastis 51, Suze, Dubonnet, etc.) in France and other countries.

In making its initial acquisitions, Pernod Ricard gave priority to whisky, a spirit with one of the highest levels of worldwide consumption, and the United States, the world's biggest Wines & Spirits market. It acquired Campbell Distillers, a producer of Scottish whiskies, in 1975 and Austin Nichols, a US spirit player in 1981.

Laying the foundations of the worldwide network

Given that the best way to develop its brands was to distribute its products itself, the Group gradually opened affiliates in all regions of the world. By acquiring local brands, the Group was able to expand its portfolio and increase the profitability of this network (Mini ouzo in Greece, Zoco pacharán in Spain, Amaro Ramazzotti bitters, Larios gin, ArArAt Armenian brandy, Wyborowa Polish vodka and Becherovka Czech bitters).

The Group also took over several companies that owned more global brands with significant international potential: **Irish Distillers**, the top producer of Irish whiskeys and owner of the Jameson, Bushmills, Paddy and Powers brands, and **Orlando Wines** and **Wyndham Estate**, the owners of, most notably, Jacob's Creek.

Pernod Ricard and the Cuban company Cuba Ron created **Havana Club International** in **1993**. This joint venture markets and sells Havana Club rum, which has since been one of the world's fastest-growing spirits brands.

Following these acquisitions, the Group embarked on a reorganisation, aimed primarily at decentralising its activities. The Group is structured to comprise "Market Company" affiliates (with their own sales presence in local markets) and "Brand Companies" (charged with overseeing production and global strategy for brands). Pernod Ricard is thus able to ensure global consistency in its brand management, while adapting its strategy to the specific features of local markets.

Strategic refocusing and transformative acquisitions

In **2001**, the Group doubled its size in Wines & Spirits by acquiring **Seagram's** Wines & Spirits business, making it one of the top three global operators in the sector by consolidating its position in the Americas and Asia. 3,500 Seagram employees joined Pernod Ricard as a result of this acquisition.

The Group thus held key positions with strong brands in the whisky segment (Chivas Regal, Royal Salute and The Glenlivet), in the cognac segment with Martell, and in the white spirits segment with Seagram's Gin. It also integrated local brands such as Montilla in Brazil and Royal Stag in India.

In parallel to these acquisitions, the Group decided to refocus on its core business and started to withdraw from the food and non-alcoholic beverage segment by selling: Orangina, which it had acquired in 1984; SIAS-MPA, the world leader in fruit preparations for yoghurts and dairy-based desserts; BWG, a wholesaler in Ireland and the United Kingdom; and CSR-Pampryl.

As the market responded positively to the success of the Seagram deal and the Group's efforts to refocus its business strategy, Pernod Ricard entered the CAC 40 in 2003.

In **2005**, Pernod Ricard acquired **Allied Domecq**, the world's second largest spirits and wine group, in order to strengthen its presence in key growth markets (particularly in North America) and round out its portfolio by adding a number of white spirits and liqueurs.

The Group took on debt in order to finance its successive acquisitions. Therefore, non-core activities acquired through the purchase of Allied Domecq, mainly Dunkin' Brands Inc. and its holdings in Britvic Plc, were sold off, along with Bushmills, Glen Grant, Old Smuggler and Larios, to enable the Group to reduce its debt more quickly.

Separately, Pernod Ricard signed an agreement with SPI Group for the distribution of the Stolichnaya brand.

In **2008**, the Group made its third major acquisition by purchasing **Vin&Sprit**, owner of the premium vodka Absolut, thereby positioning itself as the co-leader in the industry.

Organic growth and debt reduction

In 2009, Pernod Ricard launched a €1 billion capital increase, and an asset disposal programme totalling €1 billion in order to reduce its debt more quickly.

Pernod Ricard also continued to refinance its debt and improve its balance sheet through a series of disposals of non-strategic assets and bond issues in euros and dollars. The latter resulted in an improved balance of the Group's bank and bond debt and secured preferential long-term interest rates.

In **2011/2012**, Pernod Ricard completed the refinancing of its debt following the acquisition of **Vin&Sprit** by:

- issuing bonds amounting to US$1.5 billion and US$2.5 billion, in October 2011 and January 2012 respectively;
- signing a new multi-currency revolving syndicated loan agreement for US$2.5 billion.

The same year also saw the acceleration of the Group's debt reduction and the upgrade of Pernod Ricard's rating to investment grade.

Focus on operational efficiency: the Allegro project

In 2013/2014, the Group launched Allegro, a project aimed at boosting operational efficiency based on three key principles:

- Prioritisation: clarifying roles and responsibilities;
- Simplifying structures and processes;
- Mutualisation: sharing resources and expertise.

The objective of Allegro is to make the organisation more efficient in order to generate future growth, seize new opportunities, particularly in innovation and digital communication, and improve the speed of execution. This project enables the Group to strengthen its decentralised model. Over three years, the Allegro project will generate recurring savings of €150 million, at least a third of which will be reinvested in brand development.

Pursuing opportunities for growth

In 2014, Pernod Ricard took a significant majority stake in the US company Avion Spirits, owner of the ultra-premium tequila brand Avión. The acquisition of Avión reflects the Group's ambitions in the USA, while at the same time demonstrating Pernod Ricard's ability to seize tactical opportunities for external growth in addition to its innovation strategy.

The Group also strengthened its wine portfolio with the strategic acquisition of the Premium Californian wine Kenwood, enabling the Group to reach a critical size in the US wine sector.

The Group sold Caribe Cooler, a major brand in the Mexican ready-to-drink beverage segment. This sale was in line with the Group's strategy to focus on priority spirit and wine brands.

The Group's commitments as a Responsible Company

The 5th Responsib'All Day, which is dedicated to tackling alcohol abuse, took place in June 2015. Pernod Ricard held the first edition in May 2011 with the aim of bringing together all of its employees around the world to work on tackling drink driving. This initiative has continued every subsequent year, with a focus on such themes.

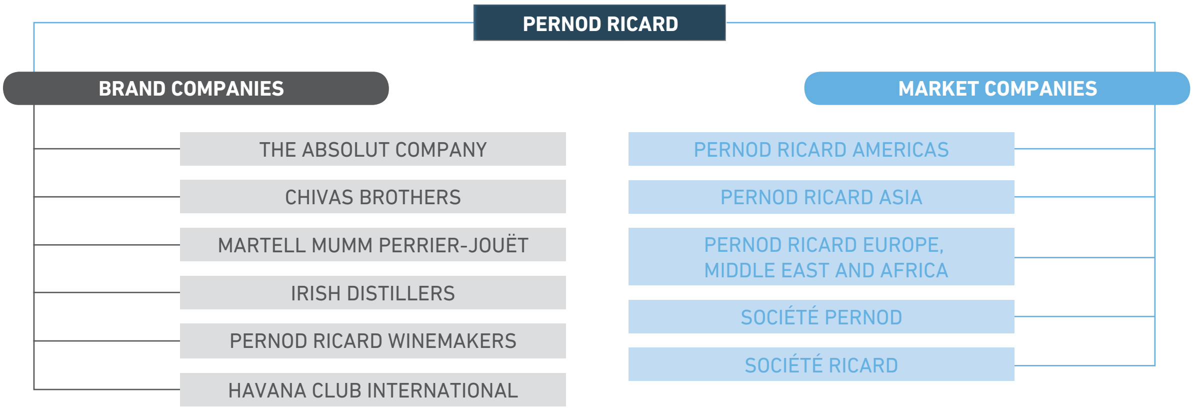
Innovation

Innovation is a key part of Pernod Ricard's culture. It sits at the heart of the Group's strategy and is one of its 4 "Accelerators", affecting the products, services and customer experience delivered by the Group. Examples of such innovation include:

- **Chivas Regal Extra,** a unique blend with a rich, full-bodied taste resulting from a subtle combination of whiskies, mainly single malts from small distilleries, and aged in Oloroso sherry barrels in Spain;
- **Absolut Elyx**: creation of the **Elyx House** Brand Home in New York, a contemporary space where consumers are invited to soak up the brand's unique aesthetic and discover its culture, illustrating how brand experience can enrich and even go beyond the interest generated by the product itself;
- **Martell** celebrated its 300th birthday with the **Martell XO 300** edition, a new twist on the classic Martell XO bottle, at a ceremony held at the Palace of Versailles and attended by brand ambassador, Diane Kruger;
- **Absolut** launched a redesigned Absolut bottle. The new-look bottle has several key changes, including an updated logo on the front and a new "signifier" on the back, while remaining true to the brand's fundamentals;
- **Jameson Caskmates** came about when a master distiller and a master brewer joined forces. Result: a whiskey aged in barrels that had previously been used to mature craft beer;
- **G.H. Mumm** invented the world's first "connected" Champagne bottle, which is fitted with a sensor linked to an audiovisual system to create an interactive visual and audio experience when the bottle is opened;
- **Pernod SA** set up **Bar Premium**, a direct-to-consumer e-commerce website that offers a unique, superior online experience for connoisseurs of premium quality Champagne and spirits.

A decentralised organisation

Summary description of the Group



General organisation

The general organisation of the Group is based around Pernod Ricard, "**the Headquarters**", which holds companies referred to as "**Brand Companies**" and "**Market Companies**", through entities called "**Regions**". Some companies combine both Brand Company and Market Company activities.

Under Pernod Ricard's decentralised model, the Headquarters is responsible for:

- overall Group strategy, particularly organic and external growth;
- management of equity investments, in particular any merger, acquisition or resale of appropriate assets;
- management of the financial policy for the entire Group, including financing resources;
- tax policy and its implementation;
- management and protection of the Group's intellectual property;
- definition of remuneration policies, management of international executives and development of skills and competencies;
- approval of new advertising campaigns prior to launch;
- approval of key features of strategic brands;
- corporate communications and investor, analyst and shareholder relations;
- shared resources, notably through the Purchasing Division;
- major applied research programmes.

The Headquarters's financial relations with its affiliates mainly involve the billing of royalties for the operation of brands owned by the Headquarters, rebilling for services and the receipt of dividends.

The Headquarters monitors and controls its affiliates' performance and prepares and communicates Group accounting and financial information.

Lastly, the Headquarters is in charge of implementing policy and measures in key areas. It must ensure that its vision of the Company is shared, the Group's business model is understood and best practices are available to each part of the organisation. As such, the exchange of knowledge and mutual support among affiliates are vital to the success of the decentralised business model.

The **Chairman and CEO** is responsible for the **General Management** of the Group and is assisted by a **Managing Director, Finance and Operations and a Managing Director, Human Resources and Corporate Social Responsibility**.

General Management, under the authority of the Chairman and CEO, whose powers are defined within the limits of the corporate purpose and subject to the powers expressly granted by law to Shareholders' Meetings and the Board of Directors, and within the limits of internal rules as defined by the Board of Directors and its Internal Regulations, **is collectively responsible for steering the Group's business**.

Under its authority, the Executive Committee is responsible for conducting the Group's business activities and ensuring that its key policies are applied. It coordinates between the Headquarters and its affiliates, as well as between the affiliates themselves.

Brand Companies are autonomous affiliates to which powers have been delegated by the Headquarters. They are responsible for brand strategy, development and production.

Market Companies are autonomous affiliates to which powers have been delegated by the Headquarters or by a Region. They have responsibility for managing the distribution and development of brands in local markets.

Regions are autonomous affiliates to which powers have been delegated by the Headquarters. They have operational and financial control of their affiliates (Europe, Middle East and Africa, Americas and Asia).

Procurement and production

To guarantee that its products are of the highest quality, the Group manufactures almost all of its products in-house and only uses subcontractors in exceptional cases. This is the case in India, where the Pernod Ricard affiliate uses approximately 20 subcontractor sites.

Brand creation and marketing

The Group's Premiumisation strategy is developed per brand by the Brand Companies, and then adapted by the Market Companies' marketing departments. The production of media activities and advertising merchandise is outsourced.

Distribution

The Group's strategy is to control its Distribution Network as closely as possible to best promote its portfolio of brands. This is the case for all significant markets in which the Group has an affiliate that makes or imports products developed by another company in the Group and distributes them in the market through third parties (wholesalers, retailers or specialised networks).

List of significant affiliates

The list of significant affiliates is set out in Note 7.2 entitled "List of main consolidated companies", of the Notes to the consolidated financial statements in Section 5 of this document.

Operations and strategy

Main businesses

Main businesses

Pernod Ricard was born in 1975 out of the link-up of Pernod SA and Ricard SA and has since expanded through both organic and external growth. The acquisitions of Seagram (2001), Allied Domecq (2005) and Vin&Sprit (2008) have made the Group the co-leader in the Wines & Spirits.

Pernod Ricard owns one of the industry's most prestigious brand portfolios, which includes: Absolut vodka; Ricard pastis; Ballantine's, Chivas Regal, The Glenlivet and Royal Salute scotch; Jameson Irish whiskey; Martell cognac; Havana Club rum; Beefeater gin; Kahlúa and Malibu liqueurs; Mumm and Perrier-Jouët champagnes; and Jacob's Creek, Brancott Estate, Campo Viejo, Kenwood and Graffigna wines.

Seeking leadership

Alexandre Ricard, Chairman & CEO, has restated the Group's ambition to seek leadership. To achieve this, the Group has adapted its **strategic model**, basing it on a **consumer-oriented approach**. Consumers are no longer loyal to a single brand, choosing instead to select from a range of different brands to suit their preferred drinking times and occasions. This model is based on:

4 Essentials:

- Operational excellence;
- Talent development;
- Corporate Social Responsibility;
- Route to market;

4 Accelerators:

- Portfolio management;
- Digital acceleration;
- Innovation;
- Premiumisation and luxury.

In implementing this model, the Group aims to organically grow net sales by between +4% to +5% in the medium term.

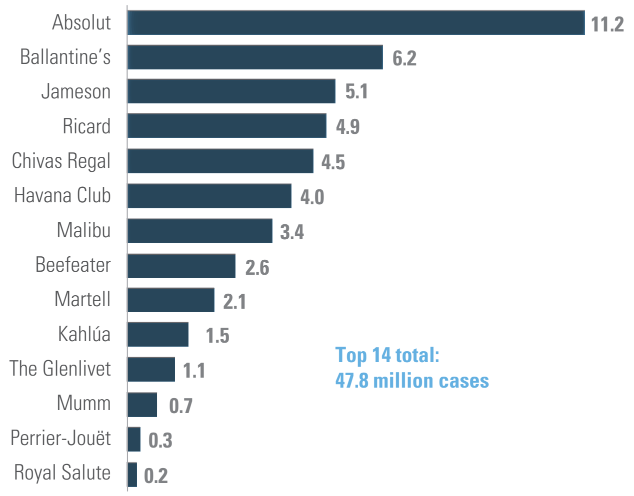
The Group is also a strong advocate of sustainable development and to this end promotes responsible drinking.

Brand portfolio and key markets

The Group's international development is based on a "TOP 14" of strategic Spirits and Champagne brands and on five Priority Premium Wines.

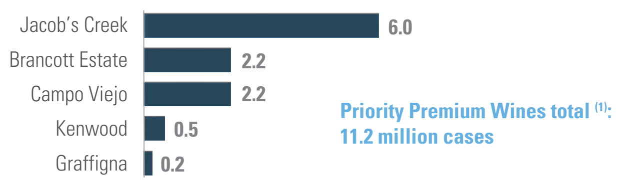
TOP 14: STRATEGIC BRANDS

(2014/2015 volumes in millions of 9-litre cases)



PRIORITY PREMIUM WINES

(2014/2015 volumes in millions of 9-litre cases)



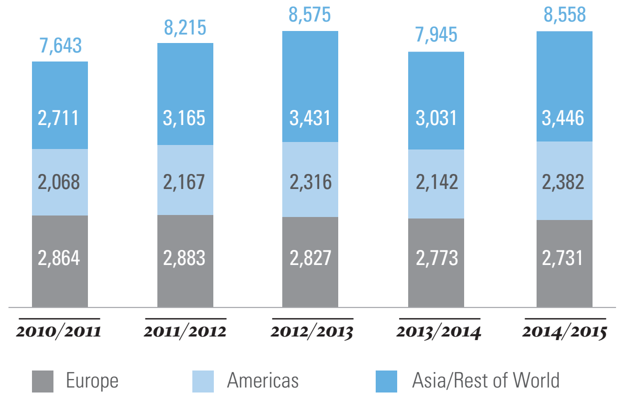
(1) Including Kenwood with effect from financial year 2014/2015.

Asia/Rest of World is the Group's largest region by net sales and profit from recurring operations (40% and 45% respectively in 2014/2015), and showed the best progression in terms of organic growth mainly due to the foreign exchange impact.

The emerging markets represent 39% of the Group's net sales and profit from recurring operations in 2014/2015, providing significant opportunities for growth in the next few years.

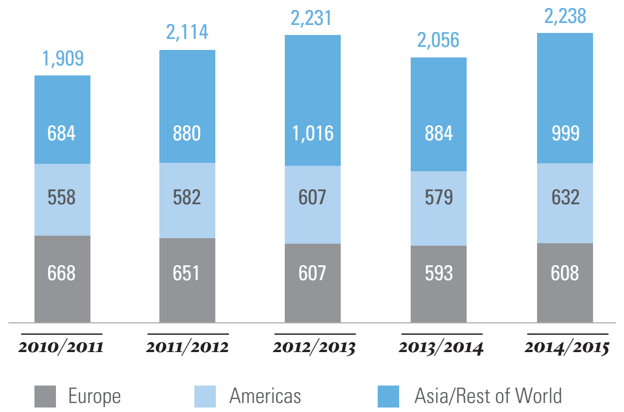
NET SALES BY GEOGRAPHICAL REGION

In euro million



PROFIT FROM RECURRING OPERATIONS BY GEOGRAPHICAL REGION

In euro million



Competitive position

The presence of many market participants, including both multinational companies and local entities, makes Wines & Spirits a highly competitive market.

Pernod Ricard ranks as the world's second largest international spirits group by volume [1].

Pernod Ricard group faces competition in its business lines, primarily from:

- large Wines & Spirits multinationals, such as Diageo, Bacardi-Martini, Beam Suntory, Brown-Forman, Campari, William Grant, Moët-Hennessy and Rémy Cointreau for international brands;
- smaller companies or producers of local brands such as Sazerac, Heaven Hill and Constellation Brands in the USA, Altia in the Nordic countries and Stock Spirits in Poland.

Company dependence on patents, licences and industrial agreements

The Group is not dependent on any specific patent or licence.

Pernod Ricard is not significantly dependent on its suppliers. The Group's five main industrial suppliers in the 2014/2015 financial year were O-I (glass bottles), Ardagh Glass (glass bottles), Guala (closures), Verallia (Saint-Gobain – glass bottles) and Multi Packaging Solutions (bottle cases).

Property, plant and equipment

Key facilities and existing industrial activities

As at 30 June 2015, Pernod Ricard operated 101 proprietary production sites located in 23 countries. This figure is unchanged from 2013/2014 due to the opening of a new Chivas malt distillery in Dalmunach, Scotland, and the sale of a small vinegar bottling site in Piraeus, Greece.

The activities of these 101 sites are diverse and some sites provide more than one service: 50 are bottling sites, 50 are responsible for maturing (brandies and wines), 35 distill different alcohols (including vodka, whiskies, rum, brandy, cognac and gin) and 26 are responsible for vinification.

The Group's largest industrial facilities are located in Europe: Scotland (Chivas Brothers), Sweden (The Absolut Company), Ireland (Irish Distillers) and France (Martell, Mumm, Perrier-Jouët). Other large industrial sites are located in Canada, the USA, Mexico, Brazil, Argentina (Pernod Ricard Americas), Cuba (Havana Club International) and Australia and New Zealand (Pernod Ricard Winemakers).

To guarantee that its products are of the highest quality, the Group does the majority of its product manufacturing in-house and occasionally uses subcontractors. This is the case in India, where the Pernod Ricard affiliate uses approximately 20 subcontractor sites.

In addition to its production sites, Pernod Ricard also owns several farm estates covering nearly 5,660 hectares of vineyards, located primarily in New Zealand, Australia, Argentina, France, Spain and China.

In the 2014/2015 financial year, the volumes produced by the industrial sites covered by the Group's environmental reporting totalled 1,055 million litres of finished bottled goods or goods sent in bulk, largely unchanged from 2013/2014.

(1) Source IWSR 2014 (année civile).

Country	Total number of industrial sites as at 30 June 2015	Main industrial sites	Principal activity	Distillation	Vinification	Production and bottling	Maturing
France	16	Cognac	Cognac			x	x
		Rouillac	Cognac	x	x	x	x
		Chanteloup	Cognac				x
		Gallienne	Cognac	x			x
		Bessan	Anise-based spirits	x		x	
		Lormont	Anise-based spirits			x	
		Vendeville	Anise-based spirits			x	
		Cubzac	Sparkling wines			x	
		Thuir	Wine-based aperitifs			x	x
		Marseille	Anise-based spirits			x	
		Reims	Champagne		x	x	x
		Épernay	Champagne		x	x	x
Sweden	3	Ahus	Vodka			x	
		Nöbbelöv	Vodka	x			
		Satellite	Vodka			x	
Finland	1	Turku	Spirits			x	
Scotland	26	Balgray	Whisky				x
		Dalmunach	Whisky	x			
		Dalmuir	Whisky				x
		Dumbuck	Whisky				x
		Paisley	Whisky			x	
		Strathclyde	Whisky	x			
		Kilmalid	Whisky			x	
		Keith Bond	Whisky				x
		Mulben	Whisky				x
		Miltonduff	Whisky	x			x
		Glenlivet	Whisky	x			x
England	2	Plymouth	Gin	x			
		Kennington	Gin	x			
Ireland	3	Midleton	Whiskey	x			x
		Fox and Geese	Whiskey			x	
		Dungourney	Whiskey				x
Spain	9	Manzanares	Rum, liqueurs			x	
		Ruavieja	Liqueurs	x		x	
		Age	Wine		x	x	
		Logrono	Wine		x	x	
Italy	1	Canelli	Bitters			x	
Greece	1	Mytilène	Ouzo	x		x	

Country	Total number of industrial sites as at 30 June 2015	Main industrial sites	Principal activity	Distillation	Vinification	Production and bottling	Maturing
Poland	2	Poznan	Vodka	x		x	
		Zielona Gora	Vodka			x	
Czech Republic	1	Bohatice	Bitters			x	x
Armenia	4	Yerevan	Brandy			x	x
		Armavir	Brandy	x	x		x
		Aygavan	Brandy	x	x		x
		Berd	Brandy	x	x		
United States	4	Fort Smith	Spirits, liqueurs			x	
		Napa	Sparkling wines		x	x	x
		Kenwood	Wine		x	x	x
Canada	2	Walkerville	Spirits, liqueurs	x		x	x
		Pike Creek	Spirits				x
Mexico	4	Los Reyes	Brandy, liqueurs			x	x
		Arandas	Tequila	x		x	x
		Ensenada	Wine		x		
		Hermosillo	Tequila	x			
Brazil	2	Suape	Spirits			x	
		Resende	Spirits	x		x	x
Argentina	4	Bella Vista	Spirits			x	x
		Cafayate	Wine		x	x	
		San Raphael	Wine		x	x	
		San Juan	Wine		x	x	
Cuba	1	San José	Rum	x		x	x
Australia	3	Rowland Flat	Wine		x	x	
		Morris	Wine		x		
		Richmond Grove	Wine		x		
New Zealand	3	Brancott	Wine		x		
		Church Road	Wine		x		
		Tamaki	Wine			x	
India	6	Daurala	Whisky			x	
		Behror	Whisky	x		x	
		Kolhapur	Whisky			x	
		Nashik (2 sites)	Whisky and wine	x	x	x	
		Rocky Punjab	Whisky			x	
China	2	Helan Mountain	Wine		x		
		Yinchuan	Wine			x	
Korea	1	Echon	Whisky			x	
TOTAL	**101**						

Investments

During 2014/2015, the Group's total capital expenditure amounted to €242 million (excluding IT, administrative infrastructures and visitor centres) compared with €199 million in 2013/2014.

Most of the capital expenditure in 2014/2015 related to eaux-de-vie maturing capacity for whisky and cognac, which involved building new cellars and buying storage casks for a total of approximately €90 million. This figure was affected by the high inflation observed in the market for barrels used to age whiskies, which rose sharply in 2014.

The Group also continued to invest in its distilling and bottling units, spending a total of nearly €70 million, primarily on Chivas, Irish Distillers and Martell facilities. Much of this investment went towards increasing production capacity, for example, increasing the capacity of Irish Distillers and Martell bottling sites and adapting Chivas lines to work with new types of packaging. The other investments mainly related to replacing equipment and upgrading production sites.

Research and Development

Since its founding, the Group has had a central Research and Development organisation, the Pernod Ricard Research Centre (CRPR), which specialises in research and development on alcoholic beverages. The CRPR benefits from technical expertise and material resources (analysis equipment and a pilot workshop) that are unrivalled in the spirits industry. Its work can be broken down into three key areas:

- helping the Group to promote innovation by coordinating in-house research projects and supporting affiliates in their work;
- encouraging cooperation among different R&D teams within the Group;
- helping to protect the Group's brands and secure their long-term future.

Brand Company affiliates and some Market Companies also have internal divisions that are responsible for continually optimising their processes and developing their new products. For example, Martell has a development and innovation unit that is responsible for gathering, organising and sharing competitive intelligence and technological opportunities relating to cognac, champagne and armagnac.

Recently completed projects (excluding product innovation) include work by Chivas to develop techniques for quick microbiological analysis of cooling water, determining alcohol content and authenticating products. This affiliate is now looking into the effect of yeast type on the production of aromatic compounds and alcohol yield and understanding how distillation affects the development of flavours.

Pernod Ricard employs the equivalent of approximately 100 full-time R&D employees. The Group also finances various projects at interprofessional and public research institutions in France and abroad, including in Scotland, New Zealand, Australia and Italy, in particular funding PhD research.

2

Corporate governance and internal control

This section presents the report from the Chairman of the Board of Directors as required by article L. 225-37 of the French Commercial Code, in two parts: the "Report from the Chairman of the Board of Directors of the Company on the composition of the Board and the implementation of the principle of balanced representation of women and men on the Board, as well as on the conditions governing the preparation and organisation of the work performed by the Board of Directors" and the "Report from the Chairman of the Board of Directors on internal control and risk management".

It describes, in the context of the preparation of the financial statements for the 2014/2015 financial year, 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 Chief Executive Officer, the principles and rules used to determine the compensation and benefits of any kind granted to Executive Directors, and the internal control procedures implemented by Pernod Ricard.

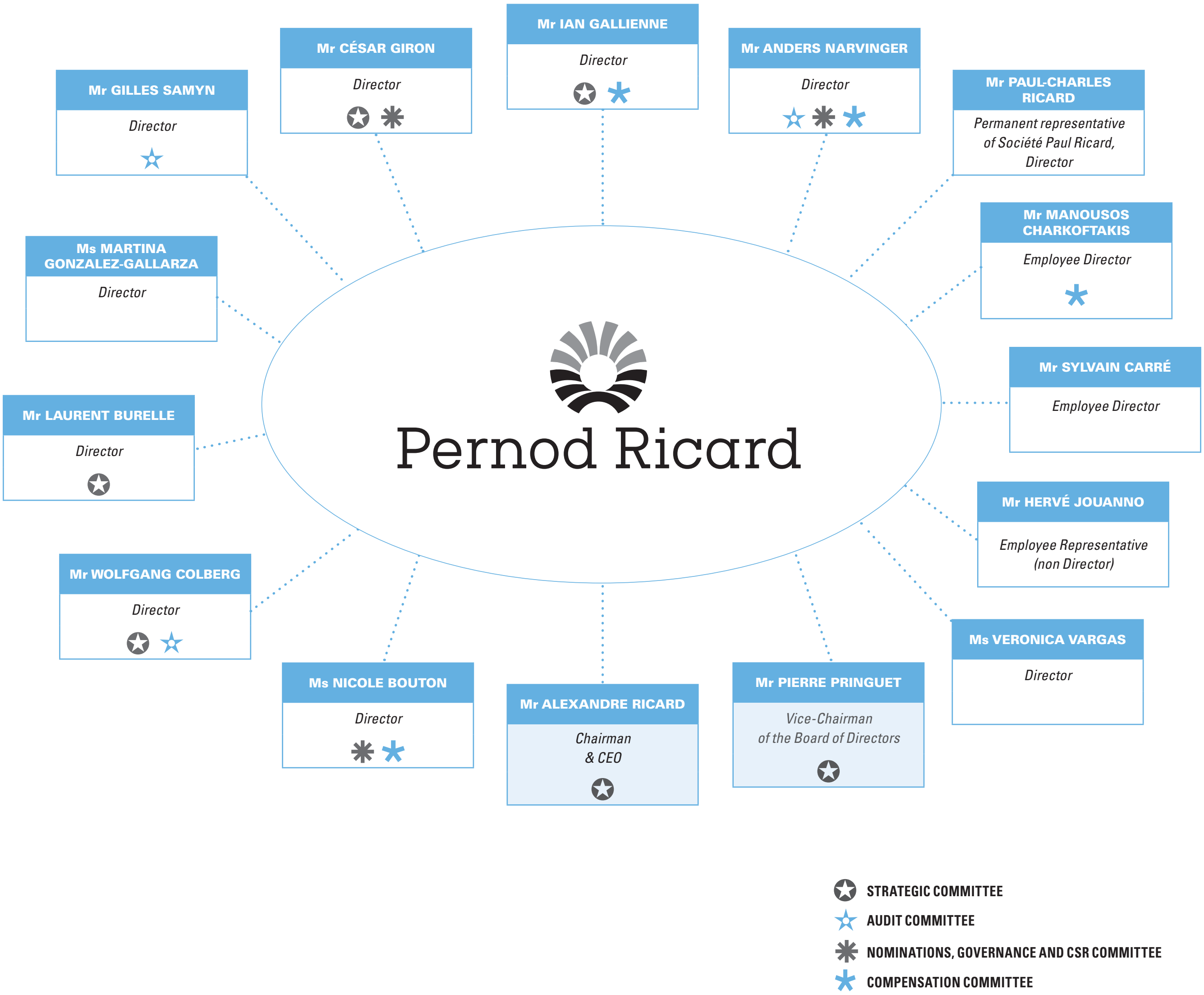
You are advised that the principles and rules used to determine the compensation and benefits of any kind granted to Executive Directors are detailed in Section 4, "Management report – Compensation policy", under the paragraph entitled "Executive Directors' compensation" of this Registration Document. Moreover, in accordance with article L. 225-100-3 of the French Commercial Code, the items that may have an impact in the event of a public offer are detailed in Section 8 of this Registration Document, "About the Company and its Share Capital", under the paragraph "Items likely to have an impact in the event of a public offer".

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

This report was approved by the Board of Directors on 26 August 2015, after the Board's Committees had each examined the sections relating to their area of competence, and was forwarded to the Statutory Auditors.

Report from the Chairman of the Board of Directors of the Company on the composition of the Board and the implementation of the principle of balanced representation of women and men on the Board, and on the conditions governing the preparation and organisation of the work performed by the Board of Directors

Composition of the Board of Directors



Duties performed by the Directors

Mr Alexandre RICARD

Chairman and Chief Executive Officer

43 years old
French citizen

Business address:
Pernod Ricard
12, place des États-Unis
75116 Paris (France)

Date of first appointment:
29.08.2012

Date of last renewal:
09.11.2012

Date of expiry of term of office:
AGM 2016

Number of shares held at 30 June 2015:
35,854

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

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

Mr Pierre PRINGUET

Vice Chairman of the Board of Directors

65 years old
French citizen

Business address:
Pernod Ricard
12, place des États-Unis
75116 Paris (France)

Date of first appointment:
17.05.2004

Date of last renewal:
09.11.2012

Date of expiry of term of office:
AGM 2016

Number of shares held at 30 June 2015:
323,026

Mr Pierre Pringuet, a graduate of the École Polytechnique and the École des Mines, started his career in the French civil service. He was Advisor to government minister Michel Rocard from 1981 to 1985, before being given responsibility for the Farming and Food Processing Industries at the Ministry of Agriculture. He joined Pernod Ricard in 1987 as Development Director, playing an active role in the Group's international development and holding the positions of Managing Director of Société pour l'Exportation de Grandes Marques (1987-1996) and then Chairman & CEO of Pernod Ricard Europe (1997-2000). In 2000, he joined Mr Patrick Ricard at the Headquarters as one of Pernod Ricard's two joint CEOs, together with Richard Burrows. He was appointed Director of Pernod Ricard in 2004 and led the successful acquisition of Allied Domecq in 2005 and its subsequent integration. In December of the same year, he became the Group's Deputy Chief Executive Officer & Chief Operating Officer. In 2008, Mr Pierre Pringuet carried out the acquisition of Vin&Sprit (V&S) and its brand ABSOLUT Vodka, which completed Pernod Ricard's international development. Following the withdrawal of Mr Patrick Ricard from his operational duties, Mr Pierre Pringuet was appointed CEO of Pernod Ricard on 5 November 2008. He performed his duties as CEO until 11 February 2015, date of expiration of his term pursuant to the Company's bylaws.

Mr Pierre Pringuet has been Vice Chairman of the Board of Directors since 29 August 2012.

Mr Pierre Pringuet has also been President of the Association française des entreprises privées (AFEP) (French Association of Private Enterprises) since 29 June 2012.

He holds the ranks of Knight of the Legion of Honour, Knight of the National Order of Merit and Officer of the *Mérite agricole*.

Ms Nicole BOUTON

Independent Director

67 years old
French citizen

Business address:
Friedland Gestion
90, avenue des Ternes
75017 Paris (France)

Date of first appointment:
07.11.2007

Date of last renewal:
15.11.2011

Date of expiry of term of office:
AGM 2015

Number of shares held at 30 June 2015:
1,150

Ms Nicole Bouton is a graduate of the Institut d'études politiques in Paris. From 1970 to 1984, she held the positions of Sub-Manager and then Deputy Manager in the Central Administration function of Crédit Commercial de France. From 1984 to 1996, Ms Nicole Bouton went on to hold the positions of Deputy Manager, Manager and finally Managing Director of Lazard Frères et Cie and Lazard Frères Gestion. In 1996, she was appointed a member of the Executive Committee of Banque NSMD (ABN AMRO France group) and became Vice Chairman responsible for Institutional and Bank Clients before being appointed a member of the Management Board in 2000. She also took up the duties of Vice Chairman of the ABN AMRO France Holding Company the same year. She was appointed Chairman of the Management Board and then Vice Chairman of the Supervisory Board of Asset Allocation Advisors and Chairman of the Banque du Phénix, which she merged with Banque NSMD in October 1998. Ms Nicole Bouton left ABN AMRO in 2001, and in 2002, she founded Groupe Financière Centuria, which she chaired until June 2010. In this capacity, she chairs several affiliates including Financière Accréditée, which was acquired in 2006. She is also a Director of several other affiliates of Groupe Financière Centuria. At the end of June 2010, she sold her shares in Centuria and remains Chairman of Financière Accréditée. She was appointed Chairman of the strategy Committee of Friedland Gestion, an investment management company, alongside two new partners.

Ms Nicole Bouton has been a Director of Pernod Ricard since 2007.

Mr Laurent BURELLE

Independent Director

65 years old
French citizen

Business address:
Compagnie Plastic Omnium
1 allée Pierre Burelle
92593 Levallois Cedex (France)

Date of first appointment:
04.05.2011

Date of last renewal:
06.11.2013

Date of expiry of term of office:
AGM 2017

Number of shares held at 30 June 2015:
1,000

Mr Laurent Burelle is a graduate of the Swiss Federal Institute of Technology in Zurich (Switzerland) and holds a Master of Sciences in Chemical Engineering from the Massachusetts Institute of Technology (MIT, United States).

He began his career within the Plastic Omnium group as a manufacturing engineer and assistant to the Director of the Langres factory. In 1977, he was appointed Chief Executive Officer of Plastic Omnium SA in Valencia (Spain) and then Chairman & CEO. From 1981 to 1988, he held the position of Director of the Urban Systems Department of the Environment Division before being appointed Vice Chairman & CEO of Compagnie Plastic Omnium in 1988. Mr Laurent Burelle was appointed Chairman & CEO of Compagnie Plastic Omnium in July 2001.

Furthermore, he holds directorships in Wendel, Lyonnaise de Banque - CIC, and Labruyère-Eberlé. He is also a Director of the Jacques Chirac Foundation for disabled children, a Director of the AFEP and Vice-President of the Institut de l'Entreprise.

Mr Laurent Burelle is a Commander of the Legion of Honour.

Mr Laurent Burelle has been a Director of Pernod Ricard since 2011.

Mr Wolfgang COLBERG

Independent Director

55 years old
German citizen

Business address:
CVC Capital Partners
WestenDuo, Bockenheimer Landstrasse 24
60323 Frankfurt am Main (Germany)

Date of first appointment:
05.11.2008

Date of last renewal:
09.11.2012

Date of expiry of term of office:
AGM 2016

Number of shares held at 30 June 2015:
1,076

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 held a post in Corporate Strategy, Control and M&A (Head Office), and then went on to become Head of Business Administration at the Göttingen production site (1990-1993), then Section Head of Economic Planning and Controlling (Head Office) (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 (Head Office).

Between 2001 and 2009, Mr Wolfgang Colberg was Chief Financial Officer at BSH Bosch und Siemens Hausgeräte GmbH and a member of the Board of Management. He was then Chief Financial Officer of Evonik Industries AG as well as a member of the Board of Management between 2009 and 2013. Mr Wolfgang Colberg has been an Industrial Partner of CVC Capital Partners since October 2013.

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

Mr Ian GALLIENNE

Independent Director

44 years old
French citizen

Business address:
Groupe Bruxelles Lambert
Avenue Marnix 24
1000 Brussels (Belgium)

Date of first appointment:
09.11.2012

Date of last renewal:
06.11.2014

Date of expiry of term of office:
AGM 2018

Number of shares held at 30 June 2015:
1,000

Mr Ian Gallienne has been Managing Director of Groupe Bruxelles Lambert since January 2012. He graduated in Management and Administration, with a major in Finance, from the ESDE Business School in Paris and obtained an MBA from INSEAD in Fontainebleau. From 1998 to 2005, he was Manager of the Rhône Capital LLC private equity funds in New York and London. In 2005, he founded the private equity funds Ergon Capital Partners I, II and III, of which he was Managing Director until 2012.

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

Mr César GIRON

Director

53 years old
French citizen

Business address:
Martell Mumm Perrier-Jouët
112 avenue Kléber
75116 Paris (France)

Date of first appointment:
05.11.2008

Date of last renewal:
09.11.2012

Date of expiry of term of office:
AGM 2016

Number of shares held at 30 June 2015:
8,711

Mr César Giron, a graduate of the École supérieure de commerce de Lyon, joined the Pernod Ricard group in 1987 where he has spent his entire career. In 2000, he was appointed CEO of Pernod Ricard Swiss before becoming Chairman & CEO of Wyborowa SA in Poland in December 2003.

Since July 2009, Mr César Giron acted as Chairman & CEO of Pernod, until his appointment, with effect from 1 July 2015, as Chairman & CEO of Société Martell Mumm Perrier-Jouët.

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

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

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

Ms Martina GONZALEZ-GALLARZA

Director

46 years old
Spanish citizen

Business address:
Pernod Ricard España
C/Manuel Marañon 8
28043 Madrid (Spain)

Date of first appointment:
25.04.2012

Date of last renewal:
06.11.2014

Date of expiry of term of office:
AGM 2018

Number of shares held at 30 June 2015:
1,100

Ms Martina Gonzalez-Gallarza is a graduate of the Jesuit ICADE Business School in Madrid (licenciatura) and holds a PhD in Marketing from the University of Valencia. She worked in the Marketing Department of KP Foods (part of the British United Biscuits group), then pursued her career in the academic world and held various roles in the Faculty of Business Studies at the Universitat Politècnica de València, including Director of the Marketing Department and Head of the International Office. In 2004, she joined the Catholic University of Valencia where she held the position of Dean of the Business Studies Faculty until 2008. In November 2008, Ms Martina Gonzalez-Gallarza joined the Marketing Department, where she focussed on research in tourism marketing, international marketing and consumer behaviour and published over 40 articles in academic journals in the field of marketing. Ms Martina Gonzales-Gallarza also held positions as a visiting research scholar, in particular at Columbia University (NYC), at ESCP and at Stathclyde University (Scotland, UK). Today, she teaches international master programs at the Universidad of Valencia (WOP-P, International MBA), at the Valencia Chamber of Commerce, and participates in specialist seminars abroad (at the IAE in Rennes, at the IGC in Bremen, Germany and at Sassary University in Sardinia, Italy).

In addition, Ms Martina Gonzalez-Gallarza is a member of the Spanish and French marketing associations as well as a member of the American Marketing Association.

Ms Martina Gonzalez-Gallarza has been a Director of Pernod Ricard since 2012.

Mr Anders NARVINGER

Independent Director

66 years old
Swedish citizen

Business address:
Östermalmsgatan, 94
SE-114-59 Stockholm (Sweden)

Date of first appointment:
02.11.2009

Date of last renewal:
06.11.2013

Date of expiry of term of office:
AGM 2015

Number of shares held at 30 June 2015:
1,020

Mr Anders Narvinger, former CEO of ABB Sweden and the Association of Swedish Engineering Industries, is Chairman of the Board of Directors of Alfa Laval AB (Swedish engineering company), of ÅF AB (technology consulting), of Coor Service Management Group AB (service management) and Capio AB (healthcare). Mr Anders Narvinger holds degrees in Engineering and Economics and is a member of the Board of Directors of JM AB (building and construction), and Deputy Chairman of the International Chamber of Commerce (ICC) (Sweden).

Mr Andrew Narvinger has been a Director of Pernod Ricard since 2009.

Mr Paul-Charles RICARD,

Permanent representative of Société Paul Ricard [1]

Director

33 years old
French citizen

Business address:
Martell Mumm Perrier-Jouët
112, avenue Kléber
75116 Paris (France)

Société Paul Ricard:

Date of first appointment:
09.06.1983

Date of last renewal:
06.11.2013

Date of expiry of term of office:
AGM 2017

Number of shares held by Mr Paul-Charles Ricard at 30 June 2015:
181,304

Number of shares held by Société Paul Ricard at 30 June 2015:
22,298,469

Mr Paul-Charles Ricard graduated from Euromed Marseille Business School with a Master's in Management Science, and from Panthéon-Assas Paris 2 University with a Master's 2 in Communications (Media Law) and a Master's in Business Law. He joined Pernod Ricard in 2008 as an Internal Auditor in the Audit and Business Development Department at the Headquarters. In 2010, Mr Paul-Charles Ricard was appointed G.H. Mumm International Brand Manager at Martell Mumm Perrier-Jouët and became Marketing Manager in 2014.

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

He has been the permanent representative of Société Paul Ricard (a member of the Board) since 29 August 2012.

(1) *Unlisted company, shareholder of Pernod Ricard.*

Mr Gilles SAMYN

Independent Director

65 years old
Belgian and French citizen

Business address:
CNP
Rue de la Blanche Borne 12
B-6280 Loveral (Belgium)

Date of first appointment:
06.11.2014

Date of last renewal:
N/A

Date of expiry of term of office:
AGM 2018

Number of shares held at 30 June 2015:
1,000

Mr Gilles Samyn holds a Commercial Engineering degree from the Université Libre de Bruxelles (ULB) - Solvay Business School, in which he has held academic and scientific roles since 1969. He began his professional career as a consultant at the Mouvement Coopératif Belge before joining Groupe Bruxelles Lambert in 1974. In 1983, after one year as an independent advisor, he joined Groupe Frère Bourgeois where he is now Managing Director.

Mr Gilles Samyn has been a Director of Pernod Ricard since 2014.

Ms Veronica VARGAS

Director

34 years old
Spanish citizen

Business address:
Pernod Ricard
12 place des Etats-Unis
75116 Paris (France)

Date of first appointment:
11.02.2015 (1)

Date of last renewal:
N/A

Date of expiry of term of office:
AGM 2017

Number of shares held at 30 June 2015:
5,420

Ms Veronica Vargas is a graduate of Seville's Higher Technical School of Engineering (Escuela Técnica Superior de Ingenieros) and completed her education as an industrial engineer in management at the École Centrale Paris (ECP).

Ms Veronica Vargas began her professional career in early 2007 at the Société Générale Corporate & Investment Banking within the strategic funding and acquisition department based in Paris. In 2009, she joined the team in London, where she continues to advise the bank's major clients on all aspects relating to their capital structure, and help them to secure strategic funding (acquisition, spin-offs, share repurchases, etc.).

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

(1) Ms Veronica Vargas was co-opted as Director by the Board of Directors held on 11 February 2015 to replace Ms Danièle Ricard. Her co-option will be submitted to the approval of the Shareholders' Meeting held on 6 November 2015 (6th resolution).

Mr Sylvain CARRÉ

Employee Director

49 years old
French citizen

Business address:
Pernod Ricard
12, place des États-Unis
75116 Paris (France)

Date of first appointment:
02.12.2013

Date of last renewal:
N/A

Date of expiry of term of office:
02.12.2017

Mr Sylvain Carré joined the Pernod Ricard group in 1988 at its affiliate Pernod as a highly skilled worker in the fields of distillation and new products. In 1993, he was appointed Bottling Line Supervisor. Since 2012, he has been Production Team Manager at Pernod's Thuir facility.

Mr Sylvain Carré has been an Employee Director since the Board Meeting of 21 January 2014 following his nomination by the Group Committee (France) on 2 December 2013.

Mr Manousos CHARKOFTAKIS

Employee Director

45 years old
Greek citizen

Business address:
Pernod Ricard
12, place des États-Unis
75116 Paris (France)

Date of first appointment:
28.11.2013

Date of last renewal:
N/A

Date of expiry of term of office:
28.11.2017

Number of shares held at 30 June 2015:
30

Mr Manousos Charkoftakis joined the Pernod Ricard group in 1998 as an employee of Pernod Ricard Hellas, its Greek affiliate. In 2002, he was appointed Area Sales Manager for Crete and the Aegean Islands. He holds a Master's degree in Business Administration and he is also a member of the Greek Management Association.

Mr Manousos Charkoftakis has been an Employee Director since the Board Meeting of 21 January 2014 following his election by the European Works Council on 28 November 2013.

Offices held outside the Group at 30 June 2015

The table below lists the offices outside the Group held by members of the Board of Directors at 30 June 2015:

Director's first name and surname or Company name	Date of first appointment	Date of expiry of term of office [(1)]	Offices and main functions held outside the Group at 30.06.2015 or at the date of resignation where applicable	Offices held outside the Group that have expired during the last 5 years
CHAIRMAN & CEO				
Mr ALEXANDRE RICARD	29.08.2012	2015/2016	♦ Member of the Management Board of Société Paul Ricard ♦ Chairman & CEO of Le Delos Invest II ♦ Chairman & CEO of Lirix ♦ Director of Le Delos Invest I ♦ Director of Bendor SA (Luxembourg)	♦ None
VICE CHAIRMAN OF THE BOARD OF DIRECTORS				
Mr PIERRE PRINGUET	17.05.2004	2015/2016	♦ Director of Iliad* ♦ Director of Cap Gemini* ♦ Member of the Supervisory Board of Vallourec* ♦ Director of Avril Gestion SAS (Avril Group)	♦ None
DIRECTORS				
Ms NICOLE BOUTON Independent Director	07.11.2007	2014/2015	♦ Chairwoman of Financière Accréditée (affiliate of Centuria Capital) ♦ Chairwoman of the Strategy Committee of Friedland Gestion ♦ Director of AMOC (Opéra Comique)	♦ President of Centuria Capital ♦ President of Centuria Luxembourg (affiliate of Centuria Capital) ♦ Chairwoman of Financière Centuria Asset Management (affiliate of Centuria Capital) ♦ Chairwoman of Centuria Accréditation (affiliate of Centuria Capital)

* *Listed company.*

(1) *The term of office expires at the close of the Shareholders' Meeting held to approve the financial statements for the financial year cited.*

Director's first name and surname or Company name	Date of first appointment	Date of expiry of term of office (1)	Offices and main functions held outside the Group at 30.06.2015 or at the date of resignation where applicable	Offices held outside the Group that have expired during the last 5 years
Mr LAURENT BURELLE Independent Director	04.05.2011	2016/2017	♦ Chairman of Plastic Omnium Holding (Shanghai) Co Ltd (China) ♦ Chairman and Managing Director of Compania Plastic Omnium SA (Spain) ♦ Chairman of Plastic Omnium Inc. (United States) ♦ Deputy CEO and Director of Burelle SA* ♦ Director of Burelle Participations SA ♦ Chairman and Member of the Supervisory Board of Sofiparc SAS ♦ Chairman & CEO of Compagnie Plastic Omnium SA* ♦ Chairman and Member of the Supervisory Board of Plastic Omnium Environnement SAS ♦ Chairman of Plastic Omnium Auto Exteriors SAS ♦ Chairman of Inergy Automotive Systems SAS ♦ Director of Lyonnaise de Banque ♦ Member of the Supervisory Board of Labruyère Eberlé SAS ♦ Member of the Supervisory Board of Wendel SA* ♦ Director of the AFEP ♦ Vice-President of the Institut de l'entreprise ♦ Director of the Comité de Liaison Européenne Transalpine Lyon-Turin (Committee of the Lyon-Turin Transalpine European Link) ♦ Director of the Jacques Chirac Foundation ♦ Managing Director of Sogec 2 ♦ President of Compagnie Financière de la Cascade ♦ Chairman of Plastic Omnium International BV (Netherlands)	♦ Chairman of Performance Plastics Products - 3P Inc. (United States) ♦ Chairman of Plastic Omnium Auto Exteriors LLC (United States) ♦ Chairman of Plastic Omnium Industries Inc. (United States) ♦ Chairman of Performances Automotive Services Inc. (United States) ♦ Chairman of Inergy Automotive Systems LLC (United States) ♦ Chairman of Plastic Omnium Auto SAS ♦ Co-Manager, Representative of Société Plastic Omnium Auto Exteriors, at Valeo Plastic Omnium SNC ♦ Chairman of Plastic Omnium Ltd (United Kingdom) ♦ Manager of Plastic Omnium GmbH (Germany) ♦ Director of Signal AG (Switzerland)
Mr WOLFGANG COLBERG Independent Director	05.11.2008	2015/2016	♦ Member of the Regional Board of Deutsche Bank AG (Germany)	♦ Vice Chairman of the Board of Directors of STEAG GmbH (Germany) ♦ Member of the Board of THS GmbH (Germany) ♦ Member of the Board of Directors of Vivawest Wohnen GmbH (Germany)

* *Listed company.*

(1) *The term of office expires at the close of the Shareholders' Meeting held to approve the financial statements for the financial year cited.*

Director's first name and surname or Company name	Date of first appointment	Date of expiry of term of office (1)	Offices and main functions held outside the Group at 30.06.2015 or at the date of resignation where applicable	Offices held outside the Group that have expired during the last 5 years
Mr IAN GALLIENNE Independent Director	09.11.2012	2017/2018	♦ Managing Director of Groupe Bruxelles Lambert* (Belgium) ♦ Director of Lafarge SA* (2) ♦ Director of Imerys* ♦ Director of SGS* (Switzerland) ♦ Director of Umicore* (Belgium) ♦ Director of Ergon Capital SA (Belgium) ♦ Director of Erbe SA (Belgique) ♦ Manager of Ergon Capital II Sarl (Luxembourg)	♦ Director of Central Parc Villepinte SA ♦ Director of ELITech Group SAS ♦ Director of the Fonds de dotation du Palais ♦ Director of Arno Glass SA (Luxembourg) ♦ Director of the Gardenia Beauty Spa (Italy) ♦ Director of Seves SpA (Italy) ♦ Director of Publihold (Belgium) ♦ Director of PLU Holding SAS ♦ Manager of Egerton SARL (Luxembourg) ♦ Managing Director of Ergon Capital Partners SA (Belgium) ♦ Managing Director of Ergon Capital Partners II SA (Belgium) ♦ Managing Director of Ergon Capital Partners III SA (Belgium) ♦ Director of Steel Partners NV (Belgium) ♦ Director of Gruppo Banca Leonardo SpA (Italy) ♦ Member of the Supervisory Board of Kartesia Management SA (Luxembourg) ♦ Member of the Supervisory Board d'Arno Glass Luxco SCA (Luxembourg)
Mr CÉSAR GIRON Director	05.11.2008	2015/2016	♦ Member of the Management Board of Société Paul Ricard ♦ Director of Lirix ♦ Director of Le Delos Invest I ♦ Director of Le Delos Invest II ♦ Director of Bendor SA (Luxembourg)	♦ None
Ms MARTINA GONZALEZ-GALLARZA Director	25.04.2012	2017/2018	♦ None	♦ None
Mr ANDERS NARVINGER Independent Director	02.11.2009	2014/2015	♦ Chairman of Alfa Laval AB* (Sweden) ♦ Chairman of ÅF AB* (Sweden) ♦ Chairman of Coor Service Management Group AB (Sweden) ♦ Chairman of Capio AB (Sweden) ♦ Member of the Board of Directors of JM AB* (Sweden)	♦ Member of the Board of Directors of Volvo Car Corporation (Sweden) ♦ Managing Director of the Association of Swedish Engineering Industries (Sweden) ♦ Chairman of the Board of Directors of TeliaSonera AB* (Sweden) ♦ Chairman of the Board of Directors of Trelleborg AB* (Sweden) ♦ Deputy Chairman of the International Chamber of Commerce (ICC) (Sweden)

** Listed company.*

(1) The term of office expires at the close of the Shareholders' Meeting held to approve the financial statements for the financial year cited.

(2) In the context of the merger between the groups Lafarge and Holcim, it was decided to launch a squeeze-out for the Lafarge SA remaining shares. At the end of the squeeze-out process, the Lafarge SA shares will no longer be listed.

Director's first name and surname or Company name	Date of first appointment	Date of expiry of term of office (1)	Offices and main functions held outside the Group at 30.06.2015 or at the date of resignation where applicable	Offices held outside the Group that have expired during the last 5 years
SOCIÉTÉ PAUL RICARD (2), Director **Permanent representative: MR PAUL-CHARLES RICARD**	09.06.1983	2016/2017	♦ Chairman of Le Delos Invest III (Société Paul Ricard) ♦ Member of the Supervisory Board of Société Paul Ricard (Mr Paul-Charles Ricard)	♦ None
MR GILLES SAMYN Independent Director	06.11.2014	2017/2018	♦ Chairman of Groupe Flo* ♦ Chairman of Transcor ♦ Managing Director of companies in Groupe Frère: Frère-Bourgeois, Erbe and CNP ♦ Director of Groupe Bruxelles Lambert* (GBL) ♦ Director of Pargesa Holding* ♦ Director of Métropole Télévision (M6)* ♦ Director of Sienna Capital	♦ Director of Acide Carbonique Pur SA ♦ Commissaris (Director) of Agesca Nederland N.V. ♦ Director of Belgian Ice Cream Group N.V. ♦ Managing Director of Carpar SA ♦ Director of Carsport SA ♦ Chairman of the Board of Directors of Centre de Coordination de Charleroi SA ♦ Vice-Chairman of Compagnie Nationale A Portefeuille SA (CNP) ♦ Director of Entremont Alliance SAS ♦ Managing Director of Fibelpar SA ♦ Managing Director of Fingen SA ♦ Chairman of Groupe Jean Dupuis SA ♦ Director of Lyparis SA ♦ Director of Newcor SA ♦ Chairman and Managing Director of Newcor SA ♦ Director of Newtrans Trading SA ♦ Managing Director of Safimar SA ♦ Managing Director of SCP SA ♦ Director of Société Générale d'Affichage SA* (APG/SGA) ♦ Director and Chairman of the Board at Segelux SA (formerly Gesecalux SA) ♦ Chairman of Solvay Schools Alumni ASBL ♦ Director of Starco Tielen N.V. ♦ Director of Tikehau Capital Advisors SAS ♦ Member of the Investment Committee at Tikehau Capital Partners SAS ♦ Director of Transcor East Ltd ♦ Director of TTR Energy SA
Ms VERONICA VARGAS Director	11.02.2015	2016/2017	♦ Member of the Supervisory Board of Société Paul Ricard	♦ None

* *Listed company.*

(1) *The term of office expires at the close of the Shareholders' Meeting held to approve the financial statements for the financial year cited.*

(2) *Unlisted Company, Shareholder of Pernod Ricard.*

Director's first name and surname or Company name	Date of first appointment	Date of expiry of term of office [1]	Offices and main functions held outside the Group at 30.06.2015 or at the date of resignation where applicable	Offices held outside the Group that have expired during the last 5 years
EMPLOYEE DIRECTORS				
Mr SYLVAIN CARRE	02.12.2013 [2]	02.12.2017	♦ None	♦ None
Mr MANOUSOS CHARKOFTAKIS	28.11.2013 [2]	28.11.2017	♦ None	♦ None

(1) The term of office expires at the close of the Shareholders' Meeting held to approve the financial statements for the financial year cited.
(2) Date of designation by the group committee (France) and the European works council, respectively.

The Directors hold no other employee positions in the Group, with the exception of: Mr César Giron Chairman & CEO of Pernod SA (until 30 June 2015 and since 1 July 2015, Chairman & CEO of Martell Mumm Perrier-Jouët); Mr Paul-Charles Ricard (permanent representative of Société Paul Ricard, a member of the Board), Marketing Manager at Martell Mumm Perrier-Jouët; and Employee Directors Messrs Sylvain Carré and Manousos Charkoftakis, who hold the positions of Production Team Manager at Pernod and Area Sales Manager for Crete and the Aegean Islands at Pernod Ricard Hellas, respectively.

Offices held within the Group at 30 June 2015

The table below lists the offices held within the Group by members of the Board of Directors at 30 June 2015.

Director's first name and surname	Nationality of company	Function	Company name
Mr Alexandre Ricard Chairman & CEO	French companies	Director	• Martell & Co
		Permanent representative of Société Paul Ricard on the Board of Directors	• Pernod • Ricard
		Permanent representative of Société Paul Ricard on the Supervisory Board	• Pernod Ricard Europe, Middle East and Africa
	Non-French companies	Chairman	• Suntory Allied Limited
		Director	• GEO G. Sandeman Sons & Co. Ltd
			• Havana Club Holding SA
		Member of the Board of Directors (*Junta de Directores*)	• Havana Club International SA
		Manager	• Havana Club Know-How SARL
Mr César Giron Director	French companies	Chairman & CEO	• Pernod SA
		Director	• G.H. Mumm & Cie S.V.C.S.
			• Champagne Perrier-Jouët
			• Martell & Co SA

Ratification of the co-option of one Director, renewal of the term of office of one Director and appointment of one Director

At the meeting held on 11 February 2015, on the recommendation of the Nominations, Governance and CSR Committee, the Board of Directors co-opted Ms Veronica Vargas as a Director (non-independent) following Ms Danièle Ricard's resignation from her functions as Director. This co-option will be submitted to the Shareholders' Meeting of 6 November 2015 (6th resolution) for ratification. If the Shareholders ratify this co-option, Ms Veronica Vargas will be appointed for the remainder of Ms Danièle Ricard's term of office, namely, until the end of the Shareholders' Meeting held in 2017 to approve the financial statements for the previous financial year.

A presentation of Ms Veronica Vargas is made above.

Furthermore, as Ms Nicole Bouton's directorship (Independent Director) expires at the end of the Shareholders' Meeting of 6 November 2015, it will be proposed, as recommended by the Nominations, Governance and CSR Committee, that the Shareholders' Meeting (7th resolution) renew her term of office as Director. The directorship would be renewed for a four-year period expiring at the close of the Shareholders' Meeting held in 2019 to approve the financial statements for the previous financial year.

Finally, following the recommendation of the Nominations, Governance and CSR Committee, the Board of Directors decided to propose to the Shareholders' Meeting of 6 November 2015 (8th resolution) that Ms Kory Sorenson be appointed as Director (independent), for a term of four years, to replace Mr Anders Navinger whose directorship is expiring at the close of this Shareholders' Meeting. Ms Kory Sorenson's directorship would be conferred for a term of office of four years expiring at the end of the Shareholder's Meeting to be held in 2019 to approve the financial statements for the previous financial year.

The Nominations, Governance and CSR Committee and the Board of Directors reviewed the candidate and determined that Ms Kory Sorenson could share her expertise in economic and finance with the Board of Directors. Furthermore, they determined that Ms Kory Sorenson fully met the independence criteria set by the AFEP-MEDEF Code, to which the Company refers.

Thus, at the close of the Shareholders' Meeting of 6 November 2015, the Board of Directors would comprise fourteen members (including two Employee Directors) six Independent Directors and four women [1].

Ms Kory Sorenson's career history is detailed below:

Ms Kory Sorenson,

46 years old, British citizen

Ms Kory Sorenson, a British citizen born in the United States, has made her career in finance, with a focus on strategy and the management of capital and risk. She holds a Masters degree in Corporate Finance and the International Capital Markets from the Institut d'Études Politiques de Paris, a Masters degree in Applied Economics from the University of Paris Dauphine and a Bachelor of Arts degree with honors in Political Science and Econometrics from the American University in Washington, D.C. In 2013, she completed the Harvard Business School's executive education program, Making Corporate Boards More Effective. She speaks fluent French.

Ms Kory Sorenson currently holds the main following directorships:

- Non-Executive Director of SCOR SE* (France), Chairman of the Audit Committee and member of the Risk; Strategy; and Crisis Management Committees;
- Non-Executive Director of Phoenix Group Holdings* (UK), member of both the Audit and Remuneration Committees;
- Member of the Supervisory Board of UNIQA Insurance Group AG* (Austria), member of both the Audit and Investment Committees.

Moreover, Ms Kory Sorenson is a Member of the Board of Directors and a member of both the Audit and Investment Committees of the Institut Pasteur, a non-profit, private foundation.

Ms Kory Sorenson previously 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, 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 specializing in insurance at Credit Suisse and the team in charge of debt markets for financial institutions in Germany, Austria and the Netherlands for Lehman Brothers. She began her career in investment banking at Morgan Stanley and in finance at Total SA.

Ms Kory Sorenson is a member of Women Corporate Directors (Paris chapter) and the Institut Français des Administrateurs (IFA).

Convictions, bankruptcies, conflicts of interest and other information

No conviction for fraud, association with bankruptcy or any offence and/ or official public sanction

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

- no conviction for fraud has been issued against the members of the Company's Board of Directors or General Management over the course of the last five years;
- none of the members of the Board of Directors or General Management have 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 CEO;

* *Listed company.*

(1) *In accordance with the AFEP-MEDEF Code, Employee Directors are not taken into account when determining the percentage of independent directors or the proportion of women on the Board of Directors.*

- 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 General Management by statutory or regulatory authorities (including designated professional organisations); and
- no Director or member of General 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 running of a company.

Service agreements

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

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 General Management with regard to the Company in their capacity as an Executive Director and their private interests and/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 or suppliers, under which one of the members of the Board of Directors or General Management has been appointed.

To the Company's knowledge and at the date hereof, except as described in the "Shareholders' agreements" paragraph of Section 8 of this document, "About the Company and its Share Capital", the members of the Board of Directors and General Management have not agreed to any restrictions concerning the disposal of their stake in the share capital.

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.

Employee representatives

Since the nomination of two Employee Directors at the end of 2013, employees of Pernod Ricard SA are now represented on the Board of Directors by only one person, currently Mr Hervé Jouanno.

Governance structure

Corporate Governance 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 June 2013 (hereinafter referred to as the "AFEP-MEDEF Code"), available on the AFEP and MEDEF websites, is applied by Pernod Ricard, including in preparing the report required by article L. 225-37 of the French Commercial Code.

Implementation of the "Comply or Explain" rule

In accordance with the "Comply or Explain" rule set forth in article L. 225-37 of the French Commercial Code and referred to in article 25.1 of the AFEP-MEDEF Code, the Company believes that its practices comply with the recommendations of the Code. However, the Company has deviated from certain provisions for the reasons explained in the table below:

Provisions of the AFEP-MEDEF Code from which the Company has deviated	Explanation
Review of the Board of Directors Article 10.4 recommends that Non-Executive Directors meet regularly without the Executive or Internal Directors. The Code specifies that the Board of Directors' Internal Regulations should provide for an annual meeting of this nature, during which the performance of the Chairman, Chief Executive Officer and Deputy Chief Executive Officer & Chief Operating Officer(s) would be assessed and which would provide the opportunity for periodic reflection on the Company's future management.	Questions relating to the performance of the Executive Directors are dealt with, where appropriate, by the Nominations, Governance and CSR Committee as part of the periodic review of the operation of the Board of Directors, or by the Compensation Committee during the annual compensation review. For these reasons, and due to the collegiate nature of the Board of Directors (set out in article 1.1 of the AFEP-MEDEF Code), no formal meeting of Non-Executive Directors is held without the presence of Executive or Internal Directors, nor is it provided for in the Board of Directors' Internal Regulations.
Audit Committee Article 16.2.1 recommends that the financial statements should be reviewed sufficiently in advance (at least two days before they are reviewed by the Board of Directors).	For practical reasons, linked particularly to the fact that the Committee comprises a majority of members not residing in France, the Audit Committee generally examines the financial statements the day before the Board of Directors meeting. However, the members of the Audit Committee receive the documents and information required to perform their work with sufficient time to review them satisfactorily.

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

Reunification of the functions of Chairman and CEO

During its meeting of 29 August 2012, the Board of Directors, on the recommendation of the Nominations, Governance and CSR Committee, appointed Ms Danièle Ricard as Chairwoman of the Board of Directors, following the death of Mr Patrick Ricard, and Mr Pierre Pringuet as Vice Chairman of the Board of Directors; Pierre Pringuet, however, retained his position as Chief Executive Officer, which was renewed during the Board meeting of 9 November 2012.

As Mr Pierre Pringuet's term of office reached an end on 11 February 2015, by virtue of the Company's bylaws, and following the decision of Ms Danièle Ricard to withdraw from the Board of Directors, on 11 February 2015 the Board of Directors decided that the functions of Chairman and CEO should be reunified and appointed Mr Alexandre Ricard as Chairman & CEO, in accordance with the French Commercial code and the AFEP-MEDEF Code. In order to provide the checks and balances necessary (in the exercise of such powers) and good governance, the Company sought to establish guarantees, particularly:

- as part of the Group's General Management, the Chairman & CEO relies on two management bodies: the Executive Board, which endorses every major decision relating to the Group's performance, and the Executive Committee, which ensures coordination between the Headquarters and its affiliates, in accordance with the Group's decentralized model;
- limitations on the powers of the Chairman & CEO by the Board of Directors: prior authorization 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 below paragraph "Limitations on the powers of the Chairman & CEO"); and
- the creation of 4 committees, responsible for preparing the work of the Board of Directors relating to the following topics: compensation; audit; nominations, governance and CSR; strategy (Strategic Committee created on 11 February 2015 when the Chairman & CEO was appointed). These Committees are mostly composed of Independent Directors, and the Company goes beyond the recommendations of the AFEP-MEDEF Code (Compensation Committee: 100% of Independent Directors vs 50% recommended [1]; Audit Committee: 100% vs 66% recommended; Nominations, Governance and CSR Committee: 66% vs 50% recommended and Strategic Committee: 50% vs no recommendation).

Powers of the Chairman & CEO

As Chairman of the Board of Directors, the Chairman & CEO organises and directs the Board's work, which is reported at the Shareholders' Meeting. He oversees the proper operation of the Company's managing bodies and in particular, ensures that the Directors are in a position to fulfil their duties. He can also request any document or information that can be used to help the Board in preparing its meetings.

As CEO, the Chairman & 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 the law to Shareholders' Meetings and to the Board, and within the internal limits as defined by the Board of Directors and its Internal Regulations (see the paragraph "Limitation on the powers of the Chairman & CEO" below).

Limitation on the powers of the Chairman & 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 [2], prior to making a commitment on behalf of the Company, the Chairman & CEO must obtain prior authorisation from 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 of more than €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 of more than €100 million per transaction;
- granting loans, credits and advances in excess of €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, in excess of €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 in excess of €100 million.

On 11 February 2015, the Board of Directors authorised the Chairman & CEO, for a period of one year, to grant pledges, sureties or guarantees in the name of the Company up to a limit of €100 million, and for an unlimited amount to tax and customs authorities.

(1) In accordance with the AFEP-MEDEF Code, Employee Directors are not taken into account when determining the percentage of independent directors of the Board of Directors.

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

Structure and operation of the Board of Directors

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 the section entitled "Composition of the Board of Directors and duties performed by the Directors".

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 bylaws, each Director must own at least 50 Company shares in registered form. However, the Board's Internal Regulations (1) recommend that Directors acquire and hold at least 1,000 Company shares (2).

The members of the Board of Directors are appointed at the Ordinary Shareholders' Meeting based on proposals from the Board of Directors following the recommendations of the Nominations, Governance and CSR Committee. They can be dismissed at any time by a decision of the Shareholders' Meeting.

In accordance with the law of 14 June 2013 on the protection of employment and the Company's bylaws, two Employee Directors have sat on the Board of Directors since January 2014, following their nomination on 28 November 2013 by the European Works Council and on 2 December 2013 by the Group Committee (France), respectively.

One representative of the Company's employees attends the meetings of the Board of Directors in an advisory role.

On the date hereof, the Board of Directors comprises 14 members, including 2 Employee Directors. With 3 female Directors (25%), Pernod Ricard exceeds the minimum requirements set out in the AFEP-MEDEF Code (a minimum of 20% women (3) as from the Shareholders' Meeting in 2013) and the law of 27 January 2011 on gender equality (for the Board to comprise a minimum of 20% women (3) from the Shareholders' Meeting in 2014).

The Board has six Independent Directors (3). Moreover, six Directors are of foreign nationality.

The Board of Directors may, upon proposal from its Chairman, appoint one or more censors, 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 Shareholders' Meeting may, on 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.

Changes in the composition of the Board of Directors during the 2014/2015 financial year

During the 2014/2015 financial year, the Shareholders' Meeting of 6 November 2014 renewed the directorships of Ms Martina Gonzales-Gallarza and Mr Ian Gallienne for a term of four years. It also appointed Mr Gilles Samyn as a Director for a term of four years.

Furthermore, with Mr Pierre Pringuet's term of office as Chief Executive Officer expiring on 11 February 2015 in accordance with the Company's bylaws and following Ms Danièle Ricard's resignation from her position as Chairwoman of the Board of Directors and as Director, on 11 February 2015 the Board of Directors appointed Mr Alexandre Ricard as Chairman & CEO, following the recommendation of the Nominations, Governance and CSR Committee. It also co-opted Ms Veronica Vargas as Director. This cooptation will be submitted to the Shareholders' Meeting on 6 November 2015 for ratification (6th resolution).

Independence of Directors

The Company applies criteria of independence as expressed in the AFEP-MEDEF Code. A member of the Board of Directors is considered "independent" when he/she has no relationships of any kind with the Company, its Group or its Management, which could impair the free exercise of his/her judgment (article 3 of the Internal Regulations of the Board of Directors (1)).

Therefore, the Board of Directors and the Nominations, Governance and CSR Committee use the following criteria to assess the independence of Directors in their annual review and also whenever appointments are proposed or renewed. The Board of Directors and the Nominations, Governance and CSR Committee consider whether the Director:

- performs any management duties in the Company or the Group or has any special ties with its Executive Directors;
- is or has been at any point in the past five years an employee or Executive Director or Director of the Company or of a Group company;
- is or has been an Executive Director of a company in which the Company holds a directorship, directly or indirectly, or in which an employee or Executive Director of the Company (currently or in the past five years) holds the office of Director;
- is a significant client, supplier, banker or commercial/investment banker of the Company or its Group or for which the Company or its Group represents a significant part of its business;

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

(2) In accordance with the law, Employee Directors are not required to hold a minimum number of the Company's shares.

(3) In accordance with the AFEP-MEDEF Code, Employee Directors are not taken into account when determining the percentage of independent directors or the proportion of women on the Board of Directors.

- has close family ties with an Executive Director;
- has been a Statutory Auditor of the Company in the past five years;
- has been a member of the Company's Board of Directors for more than 12 years;
- is a major or majority shareholder in the Company or the Parent Company controlling the Company. If this shareholder owns more than 10% of the share capital or voting rights in the Company, the Nominations and Governance Committee and Board will systematically review his/her independence in consideration of the Company's share ownership structure and the potential conflict of interest.

In the context of the annual board independence review and with respect in particular to the criterion regarding business relationships, the Nominations, Governance and CSR Committee and the Board of Directors acknowledged that a business relationship was disclosed by Mr Gilles Samyn. Regarding the information presented, the Committee and the Board of Directors concluded that the relationship was not significant and it did not challenge the Director's independence. Indeed, the purchases made by the IDF/BSS and Group Flo from Pernod Ricard amounted to €550,000 (on a turnover of €180 million) and less than €100,000 (on a turnover of €430 million), respectively.

After consideration and review of all criteria referred to above, the Board of Directors of 22 July 2015, on the recommendation of the Nominations, Governance and CSR Committee, confirmed that 6 out of 12 members of the Board of Directors (excluding the 2 Employee Directors [1]) are deemed to be independent: Ms Nicole Bouton and Messrs Laurent Burelle, Wolfgang Colberg, Ian Gallienne, Anders Narvinger and Gilles Samyn.

Directors' Code of Conduct

Article 4 of the Internal Regulations [2] and article 17 of the bylaws stipulate the rules of conduct that apply to Directors and their permanent representatives. Each Director acknowledges that he/she has read and understood these obligations prior to accepting the office.

Moreover, the Board of Directors' meeting of 16 February 2011 adopted a Code of Conduct to prevent insider trading and misconduct.

In accordance with this Code, Directors are asked to submit any transactions involving Pernod Ricard shares or its derivatives to the Ethics Committee for approval.

Operation and activity

The method of operation of the Board of Directors is set forth in the legal and regulatory provisions, in its bylaws and in its Internal Regulations [2] adopted by the Board of Directors at its meeting on 17 December 2002, and as amended most recently on 11 February 2015. The Internal Regulations of the Board of Directors specify the rules and methods for operation of the Board, and supplement the relevant laws, regulations and bylaws. In particular, they remind Directors of the rules on diligence, confidentiality and disclosure of possible conflicts of interest.

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 declaration and publication requirements relating thereto.

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

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

Furthermore, at least once every three years, it performs or arranges an external and formal review of its work. Such a review was conducted during the financial year 2014/2015 and the main conclusions from it are set out in this report in the section on the Board of Directors' review.

Meetings of the Board of Directors

It is the responsibility of the Chairman to call meetings of the Board of Directors either at regular intervals, 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 its area of responsibility, the Internal Regulations 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 Shareholders' Meeting for the purpose of approving the financial statements.

Board meetings are called by the Chairman. The notice of the Board meeting, which is 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, in principle, be 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) In accordance with the AFEP-MEDEF Code, Employee Directors are not taken into account when determining the percentage of independent directors or the proportion of women on the Board of Directors.

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

Information to the Directors

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

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

As the Directors have insider information on a regular basis, they must refrain from using this information to buy or sell shares of the Company and from carrying out stock market transactions in the 30 days prior to publication of the annual and half-year results and 15 days prior to publication of quarterly net sales. This period is extended to the day after the announcement when it is made after the closing of the Paris stock markets (6:00 p.m., Paris time) and to the day of the announcement when it is made before the opening of the Paris stock markets (9:00 a.m., Paris time). They are also asked to seek the advice of the Ethics Committee before any market transactions involving the Company shares or its derivatives (as indicated in paragraph "Directors' Code of Conduct").

Responsibilities of the Board of Directors and activity in 2014/2015

In exercising its legal prerogatives, the Board of Directors:

- rules on all decisions relating to the major strategic, economic, social and financial directions of the Company and sees to it that these are implemented by General 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 verifications that it considers appropriate, including the review of the management of the Company;
- approves investment projects and any transaction, especially any acquisitions or disposal transactions, that is 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 interim financial statements and prepares the Shareholders' Meeting;
- defines the Company's financial communication policy;
- checks the quality of the information provided to the shareholders and to the markets;
- appoints the Executive Directors responsible for managing the Company;
- defines the compensation policy for the General Management based on the recommendations of the Compensation Committee;
- conducts an annual review of every individual Director prior to the publication of the annual report and reports the outcome of this review to the shareholders in order to identify the Independent Directors;
- approves the report from the Chairman of the Board of Directors on the composition of the Board and the implementation of the principle of balanced representation of women and men on the Board, the conditions governing the preparation and organisation of the work performed by the Board of Directors and the internal control procedures implemented by the Company.

During the 2014/2015 financial year, the Board of Directors met 9 times with an attendance rate of 97.5%. Meetings lasted approximately 3.5 hours on average.

The Directors were regularly informed of developments in the competitive environment, and the operational Directors of the main affiliates reported on their organisation, businesses and outlook.

The Board of Directors discussed the current state of the business at each of these meetings (operations, results and cash flow) and noted the progress of the Company's shares and the main ratios for market capitalisation.

The Board of Directors approved the annual and interim financial statements and the terms of financial communications, reviewed the budget, prepared the Combined (Ordinary and Extraordinary) Shareholders' Meeting and, in particular, approved the draft resolutions.

The Board of Directors devotes a significant part of its agenda to reporting on and discussing projects entrusted to the different Committees and their recommendations.

The Board of Directors, during its meeting held on 11 February 2015 and on the proposal of the Chairman and following the recommendation of the Nominations, Governance and CSR Committee, established a Strategic Committee in charge of analyzing the main possible strategic orientations for the development of the Group and reporting to the Board on its reflections on the subjects related to its duties.

On the proposal of the Compensation Committee and in accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors' meeting held on 27 August 2014 established the 2014/2015 terms of compensation for the Chairwoman of the Board of Directors, the Vice Chairman and Chief Executive Officer as well as of the Deputy Chief Executive Officer & Chief Operating Officer. On 11 February 2015, it then established the terms for compensation of the Chairman & CEO.

The Board also examined governance issues, including the reunification of the functions of Chairman and Chief Executive Officer and the composition of the Board of Directors with respect to the recommendations of the AFEP-MEDEF Code, in particular regarding the proportion of women and the diversity of the Directors' profiles.

The Board of Directors carried out, with the support of an external consultant, an external and formal review of its operations at its meeting of 22 July 2015, the conclusions of which are set out below.

Board of Directors review

In accordance with the AFEP-MEDEF Code and with its Internal Regulations, the Board carried out, during the fiscal year, the formal external assessment of its operations which must be performed every three years. An external consultant specialized in corporate governance was tasked with the assignment.

Using a formalised interview guide, individual interviews were held with each Director by the external consultant, who consolidated all the information and prepared a report on the Board's operations.

The Directors were unanimous in their opinion that the Board was very dynamic, that its ways of working have evolved positively over the past few years, that it is extremely professional and transparent and that trust and attachment to the Group's family values are key elements.

The Directors are also very pleased with the Committees, their composition and their efficiency.

In a constructive approach, the Directors expressed however a few suggestions to improve their collective work.

The Nominations, Governance and CSR Committee as well as the Board of Directors have taken note of these suggestions, suggestions for improvements will be submitted to the Directors.

Shareholders' Meetings and attendance procedures

Article 32 of the bylaws sets out the procedures that shareholders must follow in order to attend Shareholders' Meetings. A summary of these rules is provided in Section 8 "About the Company and its share capital" of this Registration Document.

Corporate governance bodies

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.

Four 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, Governance and CSR Committee; the Compensation Committee and the Strategic Committee.

Audit Committee

At 26 August 2015, the Audit Committee comprises:

Chairman:

Mr Wolfgang Colberg (Independent Director)

Members:

Ms Anders Narvinger (Independent Director)

Mr Gilles Samyn (Independent Director)

The three Directors who are members of the Audit Committee are Independent Directors (*i.e.* 100%). The members of the Audit Committee were specifically chosen for their expertise in accounting and finance, based on their training and professional experience.

The Internal Regulations of the Audit Committee were adopted at the meeting of the Board of Directors of 21 January 2014.

During the 2014/2015 financial year, the Audit Committee met 4 times, with an attendance rate of 100%.

Main roles of the Audit Committee

The main roles of the Audit Committee are as follows:

- reviewing the Group's draft annual and half-year Parent Company and consolidated financial statements before they are submitted 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;
- ensuring 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 legal control of the Company and consolidated financial statements and the amounts of their fees, while ensuring compliance with the rules that guarantee the Statutory Auditors' independence and objectivity;
- supervising the procedure for the selection of Statutory Auditors.

Report on the work carried out during the 2014/2015 financial year

In accordance with its Internal Regulations and in liaison with the Statutory Auditors and the Consolidation, Treasury and Internal Audit Departments of the Company, the work of the Audit Committee centred 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 2014 during the meeting of 9 February 2015;
- review of the consolidated financial statements at 30 June 2015 (these financial statements were reviewed at the meeting on 25 August 2015): the Audit Committee met with Management and with 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;
- monitoring of the Group's cash flow and debt;
- risk management: the Group's main risks are regularly assessed in detailed presentations to the Audit Committee (the meetings held on 20 January 2015 and 15 June 2015 were devoted mainly to risk management). In addition, the Group risk mapping was updated in 2015, a process that involved the Group's various functions and affiliates. Moreover, media purchasing management, digital monitoring and the application of the anti-bribery policy were subject to functional reviews in 2014/2015 in order to reinforce the process implemented within the affiliates of the Group;
- 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 latter'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 the questionnaires returned was presented to the Audit Committee at the meeting on 25 August 2015;
- examination of the internal audit reports: in addition to the audits and controls carried out by the various affiliates on their own behalf, 21 internal audits were performed in 2014/2015 by the internal audit teams. 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 were issued when deemed necessary. The Audit Committee approved the recommendations of all the audit reports issued and performs regular checks on the progress made in implementing the recommendations from previous audits;
- approval of the Group internal audit plan for 2015/2016 at the meeting of 15 June 2015. The audit plan was prepared and approved, taking into account the Group's main risks.

Outlook for 2015/2016

In 2015/2016, the Committee will continue with the tasks it is carrying out for the Board of Directors in line with current regulations. In addition to the risks associated with preparing financial information, 2015/2016 will be devoted to reviewing the management of the Group's major risks, as well as analysing reports on internal audits and the cross-business themes set out in the 2015/2016 audit plan. In particular, an e-learning training programme will be created for Group employees.

The Nominations, Governance and CSR Committee

At 26 August 2015, the Nominations, Governance and CSR Committee comprises:

Chairman:

Ms Nicole Bouton (Independent Director)

Members:

Mr César Giron (Director)

Mr Anders Narvinger (Independent Director)

Two out of the three Directors who are members of the Nominations, Governance and CSR Committee are Independent Directors (*i.e.* 66.67%). Mr Alexandre Ricard, Chairman & 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 2014/2015, the Nominations and Governance Committee met five times, with an attendance rate of 100%.

Main roles of the Nominations, Governance and CSR Committee

The roles of this Committee, formalised in its Internal Regulations amended on 11 February 2015, include:

- drawing up proposals concerning the selection of new Directors and proposing headhunting and renewal procedures;
- periodically, and on at least an annual basis, discussing whether Directors and candidates for the post of Director or for membership of a Committee of the Board of Directors qualify as independent in light of the independence criteria of the AFEP-MEDEF Code;
- ensuring the continuity of Management bodies by defining a succession plan for Executive Director(s) and Director(s) 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, representation of women) and attendance of its members;
- carrying out regular assessments of the operation of the Board of Directors;
- evaluate the suitability of the commitments of the Company with regard to corporate and social responsibility (CSR);
- monitor the implementation of the CSR commitments at Group level.

Report on the work carried out during the 2014/2015 financial year

In 2014/2015, the activities of the Nominations, Governance and CSR Committee included:

- an examination of the evolving composition of the Board of Directors and Committees, in particular regarding the criteria of feminization and diversity;
- the selection of new Directors and a review of the applications;
- an examination of the new governance of the Group (reunification of the functions of Chairman and Chief Executive Officer);
- annual examination of the Board members' independence;
- update to the Internal Regulations of the Nominations, Governance and CSR Committee (new missions formalised);
- review of the CSR issues and Group performances;
- annual review of Pernod Ricard's policy on equal opportunities and pay;
- organization and monitoring of the three-yearly evaluation of the operations of the Board of Directors:
  - selection of the consultant in charge of carrying out the interviews and responsible for drafting the report,
  - monitoring of the work to evaluate the operation of the Board of Directors through individual interviews and return of anonymous results,
  - proposal of matters to be examined to improve the operation of the Board of Directors;
- annual review of the Group's Talent Management policy and presentation of the succession plans for the Group's main Executive Managers.

Outlook for 2015/2016

In 2015/2016, the Nominations, Governance and CSR Committee will continue with the tasks it is carrying out for the Board of Directors. It will only review any issues relating to the composition of the Board and the Directors' independence and also focus on the external evaluation of the Board's operation so that it can present proposals for improvements to the Directors, and will review the Group's CSR challenges.

Compensation Committee

At 26 August 2015, the Compensation Committee comprises:

Chairwoman:

Ms Nicole Bouton (Independent Director)

Members:

Mr Ian Gallienne (Independent Director)

Mr Anders Narvinger (Independent Director)

Mr Manousos Charkoftakis (Employee Director)

All of the Directors who are members of the Compensation Committee, excluding the Employee Director [(1)] are Independent Directors (*i.e.* 100%).

In 2014/2015, the Compensation Committee met 5 times with an attendance rate of 100%.

Main roles of the Compensation Committee

The roles of the Compensation Committee, as confirmed by the Board on 12 February 2014, include:

- reviewing and proposing to the Board of Directors the compensation to be paid to the Executive Director, 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 Executive Director and ensure that the criteria applied are in line with the Company's short-term, medium-term and long-term strategies;
- recommending to the Board of Directors the total amount of Directors' fees to be submitted for approval to the Shareholders' Meeting, as well as how they should be distributed:
  - for duties performed as Board members,
  - for duties carried out on Committees of the Board of Directors;

(1) In accordance with the AFEP-MEDEF Code, Employee Directors are not taken into account when determining the percentage of independent directors or the proportion of women on the Board of Directors.

- being informed, in the presence of the Executive Director, of the compensation policy of the senior managers of Pernod Ricard group companies;
- ensuring that the compensation policy for senior managers is consistent with the policy for Executive Director;
- proposing the general policy for allocation of stock options and performance-based shares, in particular the terms applicable to the Company's Executive Directors;
- approving the information provided to the shareholders in the annual report on the compensation of the Executive Directors (in particular, the elements of compensation submitted to the shareholders' advisory vote under the Say on Pay) and the policy for allocation of stock options and performance-based shares as well as, more generally, the other work of the Compensation Committee.

Report on the work carried out during the 2014/2015 financial year

Further details of the work of the Compensation Committee are provided in the paragraph "Executive Directors' compensation" in Section 4 of this document, "Management Report".

During the 2014/2015 financial year, and following careful examination, the Compensation Committee submitted proposals to the Board of Directors regarding the compensation of Mr Pierre Pringuet for the end of his term of office as Chief Executive Officer and by Mr Alexandre Ricard as Chairman & CEO, following his appointment on 11 February 2015.

Outlook for 2015/2016

In 2015/2016, the Nominations, Governance and CSR Committee will continue with the tasks it is carrying out for the Board of Directors notably the analysis of the compensation policy for Executive Directors with regard to the AFEP-MEDEF Code recommendations and, also, preparing the elements of compensation due or granted in respect of financial year 2014/2015 to each Executive Director and to be submitted to the shareholders' advisory vote at the Shareholders' Meeting of 6 November 2015 ("Say on Pay").

Strategic Committee

The Strategic Committee was created by the Board of Directors on 11 February 2015, on the proposal of the Chairman of the Board and following the recommendation of the Nominations, Governance and CSR Committee.

At 26 August 2015, the Strategic Committee comprises:

Chairman:

Mr Alexandre Ricard (Chairman & CEO)

Members:

Mr Laurent Burelle (Independent Director)

Mr Wolfgang Colberg (Independent Director)

Mr Ian Gallienne (Independent Director)

Mr César Giron (Director)

Mr Pierre Pringuet (Director)

Three out of the six Directors who are members of the Strategic Committee are Independent Directors (*i.e.* 50%).

In 2014/2015, the Strategic Committee met once, with an attendance rate of 84%.

All the Directors may, upon request, and even if they are not member of the Committee, participate in the meetings of the Strategic Committee.

Main roles of the Strategic Committee

The roles of the Strategic Committee, as confirmed by the Board on 11 February 2015, include:

- reviewing the key strategic issues of the Pernod Ricard company or its Group;
- drawing up and giving its prior opinion on significant partnership transactions, sales or acquisitions;
- generally, dealing with any strategic issues affecting the Company or its Group.

Report on the work carried out during the 2014/2015 financial year

During the financial year 2014/2015, the members of the Strategic Committee reviewed the strategic issues of the Group.

Outlook for 2015/2016

In 2015/2016, the Committee will continue with the tasks it is carrying out for the Board of Directors and notably the review and analyse of the key significant strategic issues foreseen for the Group development as well as the study of any strategic issues affecting the Company or the Group.

Management structure

General Management

As at 30 June 2015, the General Management of the Group is carried out by the Chief Executive Officer, Mr Pierre Pringuet, assisted by the Deputy Chief Executive Officer & Chief Operating Officer, Mr Alexandre Ricard, and two Managing Directors. They form the Group's permanent body for coordinating the management of the Group.

The Executive Board is composed of Group General Management and the General Counsel and, since April 2015, the Global Business Development Director.

The Executive Board prepares, examines and approves all decisions relating to the functioning of the Group and submits these decisions to the Board of Directors when the latter's approval is required. It organises the Executive Committee's work.

Composition of the Executive Board:

- **Chairman & CEO,** Alexandre Ricard, Executive Director;
- **Two Managing Directors,** respectively:
  - **Gilles Bogaert,** Managing Director, Finance & Operations,
  - **Bruno Rain,** Managing Director, Human Resources and Corporate Social Responsibility;
- **Ian FitzSimons,** General Counsel;
- **Conor McQuaid,** Global Business Development Director.

The Group Communication Department also reports to Chairman & CEO.

Executive Committee

The Executive Committee is the management unit of the Group comprising the Executive Board and the CEO of the main affiliates.

The Executive Committee provides coordination between the Headquarters and its affiliates as well as between the affiliates themselves (Brand Companies and Market Companies). Under the authority of General Management, the Executive Committee ensures that Group business is carried out and that its main policies are applied.

In this capacity, the Executive Committee:

- examines the Group's activity and how it varies from the development plan;
- gives its opinion regarding the establishment of objectives (earnings, debt and qualitative objectives);
- periodically reviews the brands' strategies;
- analyses the performance of the Group's network of Market Companies and Brand Companies and recommends any necessary organisational adjustments;
- approves and enforces adherence to the Group's main policies (Human Resources, best marketing and business practices, Quality, Safety and Environment (QSE) policies, Corporate Responsibility, etc.).

The Executive Committee meets 8 to 11 times a year.

The Executive Committee is made up of:

- the Executive Board;
- the Brand Companies:
  - Chivas Brothers, Laurent Lacassagne, Chairman & CEO,
  - Martell Mumm Perrier-Jouët, Philippe Guettat, Chairman & CEO (1),
  - Pernod Ricard Winemakers, Jean-Christophe Coutures, Chairman & CEO,
  - Irish Distillers Group, Anna Malmhake, Chairwoman & CEO,
  - The Absolut Company, Paul Duffy, Chairman & CEO;
- the Market Companies:
  - Pernod Ricard Americas, Philippe Dréano, Chairman & CEO,
  - Pernod Ricard Asia, Pierre Coppéré, Chairman & CEO (1),
  - Pernod Ricard Europe, Middle East and Africa, Christian Porta, Chairman & CEO,
  - Pernod, César Giron, Chairman & CEO (1),
  - Ricard, Philippe Savinel, Chairman & CEO (1).

(1) Until 30 June 2015. On 1 July 2015:

- *César Giron was appointed Chairman & CEO of Martell Mumm Perrier-Jouët;*
- *Philippe Guettat was appointed Chairman & CEO of Pernod Ricard Asia;*
- *Pierre Coppéré was appointed Executive Senior Vice-President in charge of Growth Initiatives and remains a member of the Executive Committee;*
- *Philippe Savinel is Chairman & CEO of Ricard S.A. and Pernod S.A.*

Report from the Chairman of the Board of Directors on internal control and risk management

The Group's internal control and risk management policies and procedures follow corporate governance guidelines which are compliant with the French Financial Markets Authority (AMF) reference framework for risk management and internal control.

Definition of internal control

The internal control policies and procedures in effect within the Group are designed:

- firstly, to ensure that management, transactions and personal conduct comply with guidelines relating to Group business conduct, as set out by the Group's governing bodies and General Management, applicable laws and regulations, and with Group values, standards and internal rules;
- secondly, to ensure that the accounting, financial and management information provided to the Group's governing bodies fairly reflects the performance and the financial position of the companies in the Group;
- lastly, to ensure the proper protection of assets.

One of the objectives of the internal control systems is to prevent and control all risks arising from the business activities of the Group, in particular, accounting and financial risks, including error and fraud, as well as operational, strategic and compliance risk. As with all control systems, they cannot provide an absolute guarantee that such risks have been fully eliminated.

Description of the internal control environment

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 unit for the management of the Group. It comprises the Group's General Management, General Counsel and the Global Business Development Director. The Executive Board prepares, examines and approves all decisions relating to the functioning of the Group or submits these to the Board of Directors when the latter's approval is required. It organises the work of the Executive Committee.

The **Executive Committee** comprises Group's Executive Board and the Chairmen & CEOs of the Brand and Market Companies. The Executive Committee ensures that the Group's operations are carried out and that its main policies are applied. The Executive Committee meets 8 to 11 times a year.

The **Group's Internal Audit Department** sits within the Group's Finance Department and reports to General Management and the Audit Committee. The internal audit team based at the Headquarters is in charge of implementing the audit plan, with the support of the audit teams in the Regions and the IT teams. The audit plan is drawn up once the Group's main risks have been identified and analysed. It is validated by General Management and the Audit Committee and presents the different cross-business issues that will be reviewed during the year, the list of affiliates that will be audited, and the main topics to be covered during the audits.

The findings of the work are then submitted to the Audit Committee, General Management and the Statutory Auditors for examination and analysis.

External Auditors: the Board of Directors selects the Statutory Auditors to be proposed at the Shareholders' Meeting on the basis of recommendations from the Audit Committee.

The Group has selected Statutory Auditors who are able to provide it with comprehensive worldwide coverage of Group risks.

At affiliate level

The **Management Committee** is appointed by the Headquarters or by the relevant Region and is composed of the affiliate's Chairman & CEO and 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 Finance Officer** is tasked by the affiliate's Chairman & CEO 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 and fraud.

Identification and management of risks

The 2014/2015 financial year focused on:

- updating the risk map, a process that involved the Group's various functions and affiliates;
- performing a limited update of the Group's internal control principles, a process that involved the principal directors at the Holding Company, and developing a short video aimed at improving awareness among Group colleagues about the internal control principles;

- implementing the self-assessment questionnaire on internal control and risk management. This questionnaire, which was updated during the financial year, complies with the AMF reference framework for risk management and internal control, as does its application guide, itself updated in July 2010;
- performing audits: 21 internal audits were conducted in 2014/2015. The purpose of these audits was to ensure that the Group's internal control principles were properly applied at its affiliates. They also reviewed the processes in place, best practices and the potential for improvements based on two cross-business areas: media procurement management and the application of the anti-corruption policy.

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 General Management and the Audit Committee. Their implementation is regularly monitored and assessed by the Group's Internal Audit Department.

The work performed enabled the quality of internal control and risk management to be strengthened within the Group.

Key components of internal control procedures

The key components of internal control procedures are as follows:

The **Pernod Ricard Charter** specifies the rights and responsibilities of every employee with regard to the Group's fundamental values, in particular its ethics: compliance with the law, integrity and the application of rules and procedures in force within the Group. Every employee is given a copy of the Charter when they are recruited and it is always available on the Group intranet site.

A formal **delegation of authority** procedure, issued by the Board of Directors, sets out the powers of the Chairman & CEO, the two Managing Directors and the Group General Counsel.

The **internal control principles** outline the common ground of all the principles and rules that apply to all of the Group's affiliates with respect to internal control, for each of the 16 main operational cycles identified.

The **self-assessment questionnaire,** which 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 the effectiveness of their internal controls. Responses to the questionnaires are documented and reviewed by the Regions and the Group's Internal Audit Department. All of this work is detailed in:

- a summary by affiliate and an overall Group summary, both of which are provided to General Management and the Audit Committee;
- a letter of representation from every affiliate to the Chairman & CEO of their parent company and a letter of representation from the various parent companies to the Chairman & CEO of Pernod Ricard. This letter is binding on the affiliates' management with regard to the adequacy of their control procedures in light of the 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 Operations Department of the Group is in charge of ensuring that they are followed.

Budgetary control focuses on three key areas: the annual budget (reforecast several times during the year), monthly reporting to monitor performance and the four-year strategic plan. Budgetary control is exercised by the management control teams attached to the Finance Departments at the Headquarters, in the Regions and in the affiliates. It operates as follows:

- the budget is subject to specific instructions (principles and timetable) published by the Holding Company and sent to all the affiliates. The final budget is approved by Group General Management;
- 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 the Holding Company;
- monthly performance analysis is carried out as part of the reporting process and is presented by the Finance Department to General Management, the Executive Committee and at meetings of the Audit Committee and the Board of Directors;
- a four-year strategic plan for the Group's main brands is prepared every two years using the same procedures as those used for the budget;
- a single management and consolidation system allows each affiliate to input all its accounting and financial data directly.

Centralised Treasury Management is led by the Treasury Unit of the Group's Finance Department.

Legal and operational control of the Holding Company over its 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 Pernod Ricard Charter and the Group internal control principles define the level of autonomy of affiliates, particularly with respect to strategic decisions.

The role assigned to Pernod Ricard, as described in the paragraph on "A decentralised business model" in Section 1 "Presentation of the Pernod Ricard group" of this Registration Document, is an important component of the control of affiliates.

Financial and accounting reporting

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 of 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;
- 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 Holding Company. 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 Holding Company in respect of the consolidation process.

Preparation of Pernod Ricard Parent Company financial statements

Pernod Ricard prepares its 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, 26 August 2015

Mr Alexandre Ricard

Chairman & CEO

Statutory auditors' report prepared in accordance with article L. 225-235 of the French commercial Code (*Code de commerce*) on the report prepared by the Chairman of the Board of Directors of Pernod Ricard

To the Shareholders,

In our capacity as Statutory Auditors of Pernod Ricard and in accordance with Article L. 225-235 of the French Commercial Code (Code de commerce), we hereby present our report on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the French Commercial Code (Code de commerce) for the financial year ended 30 June 2015.

The Chairman is responsible for preparing and submitting to the approval of the Board of Directors, a report presenting the internal control and risk management procedures implemented by the Company and disclosing other information as required by Article L. 225-37 of the French Commercial Code (Code de commerce) dealing in particular with corporate governance.

Our own responsibility is to:

- notify you of any observations we may have as to the information contained in the Chairman's report and relating to the Company's internal control and risk management procedures with respect to the preparation and processing of financial and accounting information; and
- attest that the report includes the other disclosures required by Article L. 225-37 of the French Commercial Code (Code de commerce). It should be noted that we are not responsible for verifying the fair presentation of those other disclosures.

We have performed our work in accordance with the professional standards applicable in France.

Information relating to the Company's internal control and risk management procedures with respect to the preparation and processing of financial and accounting information

Our professional standards require the implementation of procedures designed to assess the fair presentation of the information contained in the Chairman's report and relating to the Company's internal control and risk management procedures with respect to the preparation and processing of financial and accounting information.

Those procedures involve in particular:

- gain an understanding of the internal control and risk management procedures with respect to the preparation and processing of financial and accounting information presented in the Chairman's report, and of the related documentation;
- gain an understanding of the work performed as a basis for preparing that information and the existing documentation;
- determine if any major internal control weaknesses with respect to the preparation and processing of financial and accounting information identified by us in the course of our engagement have been appropriately disclosed in the Chairman's report.

Based on the procedures performed, we have nothing to report on the information relating to the Company's internal control and risk management procedures with respect to the preparation and processing of financial and accounting information contained in the report of the Chairman of the Board of Directors prepared in accordance with Article L. 225-37 of the French Commercial Code (*Code de commerce*).

Other disclosures

We hereby attest that the report of the Chairman of the Board of Directors includes the other disclosures required by Article L. 225-37 of the French Commercial Code (*Code de commerce*).

Courbevoie and Neuilly-sur-Seine, September 11th 2015

The Statutory Auditors,

MAZARS		DELOITTE & ASSOCIES
Isabelle Sapet	Erwan Candau	David Dupont-Noel

This is a free translation into English of the statutory auditors' report issued in French prepared in accordance with Article L. 225-235 of French company law on the report prepared by the Chairman of the Board of Directors on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking users.

This report should be read in conjunction and construed in accordance with French law and the relevant professional standards applicable in France.

3

Corporate Social Responsibility

Sharing a tangible commitment

Declaration by Alexandre Ricard, Chairman and CEO of Pernod Ricard; Communication on our progress, United Nations Global Compact – 2014/2015

2014/2015 was a year of transition for Pernod Ricard. I succeeded Pierre Pringuet and Danièle Ricard as Chairman and CEO. I would like to reaffirm my commitment to sustainable development. This is of course a key issue for the growth of the Group, but it is above all a mindset that seems natural to me: respect for our employees and for all our stakeholders, dialogue, transparency and protection of our environment.

Our change in governance gave us the opportunity to reaffirm our vision, "créateurs de convivialité", and our aim, to become the world leader in our industry. I am firmly convinced that this will only be possible if we have a profound sense of social responsibility at all levels of the organisation and with all our stakeholders. After all, there can be no conviviality without ethics and no leadership without setting an example in matters of CSR.

I am signing up for continuity, so that we can continually improve our practices. This is why I think that it is important to renew the Group's commitment to the 10 fundamental principles of the United Nations' Global Compact and the CEO Water Mandate.

We have today redefined Pernod Ricard's priorities in order to fulfil our ambitions. One of these is, of course, Corporate Social Responsibility, one of our long-standing commitments. We intend to strengthen our CSR initiatives, not only at Group level, but also at the level of each of our brands. This is fundamental, and not one on which we can compromise. We intend to be proactive and set an example. Responsibility also implies being fully aware of the impact of our activities, addressing the concerns and requirements of each stakeholder and encouraging individuals and groups to take responsibility. Our CSR model is focused around four areas of commitment, each imbued with this mindset: Empower our employees, Promote responsible drinking, Protect our planet and finally, Develop our communities and engage our partners.

I would particularly like to thank all our employees, our front-line ambassadors and key stakeholders who translate these commitments into reality at Pernod Ricard. This year, all employees will be retrained in CSR to help them contribute more through their daily professional activities.

Alexandre Ricard, Chairman and CEO of Pernod Ricard

A historical approach rooted in the Group's culture

For Pernod Ricard, Corporate Social Responsibility (CSR) involves reconciling economic efficiency, social equity and environmental protection in a process of continuous improvement. It contributes to sustainable development. The Group has often been a pioneer in its actions, has grown in the respect of people and their cultures and has always been looking towards the long-term.

Pernod Ricard puts CSR at the heart of its vision and values (entrepreneurial spirit, mutual trust and a sense of ethics), as summed up in its tagline "Créateurs de convivialité". Its 18,421 employees are ambassadors and stakeholders of its CSR policy.

Pernod Ricard's approach and performance have been recognised and rewarded by the FTSE4Good and Ethibel's Excellence investment labels, in particular.

Historically, a strong commitment to CSR is embedded in Pernod Ricard corporate culture:

- employee shareholding in Ricard SA since 1938;
- creation of the Oceanographic Institute by Paul Ricard in 1966;
- creation of the Institute for Scientific Research on Beverages (IREB) in 1971;
- founding of Pernod Ricard in 1975, while preserving the specificity of Pernod SA and Ricard SA;
- in 1981, joint development of Inipol EAP 22 by the Paul Ricard Oceanographic Institute and Elf Aquitaine: this product accelerates the natural process of offshore hydrocarbon breakdown, and made a significant contribution to the clean-up of the coast of Alaska in 1989 following the Exxon Valdez disaster;
- introduction of a process for employees to express their collective and direct views in France in 1982;
- founding member of the "Enterprise & Prevention" (E&P) association to battle excessive or inappropriate consumption of alcohol in 1990. Today, this association brings together main French producers of wines, beers and spirits;
- in 1990 the Group was a founding member of the European Forum for Responsible Drinking (EFRD), now SpiritsEUROPE, which promotes responsible drinking and encourages companies in the industry to adopt self-regulatory standards for their commercial communications;
- cultural sponsorship of the Georges Pompidou Centre since 1997;
- every year since 1999, the Prix Fondation d'Entreprise Ricard has been awarded to an emerging young artist of the French arts scene;
- signatory of the United Nations Global Compact since 2003;
- integrated "Quality, Safety, Environment policy" (QSE) since 2004;
- member of IARD – International Alliance for Responsible Drinking (formerly ICAP) since 2005;
- Pernod Ricard has been included in the FTSE4Good extra-financial analysis index since 2005;
- Sustainable Development Charter since 2006, updated in 2013 to become "the Pernod Ricard Commitments to Sustainable Development" (www.pernod-ricard.com);
- introduction of the pictogram for the prevention of alcohol consumption by pregnant women in 2006 in all European Union countries; decision to extend to all countries in which Pernod Ricard is present in 2013 (notwithstanding any regulatory constraints);
- adoption of a Code for Commercial Communication in 2007;
- ISO 14001 and ISO 9001 certification for over 80% of industrial production sites in 2009, covering 90% of production volume;
- in 2010, the Group joined the CEO Water Mandate;
- the CSR policy was formalised in 2010, leading to the creation of the "CSR platform"; this was updated in 2013 to become the CSR model which was refocused around the Group's values with four areas of commitment: Empower our employees, Promote responsible drinking, Protect our planet and finally, Develop our communities and engage our partners;
- in 2011, the annual global CSR day event was introduced, mobilising all of the Group's employees: *Responsib'All Day*;
- In 2012, the signing of the industry's five commitments to promote responsible drinking;
- the Group became a member of Transparency International in 2013;
- a new environmental policy was established in 2013;
- in 2014: signing of the European CSR Agreement with EFFAT (the European Federation of Food, Agriculture and Tourism Trade Unions), and in collaboration with the European Works Council (EWC);
- in 2015: the Board of Directors formalised its commitment to CSR and entrusted specific missions in this respect to the Nominations, Governance and CSR Committee.

An appropriate governance [1]

Pernod Ricard is a decentralised group: its structure gives it unequalled strength to conduct its business all around the world. As a result, affiliates are responsible for their own businesses.

A high-level CSR governance structure was put in place:

- the Board of Directors is tasked with evaluating the relevance of the Company's CSR commitments and with monitoring their implementation within the Group through the Nominations, Governance and CSR Committee;
- responsibilities of the Managing Director in charge of Human Resources were extended to include CSR;
- a CSR Advisory Committee was set up at Group level. Its membership includes employees from all regions and functions. Its main roles are to facilitate the implementation of CSR initiatives, to offer support to affiliates and provide analyses and recommendations on strategic CSR issues;
- a network of CSR leaders, comprising employees from more than 80 countries, who operate under the management of their affiliate to implement the CSR strategy at a local level. They receive training twice a year, at the annual CSR leaders meeting and at the annual regional workshops.

The CSR approach relies on three conditions:

- CSR activities should be linked with the Group's business;
- they should take root in the Group's culture and identity;
- they should involve all employees.

Identification of relevant issues

Pernod Ricard analysed CSR standards (such as the Principles of the United Nations' Global Compact or ISO 26000) and consulted its internal and external stakeholders to identify its major CSR issues.

Pernod Ricard conducts ongoing assessments of its CSR approach, as the current issues are evolving. Several stages were involved in the Group identifying its key CSR issues:

- 2009/2010: formalisation of the Group's CSR policy. This involved conducting interviews with internal and external stakeholders and mapping their expectations. This enable to identify the key issues for the Group, including, promoting responsible drinking, protecting the environment and ethics for our partners (including suppliers and subcontractors) and employees. Pernod Ricard also identified one prerequisite: compliance with the 10 principles of the United Nations' Global Compact. The CSR platform was, therefore, developed with a focus on these issues;
- 2012: three years after it was implemented, the relevance of the CSR approach was evaluated using an experimental French standard. This standard evaluates the credibility of CSR measures with regard to ISO 26000. Over a period of five months, independent experts conducted internal interviews in different affiliates and with external stakeholders to assess the Group's CSR strategy (http://pernod-ricard.fr/49/la-rse/strategie). This work enabled the Group to reconfirm the issues it had identified and to highlight areas of improvement. The key findings were as follows:
  - the major issues identified are relevant and are aligned with the significant impacts of the Group,
  - Pernod Ricard's programmes involve a number of important stakeholders,
  - the commitments could be enhanced by including some other areas of action of ISO 26000;
- in 2013, in order to include the areas of improvement identified by the credibility report and strengthen our actions, the Group's CSR strategy was reviewed around four areas of commitment:
  - **Empower our employees:** because they are our best ambassadors, they are at the heart of the model. We encourage their involvement and strive to create a collaborative and convivial working environment,
  - **Promote responsible drinking:** to ensure that consuming our products is an enjoyable and safe experience, we promote moderate alcohol consumption, and work to combat excessive consumption through awareness-raising and education campaigns, undertaken individually or in partnership with the industry, associations and public authorities,
  - **Protect our planet:** leadership cannot exist without environmental excellence. Since all our products are derived from agricultural raw materials, protecting the planet is not only a good business practice; it is fundamental and strategic to securing our future. We continuously improve our environmental performance by analysing and adjusting our economic models, practices and processes along the entire value chain,
  - **Develop our local communities and engage our partners:** Due to the diversity of its brands and its decentralised model, Pernod Ricard is deeply rooted in local communities. We want our business to contribute to their development, particularly through the promotion of entrepreneurship, which is a source of value creation, and by sharing local cultures, which is a means of supporting openness and respect. We also want to involve our partners, including our suppliers and subcontractors, in our approach to responsibility, which is based on mutual respect;

(1) In accordance with Principle 1 of the United Nations Global Compact: "to support and respect the protection of internationally proclaimed Human Rights".

at the same time, Pernod Ricard has created a dedicated tool to support all affiliates in their dialogue with stakeholders. The goal is to help affiliates identify all of their stakeholders, establish a mapping of stakeholders to better incorporate stakeholders' expectations into their CSR strategy.

- In 2015, regional training programmes were set up for all CSR leaders on key CSR subjects, including dialogue with stakeholders and use of the toolkit. Nine training sessions were held worldwide imparting training to more than 80 people. This dialogue with local stakeholders is now in the process of being rolled out so that all affiliates can incorporate current issues into their CSR action plans.

Dedicated supervisory bodies

On 16 February 2011, the Board of Directors, whose composition and functions are described in Section 2 "Corporate governance and internal control", decided to create a Business Ethics Code and a Committee to prevent insider trading.

The Audit Committee, whose composition and missions are also described in Section 2 "Corporate governance and internal control", exercises an extended role in supervising internal and external control.

Operational and CSR risks are covered by the Company's audit and internal control systems.

Internal QSE standards are a key reference for internal control procedures.

Moreover, in order to improve the transparency and reliability of the social, environmental and societal data issued, the Group has instigated a progressive system of verification of some of these environmental, social and societal indicators by its Statutory Auditors. The first Statutory Auditors' report on this matter was published in respect of the 2009/2010 financial year.

External benchmarks

Pernod Ricard adheres to and intends to respect the internationally recognised principles and guidelines set out in authoritative texts such as:

- the OECD Guidelines for Multinational Enterprises;
- the ten principles set out in the United Nations Global Compact for businesses;
- the ISO 26000 standard providing guidelines for CSR and the XP X30-027 standard;
- the International Labour Organization's (ILO) tripartite declaration on the United Nations guiding principles concerning multinational enterprises and social policy;
- the United Nations guiding principles on Business and Human Rights.

In particular, the Group confirms its compliance with ILO conventions governing fundamental rights at work:

- elimination of discrimination regarding employment and occupation (Convention nos. 100 & 111);
- prohibition of child labour (Convention nos. 138 & 182);
- elimination of forced or mandatory labour (Convention nos. 29 & 105);
- freedom of association and the right to collective bargaining (Convention nos. 87 & 98);
- protection and facilities to workers' representatives in the undertaking and rejection of anti-union discrimination (Convention no. 135);
- equal opportunities and equal treatment for men and women workers: workers with family responsibilities and for expectant or breast-feeding mothers (Convention no. 156).

Pernod Ricard also seeks to comply with the following texts:

- on Human Rights: the Universal Declaration of Human Rights, the Declaration on the Elimination of all Forms of Discrimination against Women, the Declaration of the Rights of the Child and the OHSAS 18001 standard (Occupational Health and Safety Management);
- on the environment: the GHG Protocol, the CEO Water Mandate, the ISO 14001 standard (environment), the Millennium Ecosystem Assessment;
- on product quality: the ISO 9001 (Quality Management) and ISO 22000 (Food Safety Management) standards;
- the Group applies the recommendations of the GRI (Global Reporting Initiative) in the implementation and monitoring of these indicators.

Human Resources

Challenges and policy

Strengthening the organisational model in support of operational efficiency

2014/2015 saw the ongoing implementation of the Allegro operational efficiency project, which was launched throughout the Group in 2013/2014.

As a reminder, this project sought to strengthen Pernod Ricard's organisational model to help it to seize all opportunities for growth in a difficult economic climate. It was based on three key principles: prioritisation, simplifying processes and structures, and mutualising expertise and resources.

All affiliates have now fully implemented the new organisational model. In total, this has resulted in the loss of some 900 positions.

The project was undertaken in line with the Group's values, with the greatest respect for its employees: a decentralised approach that complied with local legislation and business practice and was mindful of the social partners and the concerns of our employees in the field; constructive concertation and transparent communication; competitive outplacement packages and services to support the career change of people leaving the Group.

To explain these changes and facilitate their implementation, Pernod Ricard University also delivered dedicated training programmes called *New Ways of Working* to more than 1,500 individuals worldwide.

Collective and individual performance

As a result of its decentralised economic model, Pernod Ricard's culture is based on three core values shared by all 18,421 employees: entrepreneurial spirit, mutual trust and sense of ethics. It is accompanied on a day-to-day basis by a collective attitude, which drives commitment: conviviality and team spirit, which can be seen in the ease of interactions and the recognition of success.

Performance is encouraged throughout the Group via favourable profit-sharing policies. In addition, more than 1,000 employees were also awarded long-term incentive policies (such as the granting of performance-based shares) in 2014.

Ambitious HR tools and processes

Pernod Ricard's culture drives its creativity and permanent innovation. The Group has formalised the main principles of its culture, in terms of work organisation, attitude, leadership and talent development, in its Charter.

In order to support and optimise this dynamic model, effective HR management tools and processes common to the entire Group were developed, based on work carried out in consultation with all the affiliates.

They are available on the Group's new HR Intranet site, launched in October 2014, and are therefore shared with absolute transparency to all employees worldwide.

These tools and processes are being continually improved. This year, for example, HR experts communities were set up to put HR professionals from different countries and affiliates in touch with each other; they have worked together on numerous projects in the following fields: Diversity, Talent Attraction, Talent Management, Learning & Development and International Mobility.

In order to measure the effectiveness of its HR policy on employee engagement, in June 2015, Pernod Ricard relaunched its "I Say" opinion survey, carried out every two years since 2011 with Towers Watson. The results of this study, both overall and broken down by entity, will be known and distributed starting October 2015. Despite the more difficult climate caused by Allegro, Pernod Ricard hopes to maintain the high levels of engagement from Group employees, achieved in previous years. Particular attention will be paid to implementing action plans at local level.

Leadership culture

Leadership culture is inherent in Pernod Ricard's values and history and drives its performance. In order to accelerate its development, since 2010 the Group has been committed to creating and deploying common tools and processes across all its subsidiaries. For example, the talent management system iLead – defined by a set of key competencies and formalised by an assessment tool – has been up and running in all Group affiliates since 2012.

In 2012, Pernod Ricard University also introduced a leadership training programme to promote the development of individual leadership skills in the spirit of the Group's leadership model. This programme is now delivered in several modules that participants can follow over time: "Mixers", for young employees who aspire to leadership roles; "Shakers", for proven leaders who wish to break out of their comfort zones; and a third module will soon complete this offer, "Blenders", aimed at the Group's top 200 executives. During 2014/2015, 105 employees took part in the "Mixers" module and 30 attended the "Shakers" module.

Finally, Pernod Ricard and the top management school HEC Paris launched the "Leadership" certificate in June 2014 at the HEC campus under the aegis of the Pernod Ricard Chair. The certificate is open to all students on courses offered by HEC Paris and consists of one hundred hours of lessons and lectures. It examines the relationship between human capital and corporate performance, focusing on a leadership vision entirely in line with Pernod Ricard's culture and values.

Concertation [1]

The Company has a tradition of concertation and promotes freedom of association. In addition, it firmly believes in the importance of providing a working environment which optimises working conditions. The Group's corporate report has a section which assesses the quality of concertation.

The implementation of the Allegro Project is an evidence of the quality of this concertation, enhanced by numerous dialogues based upon trust, mutual respect and a willingness to discuss the future directions of the Group with our social partners.

The Group, with more than 50% of its staff based in Europe, has mainly focused its actions on the European trade unions, through the European Works Council. This council gathers together one or more representatives from every European affiliate with more than 50 employees. This threshold, which previously stood at 75 employees, was reduced in July 2014 when the agreement governing the European Works Council was renewed, in order to increase the representation of smaller affiliates.

The European Works Council meets for three days each year, including one day dedicated to specific training offered to all 24 trade union representatives.

In order to share information, an online brochure published each year summarises the content of the annual meeting and is made available to all of the Group's European employees.

The renewal of the European Works Council in November 2014 led to the election of a new select committee comprising five members from five different countries, elected by their peers. The select committee may act on its own initiative to respond to any social measure that might be taken in Europe involving at least two European countries in which Pernod Ricard has local teams.

At the November 2014 meeting, the European Committee was also given an initial progress report on the application of the European agreement on Corporate Social Responsibility that was signed in January 2014 between Pernod Ricard and EFFAT (the European Federation of Food, Agriculture and Tourism Trade Unions). One year after its signing, Pernod Ricard obtained a commitment to roll it out locally from all of the affiliates in the European Union, through its ratification by their CEOs and Human Resources Directors. As such, numerous concrete initiatives to promote, for example, well-being at work, appraisals, and concertation, have already been implemented.

In addition, by 2020, Pernod Ricard has committed to applying this agreement in all of its affiliates worldwide. The Group is already committed to offering death insurance (covering at least one year's salary) to all employees by 30 June 2016. To date, more than 70% of employees are already covered.

The France Group Committee meets at least once a year. The Committee brings together employees' representatives appointed by the largest trade union organisations in the French affiliates. The Group's financial statements are also presented during meetings of the Group Committee (France), as well as employment and its forecast change over the year to come are analysed.

Note on the methodology used to consolidate corporate indicators

Tools used

The *Hyperion Financial Management* (HFM) consolidation software has been used to gather and process the corporate data for 2014/2015, supplied by local entities. Controls are performed by combining the HFM package with the query editor features of the *Smart View* data retrieval tool.

Corporate indicators in this report are based on all Group entities that have reported on their employees for the period concerned.

When a company joins the Group scope in the period concerned and is subject to Group control, its corporate data is immediately and fully included in the figures, whatever the equity stake held by Pernod Ricard.

At each financial year-end, the list of entities in the Group' Social Reporting is compared to that in the Financial Reporting to ensure it is complete.

Consolidation scope for data retrieval

The consolidation scope and level of detail for corporate data has changed slightly since 2013/2014:

- in France, the headquarters of Pernod Ricard Europe Middle East & Africa (PR EMEA SAS) and Pernod Ricard Middle East & North Africa (PR MENA SAS) have been split;
- in Europe, some consolidated sub-groups were restructured into management entities: Pernod Ricard Western Europe, Pernod Ricard Southern Europe, Pernod Ricard Central Europe, Pernod Ricard Adriatic and Pernod Ricard Nordic and Baltics. The merger of the distribution affiliate in Poland with The Wyborowa Company, which became Wyborowa Pernod Ricard attached to Pernod Ricard Central Europe;
- in Asia, the Hong Kong Service Hub and the entity Pernod Ricard Lanka, an affiliate of Pernod Ricard in Sri Lanka, were created;
- in the Pacific region, the entity Pernod Ricard Winemakers Kenwood was created, following the acquisition of the Kenwood vineyards, a premium Californian wine, in 2014.

The Asia-Pacific region covers the Distribution Network business in Asia and the Group wines business, which also includes the affiliates Pernod Ricard Winemakers Spain in Spain (332 employees at 30 June 2015) and Pernod Ricard Winemakers Kenwood in the United States (44 employees at 30 June 2015).

Pernod Ricard's African activities are managed by Pernod Ricard Europe, Middle East and Africa and the related data are therefore included in this region.

(1) *In accordance with Principle 3 of the United Nations Global Compact: "to uphold the freedom of association and the effective recognition of the right to collective bargaining".*

The indicators are mostly given for a global consolidation scope. However, for some indicators, such as the absenteeism rate including maternity, paternity and parental leave, which are difficult to standardise at a global level, a separate analysis was preferred on two scopes: France and World.

This methodology, while allowing a breakdown of data by geographic region, is nevertheless limited as there are no universally recognised definitions at local or international level for some indicators, such as professional categories.

The requests made to affiliates in respect to social indicators are influenced by a number of reference texts: the list of information required by the Grenelle 2 law, which provides a list of indicators to which Pernod Ricard has been subject since the 2012/2013 financial year (in accordance with article L. 225-102-1 of the French Commercial Code) and ISO 26000, have provided a working framework.

Method of consolidation of indicators

After being input by the entities, data is gathered at management entity level, then at regional level to be sent to the Headquarters. At each level, the data is processed and consolidated following clearly defined procedure and criteria. Each entity that gathers and includes data is responsible for the indicators supplied and certifies the data and its control.

This control is facilitated by automatic checks within the data entry tool (known as Shuttle) and in the consolidation documents sent to the Regions. Amongst other things, these include consistency checks in comparison with previous years and between the indicators themselves, with the common concern of ensuring data is reliable between Affiliates, Regions and at Group level.

Once all the data is gathered, the Headquarters checks all the data to guarantee its overall accuracy and consistency. In the event of inconsistency or error, the Headquarters enables new data uploading from the Region or Brand, which can then change the data relating to their affiliates.

To improve the reliability of the reporting process, a glossary is updated every year, providing precise definitions of each indicator, illustrated by specific cases. A user guide for the reporting tool is also available for contributors. Automatic consistency controls (which sometimes have a blocking effect) also exist since 2010.

The Pernod Ricard group constantly seeks to improve its collection and analysis of corporate data and therefore regularly develops its work to adapt its tools, glossary and user guide to the changing needs of the Group.

This glossary is updated annually. Any changes made since the previous year are highlighted. The updates result from: contributions made by affiliates when updating data, auditors' feedback, or the detailed proofreading of the glossary.

In 2014, in-house training was provided to key users at Region and Brand levels, to recap on the principles of corporate reporting and provide training in the tools used, specifically in relation to a new data-entry document which improves the reliability of data recorded whilst maintaining the same format as previous years. Consistency checks were also integrated into the data-entry document to allow self-checking at a local level.

All of the corporate data is consolidated by aggregation.

The social reporting indicators are selected to provide the Group with a reliable and accurate picture of its presence in the world. The data collected enables Pernod Ricard to be ever more socially responsible in respect of its employees all over the world.

Additional information

Professional categories are a specifically French concept which Pernod Ricard group entities in other countries find hard to apply. With the aim of improving the reliability of data, the Group has expanded this concept by retaining the four categories used in the French Group scope (executives, supervisors, workers and employees) and allocating two categories for the World scope: managers (executives) and non-managers (supervisors, workers and employees). The Group entities have been explicitly notified of the categories.

Recruitment and departures, age and seniority are calculated based on staff with indefinite-term contracts.

Average headcount is calculated on a full-time equivalent basis, without taking into account long and short-term absences.

Pernod Ricard China employees are accounted for as staff with indefinite-term contracts (840 at 30.06.2015). Chinese employment contracts actually comprise a statutory duration and are only transformed into indefinite-term contracts after several years. However, given the specificities of employment legislation in China, the Pernod Ricard group considers its personnel to be staff with indefinite-term contracts.

Since 2015, expatriate and seconded employees have to be included in the headcount of the company that bears the costs or the majority of the costs, especially if their payrolls are reinvoiced to this company. This is also the case for Brand Ambassadors, Brand Promoters and EOP (Irish graduate programme).

Maternity/paternity/parental leave are included in the absenteeism rate.

Work placement contracts (apprenticeship contracts and work-study contracts) are no longer counted as fixed-term contracts, and this also applies to interns, temporary workers and volunteers on the VIE programme.

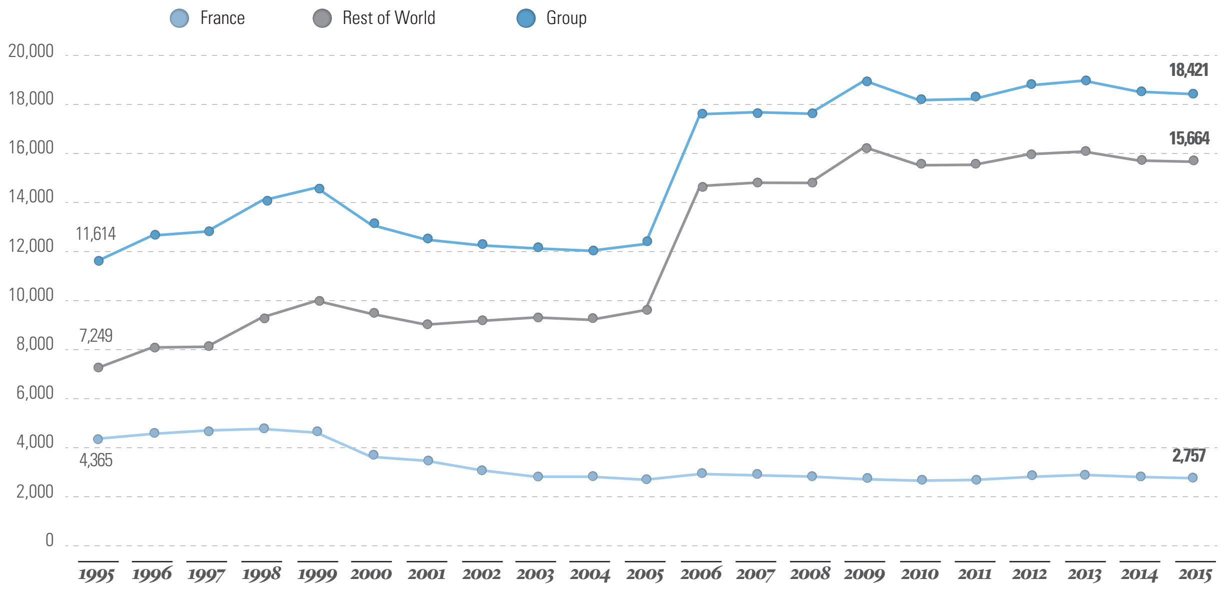
Working time, the absenteeism rate and the frequency and severity rates of accidents at work are calculated on the basis of the theoretical number of hours or days worked per year and in working days.

All training hours effectively completed by employees are recognised, including both face-to-face training and e-learning hours. They are all included in the same indicator. Employees are only counted as having received training once, regardless of the number of training courses they have attended.

The Group social reporting

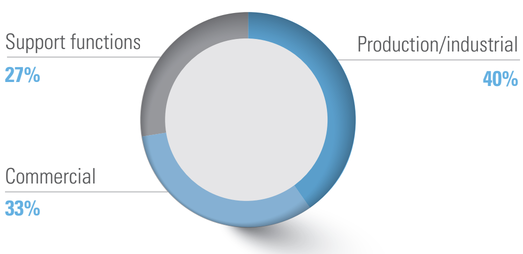
The Group social reporting, drawn up annually using contributions from the affiliates, reveals Pernod Ricard's social profile. To improve the transparency and reliability of the corporate data communicated, starting in 2010, the Statutory Auditors have verified a selection of Group data: headcounts (overall, indefinite-term contracts and fixed-term contracts), the ratio of men to women, voluntary turnover, average workforce by region and staff movements, absenteeism, accident rates and training. The Statutory Auditors' report, detailing the work performed as well as their comments and conclusions, appears on page 92.

Trends in worldwide workforce at 30 June



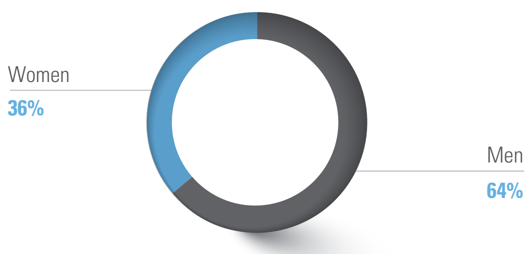
Group employee numbers increased around 60% in twenty years, between 1995 and 2015, symbolising, through its development, the global ambitions of the Group and the relevance of its decentralised business model.

Breakdown of average workforce by sector of activity



The employee breakdown by sector of activity shows that 40% of the workforce works in the industrial sector (distilleries, wine making, bottling sites, ageing warehouses, logistics centres, procurement, supply chain, QSE – quality, safety, environment – and research and development), 33% in the sales function and 27% in support functions (marketing, communications, human resources, legal affairs, information systems and finance). The growth in sales positions should be noted, accounting for 33% of the workforce in 2014/2015 compared with 30% in 2008/2009, while the support functions remained stable and the number of employees working in industrial activities now account for 40% of the workforce, vs. 47% in 2008/2009.

Breakdown of workforce by gender at 30 June 2015

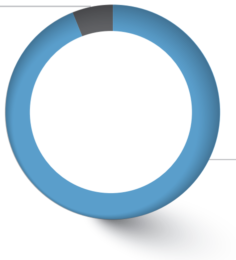


Women represent more than one-third of Pernod Ricard's workforce and this number has been growing since 2010. In 2014/2015, the proportion of external recruits that were women was 39%. The high proportion of men compared to women can be explained by the Group's significant presence in countries where the labour market is dominated by men, such as in India, for example.

Moreover, the proportion of managerial positions held by women has increased annually for the past four years: 33% of managers are women, compared with 30% in 2012. Pernod Ricard has also set itself the target that at least 50% of external hires for the 500 top positions in the Group should be women. Over the year, this percentage was 64%. Internally, for the same category of high positions, Pernod Ricard is committed to short-listing at least one diverse [(1)] profile , inviting this candidate to an interview and giving feedback further to this interview.

All affiliates have committed to implementing at least one work flexibility measure within a year, in order to ensure a better work-life balance.

Breakdown of workforce by type of employment contract at 30 June 2015



The Group promotes indefinite-term contracts and internal mobility, reflecting its commitment to developing long-term relationships with its employees and offering them stable employment.

The proportion of fixed-term contracts remains almost the same as that of the previous year.

Breakdown of average workforce on fixed-term contracts by function

Distillery, ageing, blending, vinification	138
Bottling wines and spirits	88
Viticulture	189
Operations (other)	118
Sales	199
Support	248
TOTAL	**980**

The main reasons for using fixed-term contracts are the temporary increase in production activity (distilling, bottling, harvesting), the strengthening of sales teams during holiday periods, the assistance given to support teams for projects or for the replacement of absent colleagues (annual leave, maternity leave, sabbaticals, etc.).

The duration of fixed-term contracts varies greatly depending on the reasons of the contract in question, ranging from just a few weeks during the harvest and sales campaigns, to several months for replacements.

Fixed-term contracts are very rarely terminated early.

The main reasons for terminating fixed-term contracts are the end of the contract period or conversion of the fixed-term contract into an indefinite-term contract.

Working time

Across the Group, 3.9% of the workforce work part-time.

The number of theoretical hours worked per employee in 2014/2015 averages 1,784. The number of theoretical hours worked per day in the Group averages 7.78 hours and around 229 days worked per year (excluding weekends, public holidays, legal or contractual annual leave, additional holidays and compensation days for reduction in working hours legislation (RTT)).

Average workforce by region

	2012/2013		2013/2014		2014/2015	
	Annual average headcount		Annual average headcount		Annual average headcount	
	Total all categories	In %	Total all categories	In %	Total all categories	In %
Group	18,608	100%	18,596	100%	18,232	100%
Europe & Africa	9,673	52%	9,834	53%	9,775	54%
France	*2,865*	*15%*	*2,820*	*15%*	*2,745*	*15%*
Europe excluding France	*6,808*	*37%*	*7,013*	*38%*	*7,031*	*39%*
Americas	4,207	23%	4,050	22%	3,785	21%
Asia-Pacific	4,728	25%	4,713	25%	4,672	25%

The average workforce has decreased in relation to the previous year.

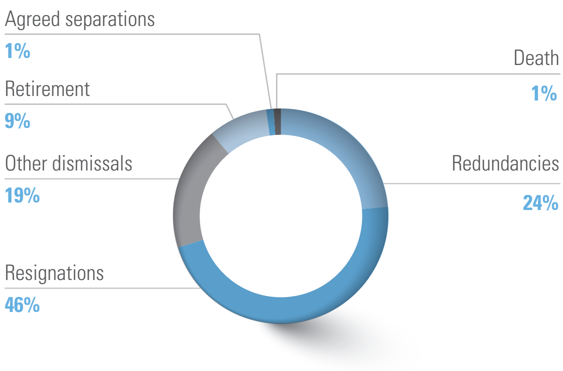
(1) A diverse profile may be a woman or a person who is not native to the country or a French national.

The Group is present internationally via affiliates located across 80 countries (54% of staff are located in Europe and Africa, 21% in the Americas and 25% in the Asia-Pacific region). This diversity contributes to the Group's performance and reflects its capacity to integrate employees from different cultural backgrounds. France, the birthplace of Pernod Ricard, is home to 15% of the Group's total workforce.

The main variations in the workforce compared to the previous year were:

- a reduction in the Americas (partial outsourcing of the sales network in Mexico, restructuring in Venezuela);
- a reduction in local and sales activity in Australia and New Zealand;
- stability in Asia (an increase in the industrial workforce in India and reduction in the sales workforce in Thailand and South Korea);
- growth in Africa (growth of the sales network in sub-Saharan Africa) – headcount included in the Europe & Africa region;
- stability in Europe, where fluctuations balance out (growth of the sales network in Russia and Kazakhstan; reduction of headcount in Greece, Ukraine, the Netherlands, Ireland and Finland).

Employee departures by reason (employees with indefinite-term contracts)



The number of Group departures is down slightly compared to last year (2,140 in 2014/2015 compared to 2,295 in 2013/2014), mainly due to the 16% reduction in economic redundancies as restructuring progresses under the Allegro Project. The percentage of departures due to redundancy, therefore, fell from 27% in 2013/2014 to 24% in 2014/2015.

Resignations are the main reason for departures from the Group (46% of departures), and these decreased by 8.5% compared to last year. However, individual departures excluding resignations (that is, dismissals for non-economic reasons and mutually agreed terminations) increased in 2014/2015: these represent 435 departures this year (compared to 394 in 2013/2014).

Only staff with indefinite-term contracts are accounted for in recruitments and departures. This allows the Group to have an accurate view of the reasons leading to an employee leaving the Group, since it excludes employment contracts reaching their contractual end.

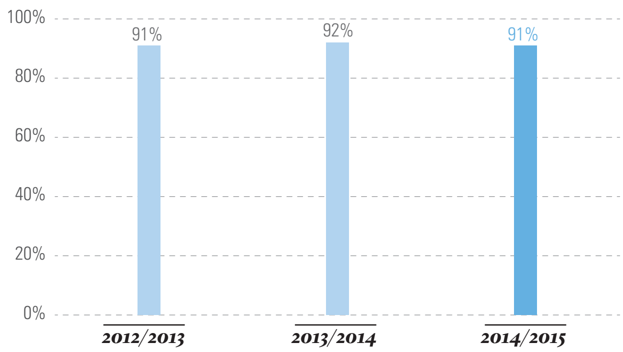
Staff movements

	Resignations	Annualised workforce on indefinite-term contracts	Rate of voluntary departures
Managers	239	4,203	5.7%
Non-Managers	757	13,050	5.8%
TOTAL	**996**	**17,253**	**5.8%**

996 resignations were recorded during the period, compared to 1,089 last year. The voluntary departure rate is low, and has fallen since last year (5.8% in 2014/2015 compared to 6.2% in 2013/2014).

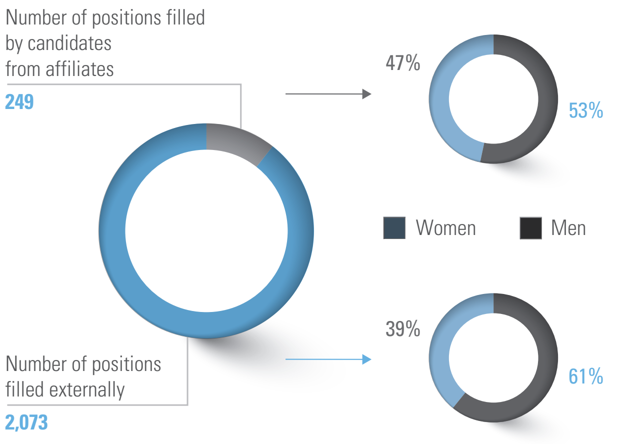
Recruitment and annual performance reviews

CHANGE IN ANNUAL PERFORMANCE REVIEW RATE



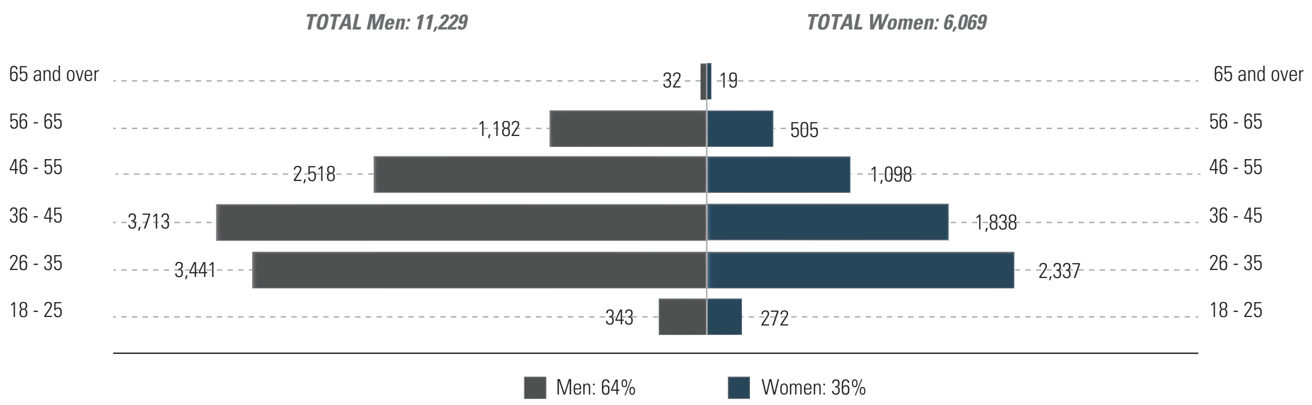
Pernod Ricard encourages organising annual performance and development reviews for all of its indefinite-term employees. The volume of annual performance reviews has remained stable over the last three years: 91% of indefinite-term employees within the Company as of 30 June received a performance review during the year.

BREAKDOWN OF POSITIONS FILLED IN FINANCIAL YEAR 2014/2015



The number of positions filled by transfers between affiliates increased by 27% this year, 249 positions compared to 196 last year, representing around 11% of new indefinite-term contracts during the period. 2,073 positions were recruited externally during the period, *i.e.* an increase of 12%. 82 international moves (from one country to another) were recorded in the expatriate population during the period.

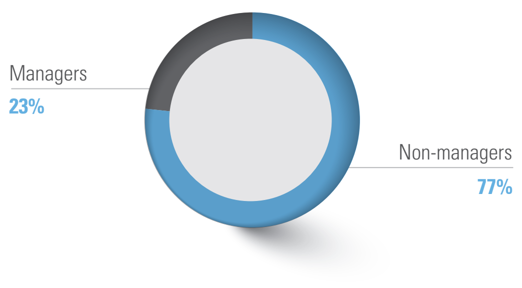
Average age and length of service of staff with indefinite-term contracts at the end of the period



The average age of Group employees on indefinite-term contracts is 40.6 years old. In France, the average age is 43.7 years old.

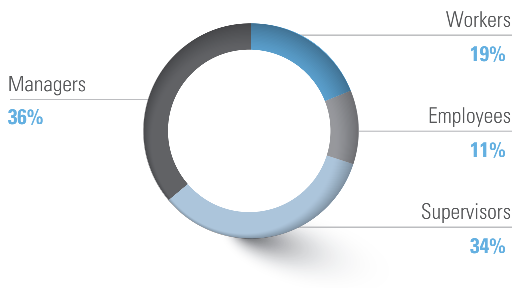
The average length of service of Group employees on indefinite-term contracts is 10 years. This figure is stable compared to the previous period. In France, the average length of service is 16 years.

Breakdown of Group average workforce by category



Worldwide, 23% of employees hold a managerial position (internal definition: notions of autonomy, responsibility and strategic level of the employee's position).

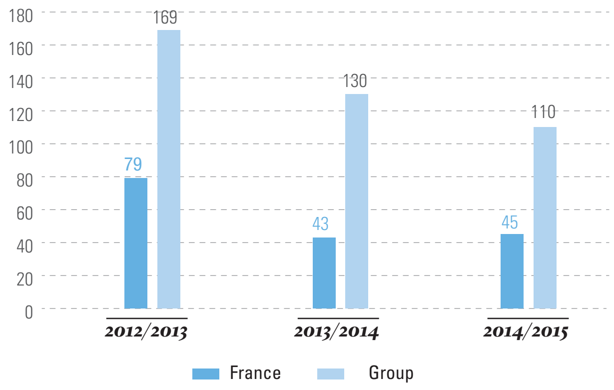
Breakdown of average workforce in France by category



Out of the 2.745 employees (average workforce) in France, 64% are workers, employees or supervisors and 36% are managers.

Company agreements [1]

CHANGE IN THE NUMBER OF COMPANY AGREEMENTS SIGNED



The Group favours the enhancement of concertation with 110 agreements signed with different social partners worldwide during the past year. In France, 45 company agreements were signed by Group affiliates in 2014/2015. The agreements covered issues such as profit-sharing, salaries, occupational health and safety, collective benefit schemes, equal opportunities, employment of senior citizens and disability. The evolution in the number of company agreements every year also depends on the local legislations that applied to each affiliate. The number of agreements signed depends in particular on changes in different local legislation.

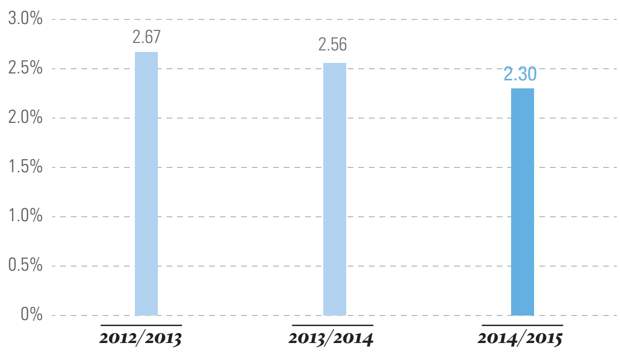
In total, trade unions are present in 32% of the Group's entities. There are also non-union employee representation groups in the majority of Group affiliates: 28 Group affiliates (accounting for 53% of the Group's workforce) signed at least one company agreement during the year.

Several agreements were signed in relation to compensation and profit-sharing: 42 agreements in 2014/2015, in France, Italy, Portugal, Czech Republic, Sweden, Brazil, Mexico, Argentina, Uruguay, Venezuela, Colombia, Canada, Korea, Vietnam, Australia and New Zealand. Outside France, negotiations covered such issues as equal opportunities (Czech Republic, Spain, Italy, Brazil, Venezuela, Cuba, Canada and Australia) and occupational health and safety (Belgium, Czech Republic, Finland, Spain, Brazil, Canada, Cuba, Australia and New Zealand).

Training

TRENDS IN TRAINING INVESTMENT WITHIN THE GROUP

(as a percentage of total payroll)



With 412,208 training hours this year, the Group was able to offer training to 14,286 employees (fixed-term and indefinite-term contracts), accounting for around 78% of the total average workforce. This figure, down 4% on the previous year, was backed by reduced financial investment in training which fell by around 3% in 2014/2015, mainly due to increased reliance on e-learning and free training.

The employees trained received an average of 29 hours of training, *i.e.* an increase of 2.4%.

Training programmes are aimed at adapting employees' skills to the requirements of their current position and also preparing them for their future assignments.

The Group created Pernod Ricard University in 2011 in order to support talent development and train its future leaders while encouraging diversity. Through long-term training programmes, it supports employees throughout their professional careers.

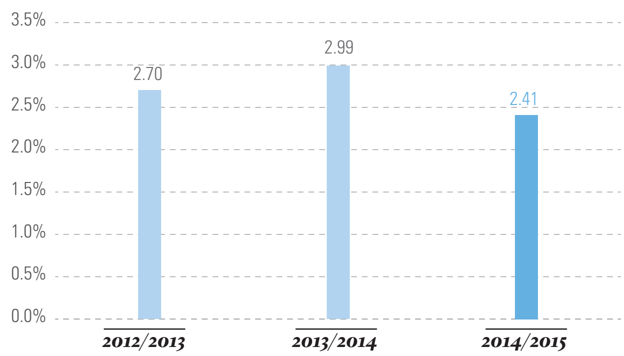
Pernod Ricard has developed seminars to develop employees' skills. These programmes cover such subjects as management and technical skills in marketing, finance, sales, industry, communication, CSR and legal issues.

Around 600 new talents selected by their managers took part in some thirty programmes covering a broad range of subjects in line with the Group's strategy and current challenges, mostly delivered in English, but also in French and Spanish.

In addition, Pernod Ricard University launched a Corporate MOOC – Massive Open Online Course – called "Digifit", which offers any employee with access to the Group's portal training in various aspects of digital technology. Three thousand people have already connected themselves to this programme and 300 have attained the highest level ("coach"), using more than 10,000 media resources offered by the platform.

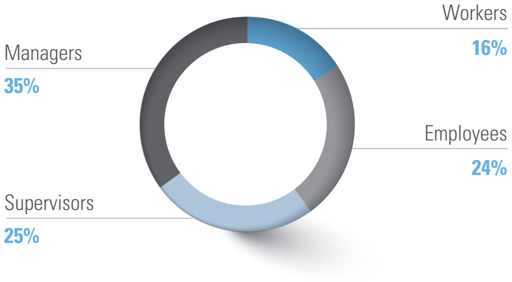
This year, Pernod Ricard University also supported the YAC (Youth Action Council), which brings together young employees of the Group in conjunction to the various projects on which they have worked on offering them, in particular, a dedicated mentoring programme from the Group's top executives.

TRENDS IN TRAINING INVESTMENT IN FRANCE



(1) *In accordance with Principle 3 of the United Nations Global Compact: "to uphold the freedom of association and the effective recognition of the right to collective bargaining".*

BREAKDOWN OF TRAINING HOURS IN FRANCE BY PROFESSIONAL CATEGORY

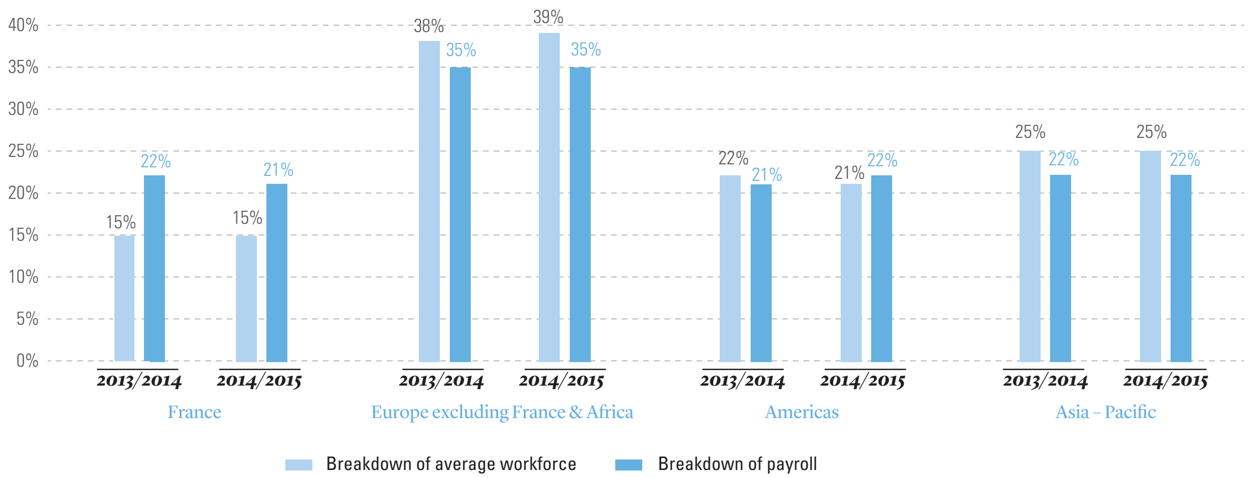


Recognising and developing employee potential

With an integration policy, annual development and performance reviews, and training sessions, etc., Pernod Ricard's HR procedures encourage employees' personal and professional development. In 2011, the Group introduced a talent promotion scheme called iLead. This initiative, which is common across the Group, is based on a leadership model defined by a set of skills and formalised in a talent evaluation tool. Together with management reviews and succession planning for key Group positions, it is an essential method for recognising and selecting prospective talent.

Payroll and workforce by region

BREAKDOWN OF AVERAGE WORKFORCE AND PAYROLL BY GEOGRAPHICAL REGION FOR 2014/2015



Several headquarters, including that of the Group, are located in France, the Group's birthplace, consequently representing a higher proportion of the payroll.

Total payroll is included in paragraph Note 3.5 – *Expenses by type* of Section 5 "Annual consolidated financial statements".

Health and safety in the workplace (1)

At Group level, 90% of employees are covered by health insurance (social security cover is defined as the regime which is compulsory at local level, with or without a company plan) and 79% have major risks protection (death and invalidity).

Pernod Ricard made a formalised commitment to health and safety issues in its Sustainable Development Charter (now "Pernod Ricard's Sustainable Development Commitment"). This commitment applies throughout the Group, and is supported by senior management.

The Company has allocated resources to address these issues, including implementing a health and safety management system in our industrial sites in accordance with OHSAS 18001. At present, 93% of our industrial sites are certified to this standard.

Furthermore, this year Pernod Ricard has set out key principles for managing working conditions that define the minimum standards to be applied throughout the organisation. These standards, which range from training all employees to managing some of the risks specific to the activities, will be among the aspects covered by internal audits.

Finally, since 2007, Pernod Ricard has been a signatory of the European Road Safety Charter, a European Community initiative.

(1) *In accordance with the Principle 1 of the United Nations Global Compact: "to support and respect the protection of internationally proclaimed Human Rights".*

Group Workplace Accidents

	2012/2013	2013/2014	2014/2015
Number of lost-time accidents	199	211	195
Frequency rate*	6	6	6
Severity rate*	0.12	0.14	0.12

Since 2013/2014, commuting accidents have been included in the number of accidents, and are used to calculate the frequency and severity rates.

* These indicators are required by the Grenelle 2 law:

- frequency rate: number of accidents with lost-time of more than one day occurring in a 12-month period per million of working hours;
- severity rate: number of days compensated per 1,000 hours worked, number of days lost by temporary disability per 1,000 hours worked.

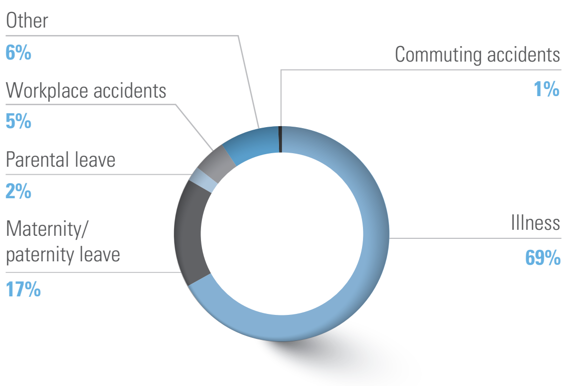
Group absenteeism

	2012/2013	2013/2014	2014/2015
Absenteeism rate	3.37%	3.42%	3.60%

Occupational illnesses are included in illnesses in order to calculate the absenteeism rate. An illness is said to be occupational if it is the result of employee exposure to a physical, chemical or biological risk or if it results from the conditions in which the employee performs their job.

BREAKDOWN OF REASONS FOR ABSENTEEISM IN FRANCE DURING 2014/2015

(as a percentage)



Human Rights (1)

The Group has supported the United Nations Global Compact since 2003. The 10 principles, including those linked to Human Rights (businesses should support and respect the protection of internationally proclaimed Human Rights and make sure that they are not complicit in Human Rights abuses), are fully accessible to its employees on the Group's Intranet.

Respect for Human Rights and prevention of abuses

Pernod Ricard's Internal Charter sets out the requirement that its employees comply with the law, including fundamental principles such as the respect of Human Rights. In addition, Pernod Ricard policy has been detailed in our Sustainable Development Charter (now "Pernod Ricard's Sustainable Development Commitment"). These two documents are available on the Group's global website (www.pernod-ricard.com).

As a decentralised organisation, Pernod Ricard gives responsibility to its affiliates for the adoption, respect and promotion of the content of its Charters locally. However, dedicated departments at Group level regularly evaluate compliance with those principles (through internal audit and local initiatives aimed at developing or monitoring the Company's commitment to ethical practices).

Visits by transversal internal audit teams to affiliates also cover social aspects, allowing them to examine the issue of Human Rights. Since the Management Committee is responsible for ensuring respect of the law, our internal audits may focus on more specific topics.

Managing Directors are evaluated on social aspects as well as economic performance. All activities are covered, although targets may vary from one affiliate to another.

Respect for freedom of association and the right to collective bargaining (2)

Pernod Ricard is committed to ensuring that freedom of association and the right to collective bargaining is fully respected through its Sustainable Development Charter (now "Pernod Ricard's Sustainable Development Commitment").

(1) In accordance with the Principle 1 of the United Nations Global Compact: "to support and respect the protection of internationally proclaimed Human Rights".

(2) In accordance with Principle 3 of the United Nations Global Compact: "to uphold the freedom of association and the effective recognition of the right to collective bargaining".

Non-discrimination [1]

Pernod Ricard made a formalised commitment to non-discrimination in its Sustainable Development Charter (now "Pernod Ricard's Sustainable Development Commitment"). The Company is a signatory to the Global Compact and communicates on this principle. In 2003, Pernod Ricard also signed the "Business Workplace Diversity Charter", whose aim is to encourage the employment of different members in French society. This Charter bans all forms of discrimination when recruiting, during training and professional development.

In its fight against discrimination, Pernod Ricard has set up a dedicated structure to study diversity, to improve the ratio of men and women and the variety of the profiles on internal recruitment shortlists. In particular, the Group has conducted an in-depth analysis of factors affecting the development of women's careers, thus allowing the gradual implementation of measures to promote gender parity.

The Group's affiliates have also initiated a large number of practices to promote diversity.

The number of women in Management Committees in the affiliates is now 21.7%.

With regard to disability, although Group affiliates do comply with local legal requirements in this respect, where these exist, there is still work to be done to improve the insertion of disabled workers. In 2014/2015, 19 affiliates carried out work to adapt their premises for disabled people and 18 affiliates invested in appropriate equipment. 19 Group affiliates conducted disability training and/or awareness actions for their employees. Other measures implemented in 2014/2015 included joint work with specialist establishments (launched by 15 affiliates), participation in dedicated forums (provided by 8 affiliates), and the distribution of information brochures (in 10 affiliates). The recruitment of disabled employees was reported in 12 different affiliates located in Europe, Asia, Americas and Africa.

Elimination of forced labour and effective abolition of child labour [2]

As in its fight against discrimination, Pernod Ricard is committed via the United Nations Global Compact to eliminate forced or compulsory labour and to effectively abolish child labour. The Pernod Ricard Charter sets out the Group's commitments to comply with the International Labour Organisation standards. Pernod Ricard also requires its suppliers and subcontractors to respect these principles (see "Involvement of the Group's partners in its CSR commitments", page 88).

(1) In accordance with Principle 6 of the United Nations Global Compact: "elimination of discrimination in respect of employment and occupation".

(2) In accordance with Principles 4 & 5 of the United Nations Global Compact: "elimination of all forms of forced and compulsory labour" and "effective abolition of child labour", respectively.

Environment

A long-standing commitment

Pernod Ricard was built upon the development of brands deep by rooted in the land and from the transformation of farm raw materials. As such, preserving the environment is a top priority. Since the 1960s, Paul Ricard was a pioneer and visionary in environmental protection, having created a marine observatory in 1966 which became the Paul Ricard Oceanographic Institute. Almost half a century later, the Group has developed very strong relationships with the agricultural regions from where its raw materials come from and where it produces many of its brands, thus linking the Group's development with areas where the Company's roots were established.

Every stage of the life cycle of our products affects the natural environment and available resources in different ways. The table below shows the main direct and indirect impacts of the Group's activities on the environment along the product life cycle.

Priorities based on the environmental impacts generated along the product life cycle

Stage of life cycle	Production of raw materials	Manufacture of products	Packaging	Distribution and logistics	Consumption
Activities	Agricultural production	Pressing, vinification, distilling, maturing, blending	Bottling, packaging	Transport by road, sea, rail	Product end of life
Main environmental impacts	Irrigation water Biodiversity	Energy consumption Water consumption Organic waste Waste water Greenhouse gas emissions	Energy consumption Packaging waste Waste water	Greenhouse gas emissions	Packaging waste

The Group's five main commitments result from these impacts and cover the following areas:

- deployment of efficient environmental governance;
- promotion of sustainable agriculture and biodiversity protection;
- preservation of water resources;
- reduction in energy consumption and carbon footprint;
- commitment to a sustainable approach in developing our products and reducing the impact of waste.

These themes are set out in the Group's Environmental Policy that was adopted by General Management in 2013. This policy covers the Group's entire value chain and activities, from upstream procurement, production, market distribution to the end of the product's life. It is aimed at all our stakeholders, starting with all employees across the world, as well as the numerous suppliers and partners.

The commitment of Pernod Ricard employees is an essential aspect of changing business practices. This year, the affiliates of Pernod Ricard Nordic & Baltic demonstrated their commitment by organising an environment week to coincide with the World Wide Fund for Nature's (WWF) Earth Hour event. Each day had a different theme: energy and climate, water, waste, health and employees were encouraged to fulfil various challenges, such as taking photos of creative and inspirational recycled objects, for instance.

Environmental management [1]

An Environmental Roadmap details the Group's guidelines and priority actions and targets so that the environmental policy can be rolled out to all affiliates, regardless of whether they are involved in production or distribution.

The first roadmap, implemented from 2010 to 2015, was based on the five major areas of the Group's environmental policy and highlighted the key commitments set out below:

Areas	Commitments	2010/2015 targets	Results at 30.06.2015
Governance	Roll out an efficient **environmental management** system	100% of sites certified ISO 14001	96% (representing 99.7% of volumes produced)
Agriculture and biodiversity	Promote **sustainable agriculture** and protection of **biodiversity**	80% of vineyards belonging to the Group certified to environmental standards	78%
Water	Conserve **water resources** locally	Fall of -5% in water consumption per unit manufactured at production sites	-14%
Energy and greenhouse gas emissions	Reduce **energy consumption** Measure and **reduce greenhouse gas emissions** along the entire production chain	Fall of -10% in energy consumption and CO_2 emissions per unit manufactured at production sites	-16% (energy) -26% (CO_2)
Eco-design and waste	Reduce the impact of **waste** Promote **eco-design**	Fall of -40% in solid waste sent to landfill or incinerated per unit produced	-76%

At 30 June 2015, the targets set for 2015 have largely been achieved or exceeded in terms of water, energy and waste. In terms of certification targets, results are very slightly below target, as a result of recent acquisitions which require an extra one or two years to be brought up to standard.

The actions behind these commitments will be detailed in later chapters.

A new Roadmap with new targets has, therefore, been drawn up with the goal of broadening the environmental scope and making it a key feature of our brands. This Roadmap, which was presented to the Executive Committee at the end of 2014, is founded on the following four pillars, each with their own specific actions and precise milestones to be achieved by 2020: governance, supply chain, resources stewardship, brands and consumers:

- the main objectives of the "governance" pillar are to identify our long-term environmental risks so they can be minimised, to establish indicators and relevant targets for our businesses and to boost involvement and skills development within the organisation through targeted training of employees and proactive communications;
- the "supply chain" pillar aims to engage our suppliers in environmental and social issues. This is achieved by setting an example in the way we manage our own vineyards, by ensuring we can trace all our agricultural materials adequately to confirm the conditions under which they are produced, by collaborating with our packaging suppliers to ensure our packaging is produced sustainably, and finally by engaging with all our partners to satisfy ourselves of their environmental and social commitment;
- the "resources stewardship" pillar is particularly directed at ensuring that our production sites and vineyards continue to save water, optimise their energy consumption and reduce CO_2 emissions, reduce the volume of waste sent to landfill and for incineration and to help reduce the environmental impact of our packaging by choosing materials that can be recycled easily, while encouraging consumers to practice selective sorting;
- the "brands and consumers" pillar aims to place the environment at the heart of our brands by identifying ways in which environmental and social aspects can create value for our brands, and by developing our products in a sustainable way, using eco-design principles.

(1) In accordance with Principles 7 & 8 of the United Nations Global Compact: "to support a precautionary approach to environmental challenges" and "to undertake initiatives to promote greater environmental responsibility", respectively.

The main commitments for this new period are as follows:

Pillars	Commitments	2020 targets
Governance	Manage our long-term environmental risks and place environmental at the heart of our business	100% of our brand owners have conducted an assessment of their long-term environmental risks
		The commitment of all our employees is regularly measured and it demonstrates their support
Supply chain	Demonstrate our leadership in sustainable agriculture and the preservation of biodiversity on our agricultural propreties.	100% of the vineyards operated by the Group are certified according to environmental standards and have implemented a biodiversity preservation programme
	Engage our suppliers in environmental and social issues	100% of brand owners have assessed the social and environmental conditions under which the farm raw materials they use are produced
		80% of the Group's purchases are covered by our responsible procurement policy
Management of resources	Conserve water resources locally	100% of the Group's irrigated vineyards are equipped with a drip irrigation system
		20% reduction in water consumption per unit produced at production sites between 2010 and 2020
		100% of sites located in high water risk areas have implemented an action plan for managing water resources
	Reduce energy consumption and reduce greenhouse gas emissions along the entire production chain	20% reduction in energy consumption and 30% reduction in CO_2 emissions per unit produced at production sites between 2010 and 2020
	Reduce the impact of waste	Aim for zero waste sent to landfill by 2020 at production sites
		Aim for 100% recyclable packaging at consumer level
Brands and consumers	Place environmental concerns at the heart of our brands and meet our consumers' expectations in this respect	19 of the group's priority brands incorporate eco-design principles into their product development
		19 of the group's priority brands have conducted a life-cycle analysis in compliance with the environmental labelling regulations and are in a position to provide information regarding their impacts to consumers

To support this approach and to help all of our employees, affiliates and brands develop this Roadmap, instruction sheets to facilitate the implementation of each action have been circulated. In addition to this, the existence of an Intranet community, a good practice database, as well as the corporate social network, Chatter®, means that all employees can get actively involved in protecting the environment and rolling out the Roadmap.

A steering committee, comprised of members of the various departments involved (CSR, Operations, Global Business Development, Communications), will meet twice a year to ensure the Environment Roadmap is being properly implemented.

Organisation and certification

In accordance with the principles outlined in its Environmental Policy, Pernod Ricard has rolled out dedicated environmental management systems in each of the countries in which it has production sites. These systems are based on the following principles:

- promoting the responsibility of affiliates: each affiliate is fully responsible for determining how to reduce its own environmental impact and how to apply the Group's policy locally. The Headquarters Sustainable Performance Division oversees and co-ordinates measures at Group level, notably by setting shared objectives, circulating guidelines and sharing best practices;
- the ISO 14001 (Environmental Management) certification policy: at 30 June 2015, 96% of the production sites are ISO 14001 certified, representing 99.7% of the Group's production volume.

This approach is in line with the Group's integrated Quality/Safety/Environment management policy, which is translated by the implementation of a Quality Management System certified to ISO 9001, the common standard for risk prevention and continuous improvement for industrial affiliates, in addition to ISO 14001 (Environmental Management) and OHSAS 18001 (Occupational Health and Safety) certifications. Therefore, as at 30 June 2015, all the Group's production sites have obtained triple QSE certification (ISO 9001/ISO 14001/OHSAS 18001), with the exception of two minor sites in France (Eauze, in Armagnac, and Podensac which produces Lillet), and recent acquisitions (the Helan Mountain winery in China and the Kenwood winery in California). These sites without QSE certification represent 0.6% of the Group's total production.

Furthermore, the vast majority of sites have ISO 22000 (Food Safety Management) certification to ensure product compliance and consumer safety.

Environmental performance

Scope of environmental reporting 2014/2015

Pernod Ricard's environmental reporting relates to production sites and vineyards under operational control at 30 June of the financial year in question and which have been in operation throughout the entire year. It does not cover administrative sites (head offices or sales offices), nor logistics warehouses when these are located outside industrial sites (this corresponds to only a few isolated warehouses), since their environmental impacts are not significant compared to those located at industrial sites.

For 2014/2015, this production site reporting covers the activity of 99 industrial sites, compared to 97 the previous year. This figure results from the sale of a bottling site in Greece and the integration of three new sites (two production sites for the Kenwood wine brand in the United States and the Dungourney whiskey maturing site built in Ireland by Irish Distillers). The industrial scope taken into account for this financial year therefore covers a production volume of 1,055 million litres (bottled or bulk finished products) compared to 1,066 million in 2013/2014, and a volume of distilled alcohol of 244 million litres (measured as pure alcohol) compared to 242 million in 2013/2014. These results are discussed in the various sections of the environment chapter of this document.

The reporting for the year 2014/2015 also covers 4,870 hectares of vineyards, located mainly in New Zealand, Australia, France, Spain, the United States and China. Argentinian vineyards, representing a total of 787 ha of agricultural property, have been excluded from the scope for this year, as it appears that there was a degree of uncertainty regarding the data relating to the consumption of water for irrigation. This consumption represents a significant proportion of the total consumption of the Group's vineyards, due to the very dry growing conditions in Argentina. Measures will be taken to ensure metering is reliable and to include Argentinian consumption in the reporting for the 2015/2016 financial year. The key results relating to vineyards are set out in the section "Sustainable agriculture and performance of our vineyards".

Methodology

The chosen indicators make it possible to monitor the Group's environmental performance on the basis of indicators that are relevant to its industrial activity. They are drawn up based on requirements set out in the implementing decree of the Grenelle 2 law and the recommendations and principles of the GRI (Global Reporting Initiative, version G4), and are adapted to the Group's specific activity where necessary.

The main categories of data collected concern: water management (consumption and discharge), energy consumption, the management of by-products and waste (organic, solids, hazardous, etc.), the consumption of packaging materials, direct and indirect CO_2 emissions, environmental management, use of crop protection products, sanctions and incidents reported to the authorities and complaints filed by third parties.

To ensure transparency and guarantee the reliability of the data communicated, since 2009/2010 the Group has, on a voluntary basis, required its Statutory Auditors to verify some environmental data. In order to meet the requirements of the Grenelle 2 Law, all environmental information is now subject to an in-depth review by the Statutory Auditors. Their report, detailing the work performed as well as their comments and conclusions, appears in Section 3 "Corporate Social Responsibility".

Furthermore, in order to ensure consistent results throughout the scope, a manual defining each indicator was sent to all the Environment Managers in charge of consolidating data. This manual is updated on an annual basis. Data is collected by the Environment Managers of each affiliate. The Group then analyses this data and runs consistency checks to identify any reporting or input errors. When there are significant gaps in the data, the Group checks with the affiliates to ensure the data is valid. The data is then formally approved by the affiliates. Finally, the Group consolidates the data by analysing the progress in environmental performance, both globally and by business activities.

In the case where a significant reporting error from previous periods is identified, historical data is only readjusted if the impact on Group performance is greater than 1%, in order to allow for a better interpretation of results and trends.

Performance monitoring

The environmental performance of sites is expressed using several ratios, based on the categories of activities in which the Group has classified them:

- for distilleries: data broken down by volumes of pure distilled alcohol;
- for bottling sites: data broken down by volumes of bottled finished products;
- for wineries: data broken down by volumes of wine made;
- for vineyards: data broken down by surface area cultivated with vines.

At Group level, consolidated performance is expressed based on:

- either the amount of distilled alcohol for the environmental impacts due primarily to distillation (*e.g.*: water or energy consumption), expressed in units per thousand litres of pure distilled alcohol (kl PA);
- or 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 (*e.g.*: solid waste), expressed in units per thousand litres (kl);
- or 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. Therefore, as the time frames involved in bottling may sometimes be very different from those for distilling aged spirits: whiskies, cognac, etc., these figures may be difficult to interpret from one year to the next. 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 results expressed by the indicators should be used with care and interpreted over the long term.

Environmental compliance

All certified sites are subject to internal and external audits, during which any failures to comply are reviewed.

One case of administrative non-compliance was identified this year and three environmental incidents were reported to the local authorities:

- the case of administrative non-compliance amounted to €273 for the Aygavan site in Armenia when bad weather conditions caused vinasses to be spread over a road instead of over private land;
- the three environmental incidents declared to the authorities were the following:
  - one involved a leakage of cooling gas in a refrigeration unit at the Napa winery in the United States,
  - the other two involved significantly exceeding the limits for waste water discharge at the Fox & Geese bottling site in Ireland.

This non-compliance and these incidents had no significant impacts on the environment; they were analysed and action plans were drawn up to correct the consequences and eliminate the causes, with a view towards continuous improvement.

Nuisances to neighbours

During 2014/2015, the whisky maturing cellars in Canada received one complaint from nearby residents about mould growing on their buildings.

Provisions for environmental risk

The amount of provisions for environmental risk was €0.5 million at 30 June 2015. In addition, some affiliates had to provide guarantees when applying for operating permits from the authorities. These do not correspond to specific amounts but ensure the affiliates' solvency to deal with any consequences of pollution or any other environmental accident.

Promoting sustainable agriculture (1)

Challenges and targets

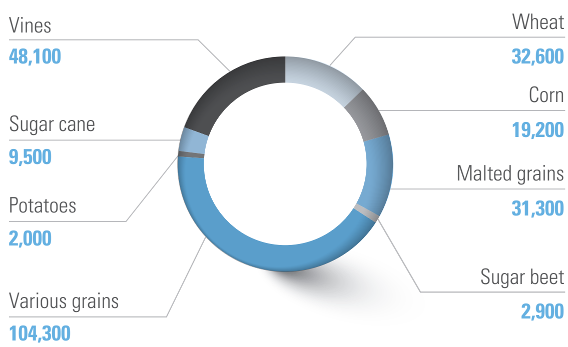
Pernod Ricard is a major partner of agriculture, as all the Group's products are manufactured with farm raw materials. As such, it promotes sustainable agriculture, using natural resources responsibly, respecting the environment, and is concerned about preserving water and soil quality, biodiversity and human health.

The main farm raw materials the Group uses are grains for whiskies and vodka, sugar cane for rums and grapes for wines, champagnes, cognac and brandies. Then come sugar beet for neutral alcohol used in various liqueurs, agave for tequila, potatoes for some vodkas and lesser quantities of numerous aromatic herbs and spices.

During 2014/2015, the raw materials used by the Group were equivalent to 2,619,305 tonnes of agricultural products, representing both in-house production from our vineyards and farms (62,159 tonnes), direct purchases of raw agricultural products (1,125,600 tonnes), or purchases of processed products such as sugar and alcohol (1,431,547 tonnes). The following chart shows the breakdown of the various raw materials used by the Group.

In farming terms, in 2014/2015 this output represented the equivalent of around 250,000 hectares of crops, from Europe (grain, grapes), Asia (grain, aromatic plants), the Americas (sugar cane, grain, agave) and Oceania (grapes).

AGRICULTURAL LAND CORRESPONDING TO RAW MATERIALS USED (HECTARES)



Pernod Ricard is committed to developing and promoting environmentally-friendly farming practices, both through its own farming activities (mainly vineyards) and in the products it buys from its suppliers. As such, the Group acts in accordance with local standards with the following requirements:

- reduced use of fertilisers, selection and use of pesticides that are less hazardous for the environment;

(1) *In accordance with Principles 8 & 9 of the United Nations Global Compact: "to undertake initiatives to promote greater environmental responsibility" and "to encourage the development and diffusion of environmentally friendly technologies", respectively.*

- control of water consumption, in particular using drip irrigation techniques where possible;
- preservation of soil and biodiversity;
- training and assistance in sustainable agriculture practices provided for farmers.

When buying processed agricultural products produced by farming, the Group's Responsible Procurement approach helps to identify risks higher up in the production cycle of the sectors that supply them. Such risks are not only environmental, but they also concern production working conditions and respect for human rights. The sugar cane sector appears to present particular risks in this respect and we will pay close attention to this in 2015/2016. The grain and grape sectors are also closely monitored, and appear initially to present less risks.

Sustainable agriculture and performance of our vineyards

The Group's vineyard estates cover 5,657 hectares in seven main countries: New Zealand (46%), Australia (18%), Argentina (14%), France (12%), Spain (6%), the United States (3%) and China (2%). The majority of these vineyards are certified to environmental standards, representing 78% of surfaces covered by reporting:

- in New Zealand, all the vineyards run by the Group's affiliate are certified by "Sustainable Wine Growing New Zealand", of which Pernod Ricard New Zealand was one of the founding members in 1995; 149 hectares are managed in line with organic farming principles and do not use any pesticides or synthetic herbicides;
- in Australia, Pernod Ricard is a member of "EntWine Australia", an environmental assurance programme for vineyards and winemaking sites. All its vineyards have been ISO 14001 certified since 2002 and 49 hectares are managed in line with organic farming principles;
- in France, the Martell & Co and Mumm Perrier-Jouët vineyards follow the integrated viticulture principles developed by Cognac and Champagne industry bodies. The Martell vineyards are ISO 14001 certified and those of Mumm Perrier-Jouët will obtain this certification in 2015;
- in Spain, management of the vineyards is carried out according to the guidelines of the Sinergia standard, developed under the European Life programme, and all vineyards are certified as compliant with ISO 14001. 22 hectares are managed according to organic farming principles.

Since 2012/2013, specific annual environmental reporting has been in place for all vineyards. This monitors their practices and measures different performance indicators. This year, it covers 4,871 hectares of vineyards, accounting for 44,106 tonnes of grapes harvested. This excludes data relating to vineyards located in Argentina, as it appears that this data, which has a significant impact in terms of the Group's vineyards overall, was not reliable enough to be used. Steps will be taken to ensure this data is included in the reporting for 2015/2016.

Of these 4,871 hectares of vineyards operated by the Group falling within the scope of the reporting:

- 6.8 million m^3 of water was used to irrigate our vineyards. In 2014/2015, 99% of land used drip irrigation. This high proportion is explained by the fact that in China large areas of vines irrigated by gravity have been uprooted, with the intention of replanting them with a drip irrigation system. This technique both significantly reduces the water supplied to the plant and optimises the fertiliser supply and reduces the need for weeding;
- 13.9 tonnes active ingredient of herbicides were used on our vineyards. Green cover is laid between the rows across 83% of the land to reduce the amount of herbicide used. This also reduces the risk of soil erosion and promotes the development of beneficial organisms which protect the vines from pests. In New Zealand, sheep are used instead of chemical or mechanical weeding, thus reducing the use of pesticides, and allowing the removal of weeds as well as better stripping of excess leaves;
- 0.75 tonnes active ingredient of insecticides were used on our vineyards. The use of insecticides has dropped significantly, mainly in France and Spain, through use of the "sexual confusion" technique. This technique consists of disrupting the reproduction of vine parasites by using pheromones;
- 92.6 tonnes nitrogen of fertilisers were used. Controlling fertilisation by soil and plant analysis allows fertiliser doses to be adapted to the exact plant requirements;
- 30.1 tonnes active ingredient of synthetic fungicides were used, as well as 110 tonnes of sulphur and 2.3 tonnes of copper as mineral fungicides;
- the Group's vineyards used 13,141 MWh of energy, which is less than 1% of that used by the production sites;
- around 221 hectares of vineyards are managed according to organic farming standards, representing 5% of the Group's land;
- 403 hectares of land are contributing to the protection of biodiversity. These are areas within the vineyard estates hosting biodiversity (rivers, forests, hedgerows, native ecosystems, etc.), that are left untouched to preserve biological diversity close to the farmland.

Partnership with suppliers of agricultural products

The direct purchasing of agricultural products by affiliates results in several partnership initiatives being undertaken with the Group's agricultural suppliers, to reduce the impact of their activities on the environment whilst ensuring high quality products and contributing to sustainable agriculture:

- in Australia, around 90% of Pernod Ricard Winemakers Australia's supplies are covered by the "Entwine Australia scheme", which requires that its members are ISO 14001 or Freshcare certified and requires reporting on the consumption of energy, water, fertilisers, and environmental management practices (biodiversity, soil and water conservation);

- in New Zealand, with all its vineyards now certified in accordance with the "Sustainable Winegrowing New Zealand" standard, Pernod Ricard Winemakers New Zealand has helped its grape growers obtain this certification. 100% of vineyards are now accredited according to the sustainable agriculture standard;
- in Armenia, Yerevan Brandy Company helps wine growers with the management of their crop protection products: the affiliate supplies wine growers with products that comply with the environmental standards in France as well as efficient sprayers that enable them to use the precise amount of crop protection products required to treat their plants. It then collects packaging waste, which is destroyed by an approved company. Through the Positive Planet Finance NGO, it also provides help with establishing a cooperative, with the goal to develop the business capacity of small producers;
- in Sweden, The Absolut Company is supplied exclusively with locally-produced wheat, in line with stringent sustainable agriculture standards;
- in France, the majority of the fennel used for the production of Ricard is grown by farmers in Provence in accordance with sustainable agriculture principles: this very fragrant plant has fostered the development of insect populations, in particular bees, thus participating in maintaining biodiversity;
- in Greece, Pernod Ricard Hellas proactively supports small producers of green anise used to produce Ouzo, mainly through providing training to farmers on the island of Lesbos to raise their awareness on the dangers of pesticides and the benefits of sustainable agriculture.

Actions for the protection of biodiversity

In addition to its sustainable agriculture practices, Pernod Ricard is committed to projects aimed at protecting and developing the biodiversity of ecosystems on the agricultural land where the Group operates vineyards. It also encourages all of its affiliates to undertake projects to preserve biodiversity in line with their activities. In this respect, the Group supported the French National Biodiversity Strategy in June 2011. The Group has identified 32 protected or sensitive natural areas close to its production sites throughout the world, and it is monitoring these closely. These areas are mainly located in Scotland, Ireland, France and Sweden.

Some affiliates have been conducting particularly significant biodiversity measures for several years now:

- in Scotland, Chivas used an interactive tool to map sensitive ecosystems located close to its industrial sites. The Company can thus ensure that potential impacts of its activities on these ecosystems are understood and that measures necessary to protect environmental quality and biodiversity are applied;
- in France a detailed map of the biodiversity of the vineyards operated by Martell & Co was undertaken. This highlighted the importance of non-cultivated land (borders, groves, ditches, etc.) which represent 8 to 15% of the land and play an essential role as a habitat for many wildlife species. This study identified specific measures to reinforce the land's biodiversity. This subject was also discussed with the affiliate's wine suppliers, *i.e.*, 1.200 wine growers who could potentially deploy scaled versions of the measures on their plots;
- in France, the growing of yellow gentian, whose root is a key ingredient in the Suze recipe, has been the subject of research programmes to enable its production in specialised farms, thus ensuring the protection of 50,000 wild plants every year;
- in New Zealand, in the humid regions of Kaituna, the Group's affiliate has conducted a programme to regenerate nine hectares of land, aiming to establish the original ecosystem (restoration of soil, reintroduction of local species, etc.). The affiliate has also contributed to the protection of a local falcon species 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, for many years now Pernod Ricard Winemakers has supported a significant programme aimed at protecting the biodiversity of the Barossa Valley. The affiliate continues to expand its actions in support of reforestation and the preservation of indigenous ecosystems in the Jacob's Creek river basin. These include, for instance, more than 700 indigenous trees planted on World Rivers Day to replace invasive species, thus contributing to improved biodiversity and the return of amphibians, fish and birds. This iconic project has become a reference model for Pernod Ricard throughout the world;
- in France, Martell aims to have all of the new maturing warehouses currently under construction certified as being of High Environmental Quality (HEQ), thus helping to reduce the visual impact of these buildings and their effect on the landscape, and to increase the site's environmental potential;
- in Spain, Pernod Ricard Winemakers organised an environment day at the Campo Viejo winery in May 2015. Employees and their families took part in different activities to improve biodiversity, in partnership with the NGO Accionatura, which has a profound knowledge of the ecosystems in the Rioja region. The actions taken throughout the day are in keeping with the site's biodiversity action plan: installing nesting boxes and feeders for birds, building animal shelters and insect hotels, etc.
- in Ireland, Irish Distillers planted more than 17,000 trees of 15 different local species as part of its new whisky maturing warehouses development at Dungourney in 2014, together with 12,000 undergrowth shrubs to create the layering that is so vital to biodiversity. 6,600 wetland plants were planted up by the rainwater collection pond, creating a variety of habitats and increasing biodiversity on the site;
- in Brazil, 600 trees of various local species were planted at the Resende site. Each employee was then allowed to choose a tree and receive an adoption certificate. Every six months, employees are given an update on the trees' progress, helping to increase their engagement;

- in Russia, Pernod Ricard Rouss signed a partnership agreement with the World Wide Fund for Nature (WWFN) in 2015 to help protect the snow leopard, a species from central Asia that is threatened with extinction;
- finally, the Paul Ricard Oceanographic Institute would not have been able to play its essential research and public education role for the protection of marine ecosystems and aquatic biodiversity without the material and financial support of the Société Paul Ricard and the Group.

In addition to biodiversity protection, the Group is committed to ensuring complete traceability of its products in terms of GMOs (Genetically Modified Organisms) to assure consumers that the labelling regulations for products containing GMOs are strictly complied with. As such, a robust traceability system has been implemented for grains used in the production of Irish whiskey, alongside audits aimed at guaranteeing that there is no cross-contamination. All affiliates conduct risk assessments to identify any potential sources of GMO raw materials in order to comply with local regulations regarding the labelling of products containing GMOs.

Preserving and saving water resources [1]

Challenges and strategy

Water is an essential component in the products manufactured by Pernod Ricard. It is used at every stage in the life cycle of the Group's products: irrigating crops, processing raw materials, distilling, blending spirits and formulating products.

Pernod Ricard has marked water management as one of the five strategic focuses in its environmental policy. In September 2010, the Group joined the United Nations CEO Water Mandate, reinforcing the Group's commitment to the protection of the planet's water resources.

At production site level, the affiliates' actions are based on four levers put in place to optimise the management of water resources and preserve the quality and availability of water:

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

These actions are particularly important for sites located in geographical regions where water is a sensitive resource.

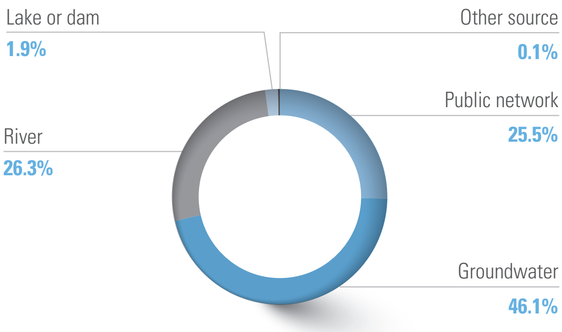
Another aspect of the impact of the Group's activities on water resources is the indirect consumption generated by the production of farm raw materials, packaging materials or electricity consumed by the Group. These impacts generated by our suppliers are covered using methodologies known as the water footprint.

Water consumption and production site performance (excluding vineyards)

A distinction should be made between water abstraction, which covers the total volume of water taken from the environment (groundwater, surface water, public water supply network, etc.) regardless of what it is used for, and water consumption, which only covers the amount of water used with a measurable impact on the environment. As such, the use of river water to cool a distillery still, when the water is returned to the same river without any alteration to its chemical, biological, thermal or other characteristics, is deemed water abstraction and not water consumption.

46% of water consumed by the Group is sourced from the underground water table, 26% from the public network and 26% from surface water sources (rivers, lakes, etc.).

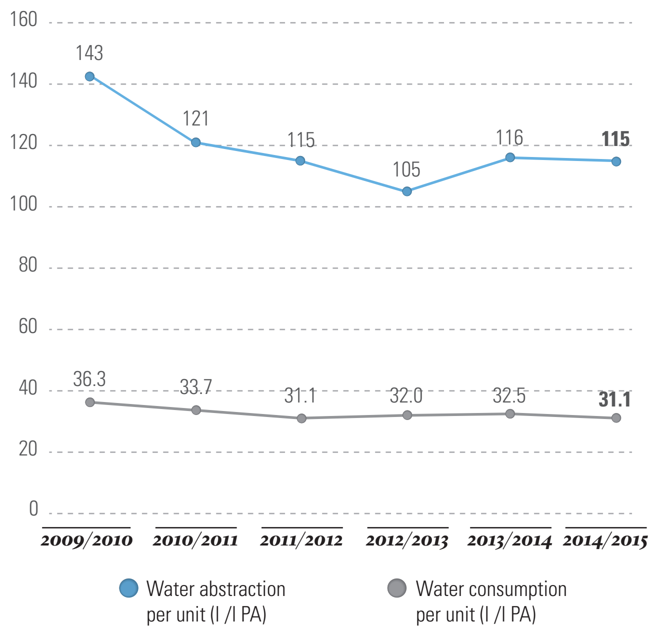
ORIGIN OF WATER CONSUMPTION (EXCLUDING VINEYARDS)



In 2014/2015, 28 million m³ of water was taken by the Group's industrial sites. Only 7.6 million m³ constitutes water consumption as defined above, the rest being exclusively used for the cooling of distilleries and restored without disturbing the environment. Around 80% of this volume was consumed by the distilleries, which remain the principal sites for water consumption by Pernod Ricard. The water used to adjust the degree of alcohol in products accounts for 0.5 million m³ (*i.e.* 7% of the Group's total consumption). Adjusted for volume produced (m³/kl PA), the quantity of water taken and the quantity consumed have been falling since 2009/2010, by 20% and 14% respectively. It should be noted that 80% of the volume of water consumed was measured accurately by meters, and the remaining 20% is estimated.

(1) *In accordance with Principles 8 & 9 of the United Nations Global Compact: "to undertake initiatives to promote greater environmental responsibility" and "to encourage the development and diffusion of environmentally friendly technologies", respectively.*

TRENDS IN WATER CONSUMPTION AND WATER ABSTRACTION (EXCLUDING VINEYARDS)



This reduction in water consumption is the result of improvement actions undertaken by all production sites, in particular distilleries. The most notable improvements are the following:

- the Walkerville distillery in Canada has reduced its water consumption per litre of pure distilled alcohol by 25% since 2009/2010, following the replacement of its underground pipes and the implementation of a detailed consumption monitoring plan;
- the Midleton distillery in Ireland has reduced its water consumption per litre of pure distilled alcohol by 26% since 2009/2010, following the implementation of various optimisation initiatives, including reusing cooling water from the fermenting units as process water;
- Yerevan Brand Company in Armenia has reduced its water consumption per litre of pure distilled alcohol by 29% since 2009/2010, and celebrated this year's World Water Day by taking part in projects to clean up the rivers Vedi and Tavush;
- in New Zealand, the Tamaki bottling site commissioned a system to recover bottle washing water, helping to reduce its water consumption per litre bottled by 15% between 2013/2014 and 2014/2015.

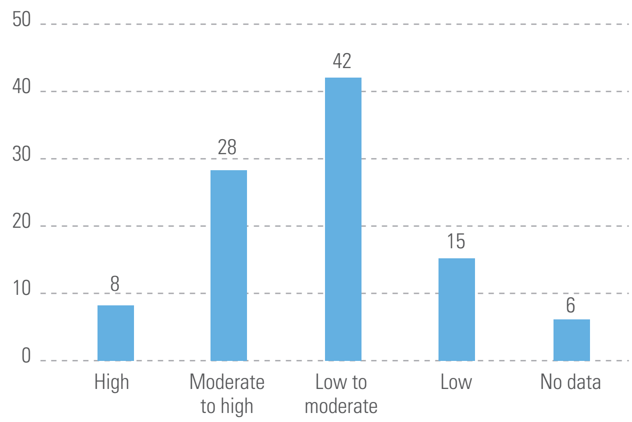
Water management tailored to meet local challenges

Because water resources are unevenly distributed throughout the world, particular attention is paid to water management on sites located in geographical regions where water is a sensitive resource. The Group now uses the Overall Water Risk Index included in the Aqueduct tool developed by the World Resource Institute (WRI) to identify these geographical regions. This aggregate index combines various individual indicators of physical, regulatory and reputational risks. It has the advantage of highlighting areas at higher risk, as opposed to the Water Stress Index from the Global Water Tool, which was previously used but which only represented one specific feature of water resources, that is the proportion of resources that are withdrawn for human use, in relation to the amount of available renewable water produced by the local environment. This new index allows us to identify the priority regions for which a more detailed, local assessment is required.

Of Pernod Ricard's total production units,

- 8 sites are located in or in the immediate vicinity of high-risk areas as measured by the Overall Water Risk Index. These eight sites represent 2% of the Group's total consumption and are spread across four countries (Argentina, India, China and Mexico). These are mainly bottling sites;
- 28 sites are located in or in the immediate vicinity of moderate to high-risk areas as measured by the Overall Water Risk Index. These 28 sites represent 22% of the Group's total water consumption and are spread across 13 countries;
- The other 63 sites, accounting for 76% of the Group's consumption, are located in areas considered to be at a low to moderate risk.

BREAKDOWN OF THE NUMBER OF PRODUCTION SITES BASED ON THE OVERALL WATER RISK INDEX AS MEASURED BY THE WRI'S AQUEDUCT TOOL (EXCLUDING VINEYARDS)



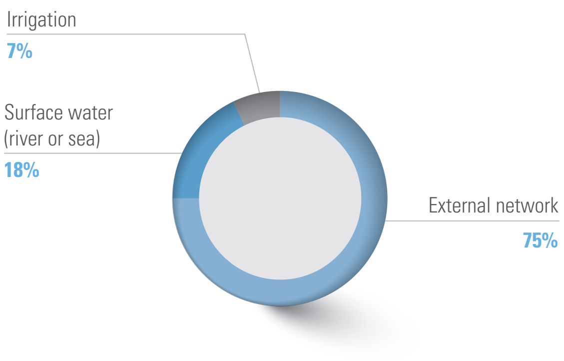
More detailed local studies will be conducted in 2016 on the eight sites for which the Overall Water Risk Index is high and an action plan will be put in place if necessary.

Treatment of waste water

During 2014/2015, the volume of waste water released was 4.6 million m^3 compared to 5.5 million m^3 in 2013/2014. More than 80% of the volume of waste water was measured accurately by meters, and the remainder was estimated.

75% of waste water was released into a public sewer system and 18% was released into the environment (rivers, lakes, seas) under permits delivered by local authorities and in accordance with the imposed discharge criteria. The remaining 7% of waste water was recycled and used to irrigate crops (vineyards), after appropriate treatment.

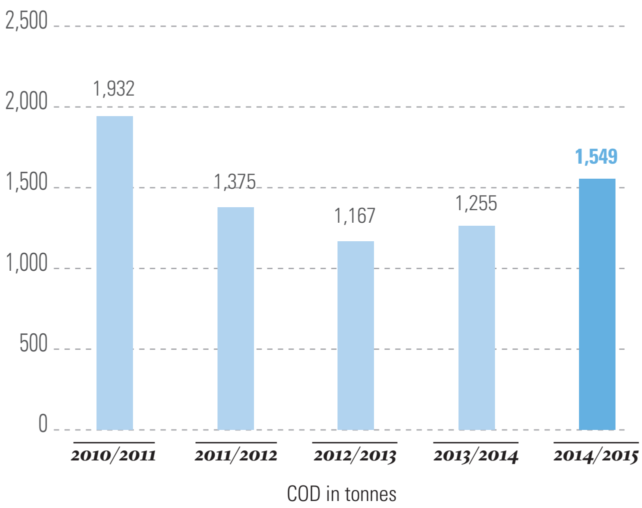
WASTE WATER DESTINATION



The pollutant load linked to the organic matter contained in this water is expressed by the Chemical Oxygen Demand (COD) measured after treatment and before release into the natural environment. In 2014/2015, this was estimated at a total of approximately 1.549 tonnes of COD for the Group. These measurements are taken at various intervals depending on the size of the site (from once a year for small sites to daily for large sites) and from samples which, at times, may not be fully representative due to the variety of activities undertaken throughout the day and year. For these reasons, they cannot be considered a reliable performance indicator for the Group.

This year, there has been a significant increase in this pollutant load (+320 tonnes), mainly due to a breakdown at an internal treatment plant on a site in Argentina, resulting in a 184-tonne increase in COD over the year.

CHANGE IN CHEMICAL OXYGEN DEMAND (COD) RELEASED INTO THE NATURAL ENVIRONMENT



Several types of processes are used by the Group's factories to reduce the water organic load and make it suitable for reuse or even to be released into the environment: these include methane generated by microorganisms enabling biogas to be produced, aerobic lagoon treatment, membrane filtration, or even the use of plants to purify the water in so-called "filter gardens", such as those created in Spain and Argentina. This year, in response to the increased capacity of its distillery, Irish Distillers implemented a new waste water treatment facility using aerobic digestion with membrane filtration.

Contributing to reducing the Group's water footprint

In addition to the direct consumption of Pernod Ricard's production sites, water is also a large challenge for suppliers upstream from the Group's activities: for this reason a larger study was conducted in 2012 using methodologies known as the Water Footprint. These consist of identifying the water resources used not only by the direct activities of the affiliates concerned, but also by the products and services they purchase, such as farm raw materials, packaging materials or energy.

This study identified the main challenges linked to the water resource along the production chain. In the end, the Group's water footprint is equal to 675 million m^3 per year, of which 99% is related to supplies of farm raw materials. Other elements of the production chain – including direct water consumption on industrial sites – only represent approximately 1% of the total. Globally, the challenges for Pernod Ricard relating to the availability of water relate primarily to our agricultural suppliers: these vary significantly from one region to the other and should therefore be dealt with at local level, taking specific climatic conditions into account.

Contributing to reducing climate change (1)

Challenges and strategy

CO_2 emissions increase the greenhouse effect and thus contribute to climate change. Pernod Ricard's activities emit greenhouse gases in several ways:

- directly, due to the combustion of fossil fuel sources, notably at distilleries: these are so-called "Scope 1" emissions (2);
- through the electricity consumed, which generates CO_2 emissions when produced upstream: "Scope 2" emissions (2);
- indirectly, through products (agricultural products, packaging materials, etc.) and services (transport, etc.) purchased by subsidiaries: "Scope 3" emissions (2).

(1) In accordance with Principles 8 & 9 of the United Nations Global Compact: "to undertake initiatives to promote greater environmental responsibility" and "to encourage the development and diffusion of environmentally friendly technologies", respectively.

(2) In accordance with the Greenhouse Gas Protocol (GHG protocol).

Climate change presents several risks for Pernod Ricard's businesses, linked, for instance, to the supply of agricultural raw materials and water to affiliates, exceptional meteorological events that may affect production sites and changes in regulations in countries where the Group operates. Conscious of these risks, Pernod Ricard takes them into account to anticipate and gradually adapt its operational activities. These risks, and the measures to prevent them, are detailed in Section 4 "Management Report" of this Registration Document ("Risk Factors" section).

In order to help reduce this change, the Group continues to adopt an approach, within its sphere of influence, based on two stages:

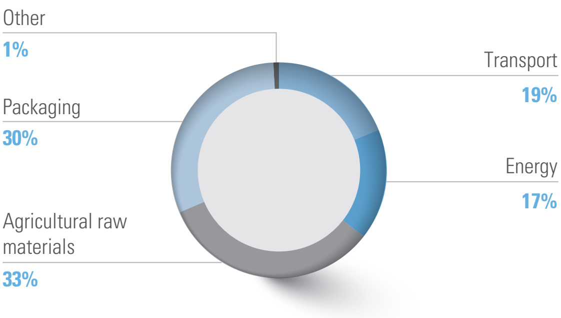
- assessing its carbon footprint throughout its production chain;
- implementing measures to reduce greenhouse gas emissions: directly on its production sites, and indirectly with its suppliers, based on the eco-design of products and the optimisation of the logistics chain.

Measuring our carbon footprint

Every three years, the Group assesses the total carbon footprint of its activities using the methodology set out in the GHG Protocol. These assessments cover the entire volume produced by the Group, including the three scopes described above, from production of farm raw materials and packaging to the shipping of finished products to export markets. The CO_2 emissions generated by the following activities are not taken into account: fleet of commercial vehicles, administrative and distribution sites excluding production sites, and the distribution of finished products from the warehouse to the first customers.

In 2013, this evaluation confirmed the major role of purchases of farm raw materials (grains, grapes, wines, spirits, etc., which account for 33% of the total footprint), and purchases of packaging (chiefly glass and cardboard, accounting for 30% of the total). Transport accounts for 19% of the total. Finally, emissions linked to energy consumption at production sites (Scopes 1 and 2) are only responsible for 17% of the Group's total footprint.

CARBON FOOTPRINT LINKED TO DIRECT AND INDIRECT EMISSIONS ALONG THE PRODUCTION CHAIN



Reducing CO_2 emissions at our production sites

In 2014/2015, emissions from Pernod Ricard's industrial sites (Scopes 1 and 2) totalled 332,488 tonnes CO_2 equivalent, compared to 343,257 tonnes CO_2 equivalent for 2013/2014. Adjusted for units produced, these emissions amount to 1.36 kg of CO_2 equivalent per litre of pure alcohol, compared to 1.42 kg/litre in 2013/2014 and 1.83 kg/litre in 2009/2010. This fall of 26% over five years is due firstly to the policy implemented to improve the energy efficiency of production sites, and secondly to the gradual move towards an energy mix containing less carbon.

For the period 2009/2010 to 2019/2020, the Group set itself the target of reducing CO_2 emissions of Scopes 1 and 2 for production sites (per unit produced) by 30%.

Improving the energy efficiency of industrial installations

At production site level, actions are based on four levers to increase energy efficiency:

- continuous monitoring of energy consumption;
- in-depth energy assessments, with the setting of energy-efficiency targets;
- roll-out of consumption reduction programmes requiring the management of processes and utilities, and which may result in significant investment;
- implementing energy management systems.

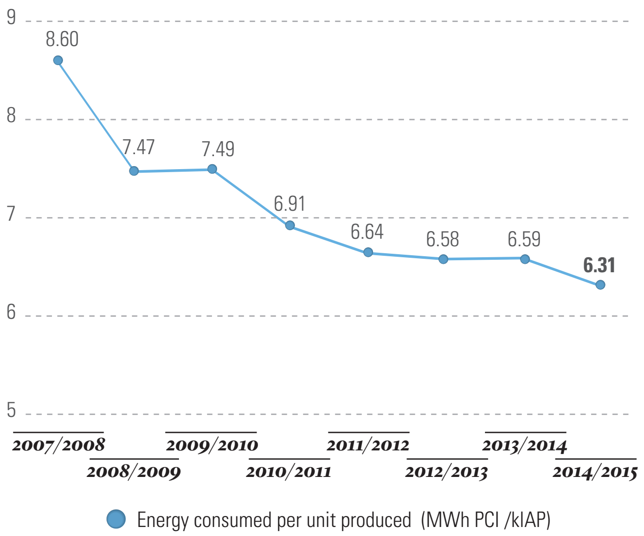
During 2014/2015, the total energy consumption of Group production sites amounted to 1,542 GWh, compared to 1,592 GWh in 2013/2014. Adjusted for production volume, the average consumption per litre of pure distilled alcohol was 6.31 kWh per litre, a 16% reduction compared to 2009/2010. This performance is explained mainly by the improvement in the efficiency of distilleries, which represent 84% of the Group's total energy consumption. The most notable are the following:

- in Sweden, the Nöbbelöv distillery has a certified energy management system, guaranteeing its high energy performance. Since the distillery was built in 2004, there has been a 45% decrease in energy consumption per litre of vodka, due in particular to the reuse of heat produced during the fermentation and distillation processes;
- in Scotland, since 2006 Chivas Brothers has undertaken an ambitious plan to reduce consumption at all its sites by investing in more efficient equipment (third-generation thermo-compressors, etc.) and by implementing energy recycling measures in its processes. There has been a reduction of around 20% in the energy consumption per litre of pure alcohol produced across all Chivas Brothers production sites since 2010;
- in Ireland, Irish Distillers took advantage of the extension of its Midleton distillery to optimise its processes and select the best available technologies, enabling it to reduce its energy consumption by 20% per unit produced over the last two distilling campaigns;

- in France, the Gallienne distillery was certified in accordance with the ISO 50001 energy management system. The site has reduced its energy consumption per litre of distilled alcohol by 12% since 2009/2010, following the installation of new generation burners and a more efficient system for preheating wine.

For the 2009/2010 to 2014/2015 period, the Group has set a target of 10% reduction in consumption per unit produced. By the end of 2014/2015, energy consumption had been reduced by 16% and so the goal has been broadly achieved. A new target was set to reduce energy consumption by 20% between 2009/2010 and 2019/2020.

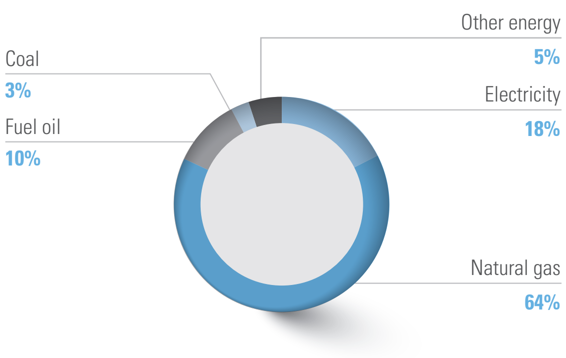
TRENDS IN ENERGY CONSUMPTION



Prioritising cleaner, more sustainable energy sources

Pernod Ricard's industrial activities use energy in different forms. The majority comes from natural gas (64%), then electricity (18%), fuel oil (10%), coal (3%) and various other sources (5%).

BREAKDOWN OF ENERGY CONSUMPTION



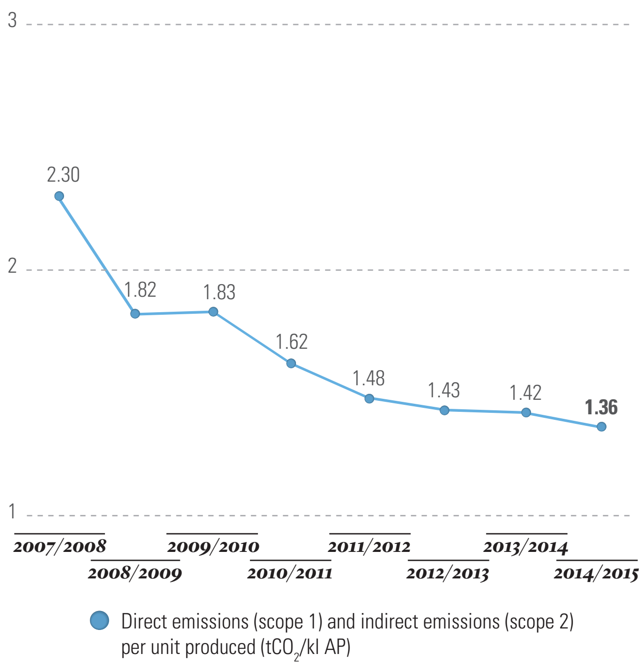
The overall share of renewable energies in this energy mix is 12%, of which 11% is green electricity and 1% biogas, wood and other renewable energies. Regarding electricity used by the Group's factories, 63% of it came from renewable sources in 2014/2015, compared to 61% the previous year: 28 of the production sites are exclusively supplied with "green electricity". It should be noted that to assess the Group's direct emissions, the CO_2 emissions linked to the consumption of renewable energy (green electricity, biomass, etc.) are calculated on the basis of a CO_2 emission factor equal to zero and that the percentages of renewable energies are based on national data, *i.e.* on data given on bills issued by energy suppliers.

In order to reduce its carbon footprint, the Group is also working to replace heavy fuel oil and coal with other, cleaner sources of energy. The consumption of fuel oil and coal per litre of pure distilled alcohol have thus decreased by 41% and 42% respectively since 2007/2008, contributing to a fall in corresponding CO_2 emissions of 50%.

In 2014, The Glenlivet distillery in Scotland completed the construction of a pipeline now supplying it with natural gas. The distillery, whose previous energy source was mainly fuel oil, now uses energy that is both cleaner and more efficient. As a result, between 2012/2013 and 2014/2015 it reduced its direct CO_2 emissions by 33% per litre of pure distilled alcohol.

Another example of the development of cleaner energy is the Nashik distillery in India, which installed more than 5,000 m² of solar panels on the roofs of its production buildings in 2015, with an installed capacity of 345 kW.

CO_2 EMISSIONS AT PRODUCTION SITES (SCOPES 1 AND 2)



Two examples illustrate the remarkable steps taken by production sites in terms of their climate commitment:

- in Sweden, The Absolut Company has been working for many years towards achieving environmental excellence. Initially, the distillery's industrial process was subject to every type of optimisation, making the Nöbbelöv distillery one of the most efficient in the world in energy terms. Subsequently, the affiliate replaced its carbon energy sources with cleaner energy: the three production sites are now powered by renewable electricity, and the oil-fired boiler at the Ahus bottling site was replaced by the use of district heating, thus leading to a four-fold reduction in site emissions. Finally, in order for the distillery to become carbon neutral, the affiliate committed to a carbon offsetting programme, thus helping to reduce the volume of CO_2 emissions equivalent to its own residual scope 1 and 2 emissions;
- in Spain, Pernod Ricard Winemakers Spain has been committed since 2011 to several initiatives to reduce the carbon footprint of its Campo Viejo production site. In that year, the site obtained ISO 14064 certification, and then in 2012 it obtained the CarbonNeutral® certification awarded by The Carbon Neutral Company, by offsetting the CO_2 emissions related to its energy consumption, the transportation of its employees, its business trips and the treatment of its waste through participation in a United Nations project (production of hydroelectric power in Gansu province, China). In 2013, the site renewed its CarbonNeutral® certification by participating in the García river reforestation project (California) and a project to generate methane from waste in China. This year, the site continued to reduce its carbon footprint by implementing an energy management system, which enabled it to obtain the ISO 50001 certification and reduce its energy consumption per unit by 18% over the year 2014/2015.

Helping to reduce the indirect CO_2 emissions of our suppliers

"Indirect" emissions are those caused by the suppliers of products and services purchased (mainly packaging, raw materials and logistics services).

The eco-design of products

The Group's eco-design process, which has been in place since 2008, helps to reduce CO_2 emissions linked to packaging, but also those related to the logistics chain. Details of this approach are provided in the following section of this report.

The optimisation of logistics and transport

The logistics teams are actively involved in reducing the Group's environmental impacts. They work at several levels: choosing the type of transport, planning and finally the optimisation of loads.

- Choice of transport type

  The Group estimates that nearly 80% of all transport involved in producing and distributing its products from the factory to the first customer is by sea (expressed in tonne-kilometres). As this method of transport consumes a particularly low amount of energy, it generates only about one-quarter of the greenhouse gas emissions related to the logistics businesses. Continental transport, which represents the remaining 20%, is optimised thanks to planning of loads and routes. Multi-modal transport (notably a combination of boat and rail) is used when available and financially profitable.

- Planning

  It allows for a more stable production planning to be established over a longer time horizon. This represents an important gain due to the reduction in the stock of finished goods, the reduction in losses (obsolete stock) and the optimisation of transport flows.

- Load optimisation

  The size and format of containers are selected and harmonised in order to facilitate optimisation in loading vehicles. Load sharing is also favoured in order to increase lorry load rates.

There are a number of initiatives, which are illustrated by the following examples:

- as a member of the SmartWay Transport Partnership programme launched by the United States Environmental Protection Agency, Pernod Ricard USA has collaborated closely with its transport suppliers: 99% of these are now members of SmartWay, and in this way, they are helping to reduce the CO_2 emissions generated by transporting the affiliate's products;
- The Absolut Company has built a station for locally produced biofuels and 25% of its wheat and 40% of its vinasses are now transported using biofuels. The Swedish affiliate encourages the use of sea transport (75% of its transportation is carried out by boat) and supports alternative energies. Since 2007 it has been a member of the Clean Shipping Project, a Swedish group that brings together large manufacturers to develop cleaner, more efficient shipping solutions.

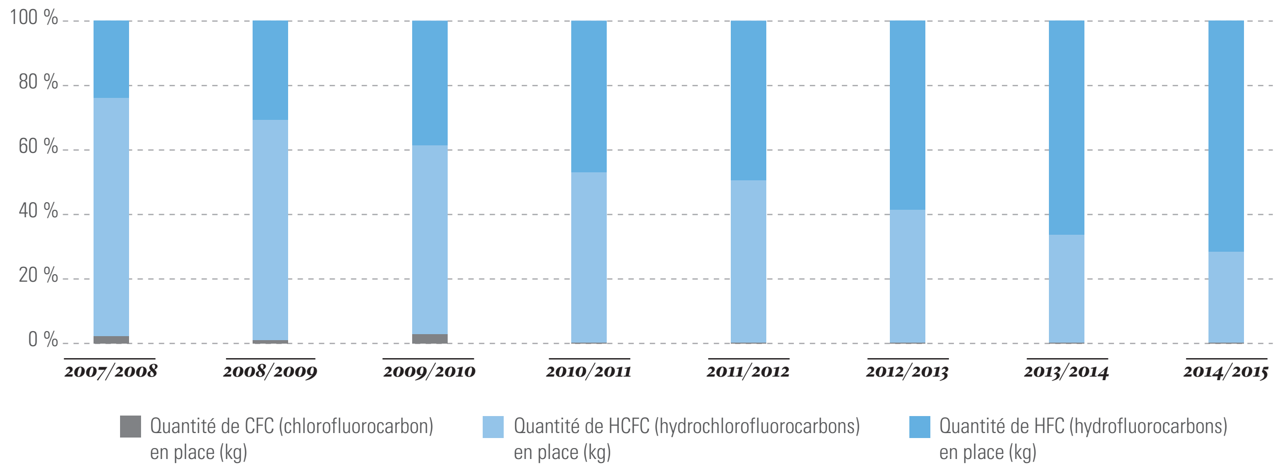
The Group plans to continue these initiatives in the future, particularly by strengthening its eco-design actions along the supply chain, from product development to distribution.

Reducing emissions of other gases harmful to the environment

Other gas emissions in the atmosphere likely to affect our environment include those from cooling gas, some of which damage the ozone layer. Some also increase the greenhouse effect: these were not taken into account when calculating the Group's direct emissions since they account for less than 1%.

A programme to eliminate the most environmentally harmful refrigerant gases has been ongoing for a number of years, resulting in the complete elimination of CFCs. The programme also aims to reduce the proportion of HCFC gases, with the aim of eliminating these in Europe by 2015 and in the rest of the world by 2020. At 30 June 2015, of the 17,204 kg of fluorinated gases present on all of the industrial sites, HCFCs accounted for 28% and HFCs 72%.

CHANGES IN THE DISTRIBUTION OF CFC / HCFC / HFCS INSTALLED



Developing sustainable products and reducing the impact of waste [1]

Challenges and strategy

The impact of our activities on the environment begins with the design of the products and continues throughout their life cycle. For this reason, Pernod Ricard implements eco-design principles during the development of new products or packaging materials in order to reduce its overall environmental footprint, paying particular attention to the waste generated along the entire production chain. We know that consumers expect our brands to be sustainably managed, providing them with the highest quality while respecting the environment.

To achieve this, our strategy is based on the following elements:

- optimisation of the amount of material used (glass, cardboard, plastic);
- choice of sustainable packaging and design of fully recyclable products, thus contributing to a new life cycle;
- participation in systems for the collection of used packaging in support of recycling;
- at production sites, waste recovery and recycling with the goal of achieving zero waste sent to landfill sites or incinerated.

Implementing eco-design principles for packaging

The Group's eco-design approach was started in 2006 and is now rolled out across the following levers:

- the Environmental Policy which defines the Group's eco-design commitments;
- steering the process by rolling out the Group's Environment Roadmap, which sets out the actions to be taken by 2020: this will be carried out with members of the main departments involved in eco-design (CSR, Operations, Marketing);
- an interactive eco-design tool for Marketing, Product Development and Procurement teams;
- monitoring of key indicators to track the implementation of the process: weights of glass and cardboard, reported per litre of bottle produced;
- product Life Cycle analysis software that enables the main Brand Companies to evaluate the environmental impact of their new developments;
- ongoing collaboration with Pernod Ricard suppliers and customers to improve the environmental impact of packaging throughout its life cycle.

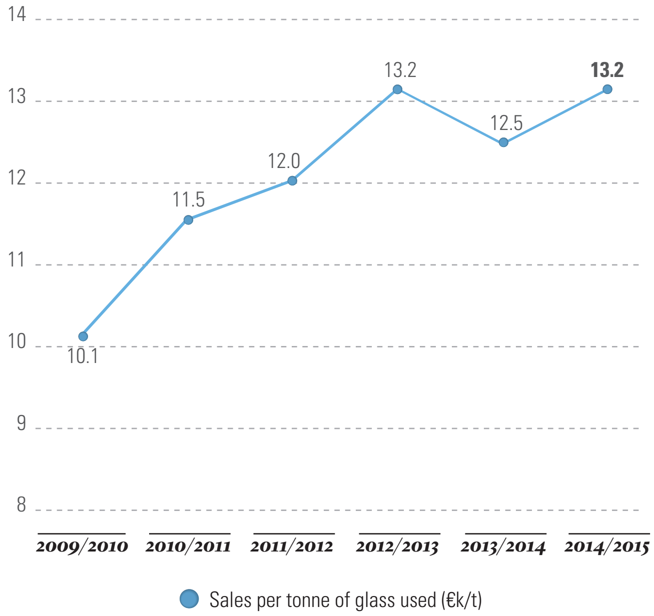
In terms of the use of resources, glass and cardboard are the main materials used as packaging for wines and spirits. In 2014/2015, the total amount of glass used was estimated at 650,587 tonnes. The amount of cardboard/paper totalled 70.778 tonnes.

Between 2009/2010 and 2014/2015, the average ratio of packaging consumed per litre of bottled goods increased from 673 g/l to 681 g/l for glass, an increase of 1% in five years. This slight increase is the result of a reduction in the weights of various bottles used by the brands, together with a change in the mix towards premium products, whose packaging is generally heavier. As regards cardboard, the indicator increased over the same period from 61.7 g/l to 74.1g/l, since premium products are most often packed in individual cases. Due to the gradual change in the mix towards more premium products, this indicator is only a partial reflection of the progress made in terms of reducing the weight of packaging. In order to gain a better understanding of the efforts made in terms of eco-design, we should examine the ratio between the quantity of glass used and the value created,

(1) In accordance with Principles 8 & 9 of the United Nations Global Compact: "to undertake initiatives to promote greater environmental responsibility" and "to encourage the development and diffusion of environmentally friendly technologies", respectively.

in terms of net sales generated, as this reflects the value created per unit of resource used. The net sales generated by each kg of glass used increased from €10.1 to €13.2/kg of glass between 2009/2010 and 2014/2015, an improvement of 30%.

CHANGE IN NET SALES GENERATED BY QUANTITY OF GLASS USED



The Group's wine and champagne brands have been at the forefront of numerous achievements in terms of reducing glass weights. The weight of the bottle has therefore been reduced, with effect from 2008/2009 by: -7% for the Mumm and Perrier-Jouët standard champagne bottle, -25% for Café de Paris at Pernod, -30% for Campo Viejo wine, -12% for Mumm Napa in California and -28% for Jacob's Creek. The spirits brands also demonstrate progress in this area, in particular with The Absolut Company announcing the launch of a lighter version of the brand's iconic bottle in 2015: the weight saving is 13% on average, depending on size and meanwhile, the perceived quality of the packaging has improved.

The glass weight reduction projects conducted by all Group affiliates between 2008 and 2014 have delivered cumulative savings of around 85,000 tonnes of glass since 2008/2009.

In parallel to these weight reduction projects, other eco-design initiatives are carried out to reduce the environmental footprint of products by other means. These include:

- the development of the use of alternative materials: in Finland, the proportion of bottles made from PET, an ultra-lightweight recyclable plastic, increased from 16% to 70% of the affiliate's production volume between 2010 and 2014, resulting in a 25% reduction in CO_2 emissions and a 70% reduction in waste;
- the work performed on secondary packaging: Pernod Ricard Mexico has thus opted for recyclable kraft cases, with single colour printing and a logo printed on the cases that reads: "Pernod Ricard, promoting environmental care". Jan Becher has modified the shape of its cases with the goal of increasing the number of bottles per case and the number of cases per pallet, while Pernod Ricard Brasil transports PET bottles in returnable cardboard boxes;
- reuse and recycling of our bottles once they reach the end of their life: Pernod Ricard Malaysia launched the "Bottled Hope" initiative which combines all aspects of CSR: community benefits, environmental protection, artistic creativity and entrepreneurship. Artists of national and international renown undertake to transform used bottles supplied by Pernod Ricard into rechargeable lamps. These are then offered to deprived communities without electricity and the funds raised are given to charitable organisations;
- The Absolut Company launched an open competition to find innovative solutions to reduce the impact of packaging on the world of the future. This initiative, entitled "Creative Space" made it possible for 16 young artists, designers, engineers and students to work together for three days to come up with innovative solutions to reduce, reuse or recycle an ABSOLUT bottle. Some of these solutions will be studied and tested before being rolled out on a larger scale.

Most packaging waste produced by the Group's activities is generated after final consumption of the products on the markets (end-of-life waste for products sold). It is for this reason that, for 20 years, Pernod Ricard has been committed to financing the French system enabling consumers to recycle their packaging. Thanks to contributions from companies as seen in the well-known "Point Vert" (Green Dot), the companies Eco Emballages and Adelphe have been able to collect and recycle various materials: glass, metal, paper, cardboard, plastics, and so on. Similar systems exist in other European Union countries, as well as in numerous other countries. Efforts to continue to improve the average recycling rate for materials are being undertaken thanks to the development of eco-design, one of the targets being to ensure that all packaging is fully recyclable.

Reducing waste on industrial sites

On our production sites, waste is classified as follows:

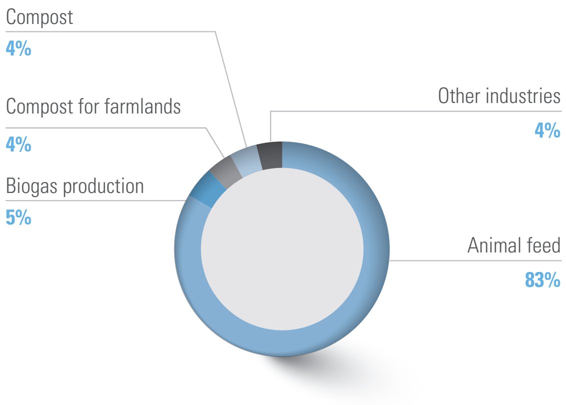
- organic waste, principally arising from the transformation of farm raw materials; grape marc, stalks, sediment, etc.;
- solid wastes, mostly arising from packaging: glass, paper, cardboard and plastics;
- environmentally hazardous waste: solvents, pesticides, oils, etc.

Organic by-products

The processing of our raw materials produces different types of organic by-products: distillers' grains, vinasses, grape marc, etc. More than 99% of these by-products are recovered and used to: manufacture animal feed, produce biogas, make farm compost or for other industrial purposes:

- the majority of the Group's grain distilleries transform the spent grain obtained from distilling into distillers dark grains, a dehydrated feed for livestock, rich in protein and easy to store. This is the case notably in Scotland, Ireland, Canada and India;
- in Sweden, the vinasses from the ABSOLUT distillery are supplied directly to the pig farms in the Ahus region as part of a genuine "industrial ecosystem", helping to feed 250,000 pigs and 40,000 cows all year round;
- in Scotland, the Glenlivet distillery (Chivas Brothers Limited) was equipped with a new evaporator used to concentrate the vinasses produced by distilling malt. The resulting syrup is rich in nutrients and is also used in animal feed;
- in France, the company REVICO recovers the vinasses produced at Martell & Co's cognac distilleries to transform it into biogas.

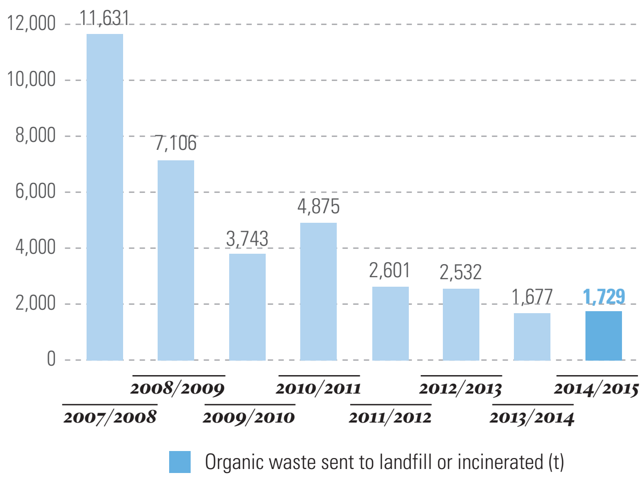
BREAKDOWN OF THE USE OF RECOVERED ORGANIC BY-PRODUCTS BY FINAL DESTINATION, IN % OF TOTAL WEIGHT



Due to the recovery of by-products, only 0.2% of all the organic by-products generated in 2014/2015 was sent to landfills or incinerated, *i.e.* a total volume of 1.729 tonnes. Since 2007/2008, this volume has been reduced by 84%, notably due to the recovery of by-products as compost or organic fertiliser:

- in Spain, the grape stalks are recovered after vinification to make compost;
- in India, the residue produced at the Nashik vinification site is recovered to extract grape seed oil;
- in Mexico, the Arandas distillery has developed an original process for the treatment of agave residues generated from the distilling of tequila, enabling them to be transformed into compost and organic fertiliser. The Los Reyes distillery recovers its coffee residues in a biomass boiler;
- in New Zealand, Pernod Ricard joined forces with the leading wine brands in the Marlborough region to form the Marlborough Grape Marc Group in 2015. The aim of this project is to transform the 45,000 tonnes of marc produced annually into compost.

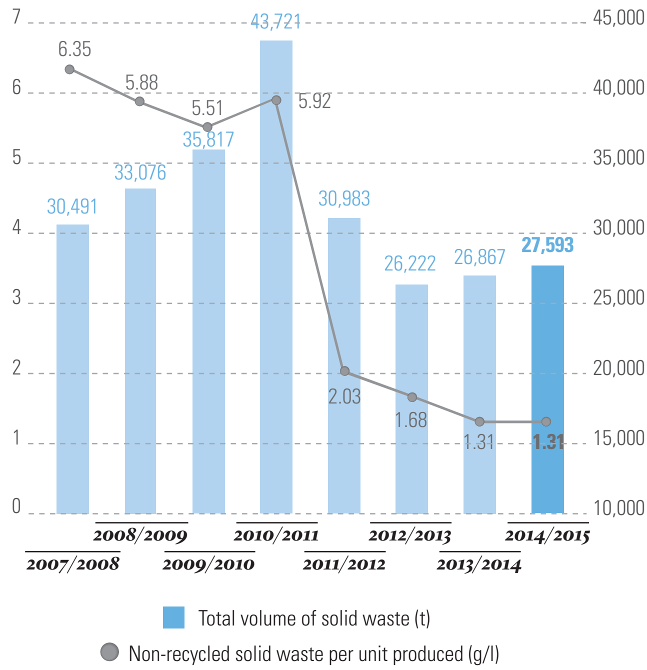
QUANTITY OF ORGANIC WASTE SENT TO LANDFILL OR INCINERATED



Solid waste

In 2014/2015, the Group's production sites generated 27,593 tonnes of solid waste, compared to 26,867 tonnes in 2013/2014 (waste evacuated from the sites during the year). 26,210 tonnes of this waste was recycled via different processes – a recycling rate of 95%. Furthermore, 1,382 tonnes were sent to landfill or incinerated (compared to 6,510 tonnes in 2009/2010).

CHANGE IN THE PRODUCTION OF SOLID WASTE



The indicator used to measure the final impact of solid waste on the environment is the quantity of non-recycled waste, dumped or incinerated, per litre of finished product. Since 2009/2010, this has fallen from 5.51 g/l to 1.31 g/l, demonstrating the efforts made by the affiliates to reduce the quantity of such waste and identify recovery processes. In 2014/2015, further initiatives were conducted, by the following affiliates in particular:

- in July 2015, Pernod Ricard Winemakers Australia was awarded the prize for best performance in the large beverage company category at the Awards ceremony organised by the Australian Packaging Covenant;
- Pernod Ricard Winemakers Spain worked with its label supplier to change its label material into recyclable PET, reducing its waste sent to landfill or incinerated by 35 tonnes per year;
- on World Environment Day, employees of the Yerevan Brand Company went on an educational tour of the glass recycling plant, both to raise their awareness and to strengthen their links with the company's recycling partner.

For the period from 2009/2010 to 2014/2015, the Group had set itself the target of reducing the quantity of waste landfilled or incinerated per unit produced by 40%. At the end of 2014/2015, this target had been far exceeded, with an average reduction of 76%. The Group's new Environment Roadmap set the ambitious target of aiming for zero waste sent to landfill by 2020.

Hazardous waste

Any waste that requires a specific treatment process due to the risks it represents to the environment is considered as hazardous waste. The Group's production sites generate different types of hazardous waste: empty chemical product containers, used oils, solvents, electrical and electronic waste, neon tubes, batteries, etc. All this waste is sorted and sent to appropriate treatment processes when they exist locally.

In 2014/2015, the volume of hazardous waste collected was 530 tonnes, compared to 570 tonnes in 2013/2014. It should be noted that this figure represents the volume of waste collected, but not necessarily the amount of waste generated throughout the year, as due to its small size, this waste is most often stored on site for a certain amount of time. In addition, this waste may also be generated during ad hoc cleaning operations. For these reasons, this data item does not strictly represent a performance indicator for the current year.

Summary table of environmental indicators

Category	Definition	Unit	Total Pernod Ricard 2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Number of sites	Number of reporting sites		108	99	98	93	97	99
ISO 14001 (At 30 June)	Number of ISO 14001 certified sites	%	90	91	94	96	96	96
	Proportion of ISO 14001 certified sites in total production	%	96	96	98	100	100	100
Investments	Amount of investment for environmental protection	€ M	7.30	8.32	12.60	14.48	18.17	14.89
Business compliance	Fines or penalties related to the environment	Number	2	0	1	0	0	1
Production volume	Total production a) distilled alcohol	kl PA	195,689	211,106	237,371	234,518	241,664	244,447
	b) finished product	kl	1,182,500	1,176,385	1,182,446	1,072,320	1,066,252	1,055,523
Water	Total volume used	m^3	7,095,145	7,118,930	7,393,874	7,498,606	7,856,996	7,598,984
	Total volume taken (consumption and cooling water)	m^3	28,052,000	25,473,000	27,411,000	24,671,813	28,130,655	27,996,417
Waste water	Total volume of waste water released	m^3	5,445,849	4,931,666	4,993,818	5,288,496	5,450,755	4,626,321
COD	Quantity of COD released into the natural environment	t	-	1,932	1,375	1,167	1,255	1,549
Energy	Total energy consumed	MWh LHV	1,465,872	1,459,501	1,575,545	1,543,149	1,591,567	1,542,462
	o/w: Natural gas	MWh LHV	783,127	823,031	911,387	891,773	1,016,805	991,622
	o/w: Electricity	MWh LHV	267,652	258,976	262,606	269,084	272,551	273,006
CO_2 emissions	Direct emissions (Scope 1) + indirect emissions (Scope 2)	CO_2 teq	357,654	341,559	352,060	335,456	343,257	332,488
	Direct emissions (Scope 1)	CO_2 teq	259,896	264,481	280,470	267,619	273,314	269,525
	Indirect emissions (Scope 2)	CO_2 teq	97,758	77,078	71,590	67,837	69,943	62,963
Refrigerant gases	Quantity of fluorinated gases installed	kg	19,353	18,022	18,056	17,148	17,108	17,204
	% of HFCs amongst the fluorinated gases installed	%	37.5	46.9	49.45	58.75	66.5	71.91
Packaging materials	Glass consumption	t	698,948	661,746	682,576	652,021	636,494	650,587
	Cardboard consumption	t	64,074	67,537	75,576	70,714	76,675	70,778
Organic waste	Quantity of organic waste dumped or incinerated	t	3,743	4,875	2,601	2,532	1,677	1,729
Solid waste	Total quantity of solid waste	t	35,817	43,721	30,983	26,222	26,867	27,593
	Quantity of solid waste dumped or incinerated	t	6,510	6,966	2,406	1,800	1,393	1,382
	% of solid waste recycled or recovered	%	82	84	92	93	95	95
Hazardous waste	Quantity of hazardous waste treated externally	t	626	541	545	291	570	530

a) Ratio for 1,000 litres of pure alcohol (kl PA)
b) Ratio for 1,000 litres of finished product (kl)
c) Ratio for 1,000 litres of bottled product (kl)

Unit	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	G4 GRI Index
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	EN31
-	-	-	-	-	-	-	EN29
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
a)	36.26	33.72	31.15	31.97	32.51	31.09	EN8
a)	143.35	120.66	115.48	105.20	116.40	114.53	
a)	27.83	23.36	21.04	22.55	22.56	18.93	EN22
-	-	-	-	-	-	-	-
a)	7.49	6.91	6.64	6.58	6.59	6.31	EN3 EN5 EN6
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
a)	1.83	1.62	1.48	1.43	1.42	1.36	EN15 EN16 EN18 EN19
a)	1.33	1.25	1.18	1.14	1.13	1.10	
a)	0.50	0.37	0.30	0.29	0.29	0.26	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
c)	673	641	656	668	665	681	EN1
c)	62	65	73	72	80	74.1	
a)	19.1	23.1	11.0	10.8	6.9	7.1	EN23
b)	3.17	4.14	2.20	2.36	1.57	1.64	
b)	30.3	37.2	26.2	24.5	25.2	26.1	EN23
b)	5.51	5.92	2.03	1.68	1.31	1.31	
-	-	-	-	-	-	-	
b)	0.53	0.46	0.46	0.27	0.53	0.50	EN25

Commitment to society

Commitment to society and ethics is deeply rooted in Pernod Ricard's history and culture. The Group is aware of the role it can play as a major operator in the Wines & Spirits industry:

- community involvement: Pernod Ricard participates in society with the goal of respecting stakeholders and promoting local development;
- impact on society of its products and services: the Group prides itself on developing products of high quality whilst ensuring that they are consumed in a responsible manner. This is the Group's key CSR priority;
- responsible communication: Pernod Ricard is aware that responsible drinking cannot exist without communication that follows high ethical standards. The Group has therefore adopted its own Code for Commercial Communication;
- fair operating practices: the Group conducts its activities in a fair, transparent and honest manner;
- involvement of all its partners in its CSR commitments.

The Group societal reporting

The Group's societal reporting is linked to its social reporting. It covers all Pernod Ricard affiliates (Brand Companies and Market Companies) that are required to include their societal information in the social report. For some entities, deployment of the CSR model and the associated action plans are managed by another affiliate. These entities are not obliged to include their societal information in the Group's reporting system, since the affiliates in question include their data in their own reporting.

Community involvement (1)

Respect for stakeholders

Pernod Ricard's philosophy was reaffirmed through its CSR model "Everyone is responsible", which is shared by all employees and stakeholders and is embodied by the Group's CSR commitment, "Responsib'ALL".

Pernod Ricard's CSR strategy is based on respect for all stakeholders: employees (see "Human Resources", page 52), consumers (see "Societal impact of the Company's products and services", page 83), shareholders (see page 285), partners (see "Involvement of the Group's partners in its CSR commitments", page 88) and local communities (see below).

Promoting social and economic development

Development of local communities

Pernod Ricard is committed to sharing the value and income generated by the development of its activities with local communities and its partners, in order to build lasting relationships that benefit everyone.

Due to the diversity of its brands and its decentralised model, Pernod Ricard is deeply rooted in local communities. We want our business to contribute to their development. This commitment is based on five main actions:

- contribute to the development of local communities;
- promote the spirit of entrepreneurship, a source of value creation and wealth;
- share the diversity of local cultures;
- encourage our partners to respect sustainable development principles;
- create value and share it with our partners and shareholders.

The Pernod Ricard Charter and Pernod Ricard's Sustainable Development Commitments outline the promotion of local social and economic development.

Pernod Ricard's worldwide affiliates:

- provide employment to local economies, especially in agriculture, through the production and purchase of raw and processed agricultural products corresponding to around 2.6 million tonnes of equivalent raw agricultural products per year (around €880 million per year)
- develop the skills of their employees and provide them with fair, just and rewarding remuneration;
- add value to the goods and services purchased from suppliers and partners;
- generate revenue for governments through taxes, duties and royalties, particularly those related to its brands, as well as for its shareholders and investors.

The Chief Executive Officer of each affiliate is responsible for implementing this policy.

(1) In accordance with Principle 1 of the United Nations Global Compact: "to support and respect the protection of internationally proclaimed Human Rights".

Patronage and Solidarity

A tradition of sponsorship

Pernod Ricard's commitment to all forms of art and, in particular, contemporary art, is the result of a long tradition of partnering the arts. Pernod Ricard strives to promote the culture of the countries in which it operates worldwide: sharing their traditions, art and lifestyles in order to encourage entrepreneurship, open-mindedness and respect. Moreover, Pernod Ricard is committed to promoting and showcasing art by supporting young artists.

Paul Ricard, passionate about painting and a painter himself, had already created a foundation to support young artists in the 1960s. Since then, the Prix de la Fondation d'Entreprise Ricard has been created, rewarding one of the most representative young artists of his/her generation. Each year, the Foundation buys one of the winning artist's works and donates it to the Pompidou Centre in Paris.

To take another example, Pernod Ricard is a major sponsor of the Virtual Pompidou Centre which was officially launched to the public in October 2012 with 450,000 digital works and documents.

Entrepreneurial and international solidarity

Another key area in Pernod Ricard's commitment to communities is to encourage efforts which support entrepreneurs and enable them to realise their projects. For example, the Group supports the Appel aid association in its programme to help young company founders in Vietnam, financing their studies and initial set-up costs.

Another example is the Pernod Ricard Group's continuing commitment to Positive Planet, an association for the development of microcredit, through the development of 12 new agricultural cooperatives, mainly in the Tavush region of Armenia. This initiative follows the success of a pilot cooperative and aims to provide small farms with the equipment and training required to enable families to live with dignity from their agricultural activities.

In 2014/2015, 70% of affiliates held at least one initiative to promote the development of local communities: through the sharing of cultures and entrepreneurship (in both the traditional sense of helping young entrepreneurs and by helping people without access to education: scholarships, training, etc.).

Societal impact of the Company's products and services [(1)]

Product health and safety (production and consumption)

Pernod Ricard aims to provide its customers with products of the highest quality, and places particular importance on consumer health and safety. This has resulted in significant commitment in terms of the prevention of risks associated with alcohol abuse (see below), but also a strict policy in terms of food safety during the manufacture of products.

The control of product health and safety is based on the implementation of the Hazard Analysis Critical Control Point (HACCP) method which aims to identify all the points for potential risks in the manufacturing process and to control these with appropriate preventive measures. Despite the fact that Wines & Spirits are less exposed to food safety risks than the products of other food-industry segments, Pernod Ricard decided to go ahead with the gradual certification of its facilities in accordance with ISO 22000 "Food safety management systems". At 30 June 2015, 81% of bottling plants were certified, representing 94% of volumes produced and covering all the Group's strategic brands. Certified distilleries account for 87% of alcohol produced.

The internal standards established by Pernod Ricard for its industrial activities include different specific guidelines, the aim being to control risks such as for example the accidental contamination of a product or the presence of a foreign body in a bottle. An absolute priority for the Group is to ensure its products comply with the regulations that apply to each of its various markets. In 2013, Pernod Ricard USA had to launch a product recall due to non-compliant labelling (failure to mention potentially allergenic products).

In addition, a Group Intranet site called "Complaint Management System" has been developed to track customer complaints and any other quality issues in real time and immediately inform the affiliate concerned so that corrective action can be taken. In the case of a serious product health and safety concern, the system also informs the Headquarters instantly, and allows for very rapid reaction. Each affiliate has a crisis management procedure that can be activated particularly in the case of a health risk caused by a product with, if necessary, a product recall. These procedures are subject to regular testing, the training of people involved and updates. Nearly 7,700 complaints were recorded in this way during 2014/2015, and these were handled so as to improve satisfaction levels for the Group's customers and consumers alike.

Furthermore, a Health Risk Management Committee chaired by the Group's Operations Director monitors the recognition of risks linked to product health safety and in particular the risks linked to scientific knowledge or new regulations.

Finally, to the best of our knowledge, the Pernod Ricard group's products do not rely on nanotechnologies and do not include free nanoparticles in their manufacturing processes, ingredients or packaging.

(1) In accordance with Principle 1 of the United Nations Global Compact: "to support and respect the protection of internationally proclaimed Human Rights".

Transparent labelling and responsible advertising/marketing practices

Through its Code for Commercial Communication (see details on page 85), Pernod Ricard assumes its main responsibilities as a producer of alcoholic beverages and includes ethics within all of its commercial communications.

In addition, the Group is committed to transparent labelling of its products. The Human Resources Department is responsible for informing employees and ensuring that each of them follows the Company's policy.

Pernod Ricard has allocated significant resources to:

- ensuring the public is properly informed of potential risks linked to excessive or inappropriate consumption of its products;
- labelling its products in a transparent manner;
- distributing its Code for Commercial Communication as well as its Internal Approval Panel procedures to employees and communication/marketing agencies;
- training its sales and marketing staff on responsible marketing and commercial practices.

With regard to transparent labelling, 100% of affiliates incorporate the "pregnant lady" warning logo on all bottles distributed in European Union countries. In 2013, the decision was taken to gradually extend this logo to all bottles distributed by Pernod Ricard worldwide, and affiliates had until June 2015 to begin implementation (notwithstanding any regulatory constraints).

In addition, 100% of affiliates include a responsible drinking message in the majority of their advertising and promotional material (new media, television, cinema, posters and press). The field of sponsorship is excluded, since this falls outside the traditional framework of advertising.

Prevention of high-risk drinking habits

The Chief Executive Officers of the affiliates uphold this commitment. Their annual bonus calculation now includes CSR criteria, including one related to responsible drinking, proof of the strategic importance given to this policy.

The Group's strategy against alcohol abuse is focused on drink driving and education and covers the following five areas:

- advocating consumption in moderation, in particular via its Code for Commercial Communication (see hereafter);
- combating drink driving: Pernod Ricard recommends abstaining from drinking before driving and develops dedicated initiatives, for example the "designated driver" initiative;
- education: raising awareness among young people of the risks associated with alcohol misuse and abuse. The Group strives to prevent alcohol consumption among minors by developing programmes aimed at delaying the age of first alcohol consumption and first intoxication and works with young adults to combat alcohol misuse and abuse;
- education: dissuading pregnant women, for whom Pernod Ricard recommends abstinence;
- making staff aware of their responsibilities through training, awareness campaigns and the Responsib'All Day.

The Group has allocated significant resources to making this commitment a reality: dissemination of the results of research, support for medical research, prevention campaigns and programmes involving stakeholders (non-governmental organisations, public authorities, partners, and so on).

Pernod Ricard is, for example, a founding member of IREB (Institut de Recherches Scientifiques sur les Boissons), an independent research organisation dedicated to alcohol and its societal impacts, which publishes and finances studies on these subjects.

A number of initiatives are also performed at local level by the affiliates. In 2014/2015, 95% of affiliates implemented at least one initiative to promote responsible drinking.

In 2011, the Group chose to go a step further by launching a special event for the entire Group: Responsib'All Day. This event aims to promote the sharing of best practices and to undertake concrete actions, mobilising all of the Group's affiliates and employees around a common CSR theme during the event. The aim is to transform its employees into ambassadors of Pernod Ricard's CSR policy:

- the first Responsib'All Day took place in May 2011. It was dedicated to combating drink driving, together with the simultaneous launch by the UN of the first Decade of Action for Road Safety. This day was also the starting point for new initiatives, campaigns and events to be launched throughout the world;
- the second edition took place on 7 June 2012 and dealt with alcohol and youth. The aim was to promote, both internally and externally, a clear message: no alcohol for minors and responsible drinking for young adults;
- the editions held in June 2013, May 2014 and June 2015 focused on promoting the industry's five commitments for responsible drinking (see below).

In order to make its responsible drinking policy and good practices public and easily accessible, in 2013 the Group published a brochure on the subject entitled "Wise Drinking, The Art of Conviviality", available online at: http://pernod-ricard.com/medias/wdoc/art-convivialite_fr/.

The industry's five commitments

At the IARD International Alliance for Responsible Drinking – formerly ICAP) conference held in October 2012, the world's leading producers of beers, wines and spirits, announced the signing of five commitments covering ten action areas, with a view to reduce harmful use of alcohol. These five commitments are:

- reduce alcohol consumption among young people under the legal minimum age;
- strengthen and expand codes of marketing practice;

- communicate information to consumers and develop responsible product innovations;
- reduce drink driving;
- enlist the support of retailers in reducing harmful alcohol consumption.

These commitments are implemented over a period of five years and are reviewed annually by an independent third party. All information and details on the progress made are available at http://www.producerscommitments.org.

In order to measure and monitor its contribution to these commitments, Pernod Ricard set precise and ambitious targets that all affiliates must achieve by December 2017. Targets were set per commitment: for example that each affiliate develops at least one initiative to prevent the consumption of alcohol by minors, one programme in partnership with our distributors and one anti-drink driving initiative. An in-house tool called SmartBarometer has been set up to monitor the progress made on each of the 40 indicators and to share good practices.

Stakeholders' feedback

We are not aware of any allegations against the Group in terms of its management of health and social problems caused by the consumption of its products.

Responsible communication

The Pernod Ricard Code for Commercial Communication

All advertising campaigns run by Pernod Ricard throughout the world must comply with the Code for Commercial Communication. This Code was adopted in 2007 and was updated in 2010, 2012 and 2013 to incorporate the use of new media and provide more effective management of product innovations. It can be accessed by all employees on the Pernod Ricard Intranet site and on the Group's website (see the Code at http://pernod-ricard.com/734/csr/responsible-drinking/promoting-moderate-drinking/responsible-product-marketing).

The Code covers the following topics (full details are available in the Code), which apply to commercial communications (including new media) and product innovations:

- do not encourage alcohol abuse;
- do not produce communications that could be attractive to minors;
- no drink driving;
- do not associate alcohol with hazardous/workplace activities;
- do not present alcohol consumption as having beneficial health aspects;
- do not show pregnant women consuming alcohol;
- do not use the level of alcohol as the main topic of promotion;
- do not link alcohol to physical/energetic performance and/or social success and/or sexual prowess.

In addition, all of these topics must be taken into account when developing new products.

Employee training in the Code for Commercial Communication

Pernod Ricard trains relevant employees in the Code for Commercial Communication.

The following issues are dealt with during this training: the importance of internal control of campaigns, the main provisions of the Code and the review procedure; particular attention is given to new media ("Digital Marketing"). At the end of each training session, an interactive training module allows the team to confirm their knowledge and understanding of the Code for Commercial Communication.

During the 2014/2015 financial year, 60 employees received training via dedicated training sessions. For each training course, an attendance list is produced in order to monitor the names and number of participants.

In June 2014, Pernod Ricard released its new e-learning course related to the Code. This is a fun, interactive training course lasting 60 minutes. Following the course, employees will have enhanced knowledge of Pernod Ricard's Code for Commercial Communication. It tackles changes in alcohol advertising and presents the Code. This e-learning is compulsory for all marketing staff and their agencies, and is open to all.

After the training course, a quiz lets employees test their knowledge and a certificate is awarded if they score over 80% in the test. More than 1,100 people from the Group, mostly from the marketing function, have successfully passed the e-learning module and received their certificate.

Internal Approval Panel

Ethical control over advertising is the responsibility of the Responsible Marketing Panel (RMP), which comprises five members: Audrey Yayon-Dauvet, Vice President Legal and Public Affairs (Pernod Ricard Americas), Jenny To, Talent Management and Communications Director (Pernod Ricard Asia), Rick Connor, Director of Public Affairs Communication (Pernod Ricard UK), Armand Hennon, Vice President, Marketing & CSR France (Pernod Ricard) and Brian Chevlin, General Counsel (Pernod Ricard USA). The Panel is independent from the Marketing Department and reports directly to the Pernod Ricard Executive Committee. Its decisions are binding throughout the Group and provide "case law" for the application of the Pernod Ricard Code for Commercial Communication. This Panel is required to hand down its decisions within a maximum of seven days. Its decisions are taken in a collegiate manner.

In the event of doubts pertaining to a campaign, the RMP has the right to seek advice from advertising regulators in the relevant markets. For example, in France, the ARPP (Autorité de Régulation Professionelle de la Publicité – French Advertising Standards Authority) is consulted regularly.

For each campaign submitted, the Panel issues formal opinions: approval of the campaign, approval subject to modification, or rejection, in which case a substitute campaign must be devised and submitted.

Some affiliates, such as The Absolut Company, Pernod Ricard Nordic and Pernod Ricard Winemakers, have introduced similar local control procedures. The implementation of such procedures, which are conducted prior to submission to the Panel, is strongly recommended.

Scope of controls

Controls are mandatory for the 14 strategic Spirits and Champagne brands [(1)] and the 5 Priority Premium Wine brands [(2)] (which represent 75% of media spending). Since February 2013, they have also been mandatory for the 18 local brands [(3)] (which represent 16% of media spending). Controls encompass advertising, the internet and sponsorship. Since September 2013, the Panel has reviewed the Code's compliance with all new products.

Like all Group advertising, promotions must also comply with the Code.

In cases of ethical issues, it is recommended that marketing teams submit their proposed promotions and packaging materials to the Panel.

Reporting

The Responsible Marketing Panel reports directly to the Group Executive Committee. A report on all advertising campaigns is submitted to the Executive Committee at each of its meetings. Nine such reports were submitted during the 2014/2015 financial year.

Results of controls in 2014/2015

During the 2014/2015 financial year, the RMP examined 241 campaigns and product innovations. Only two of these campaigns were subject to a modification request (orange ruling) and one partnership proposal was subject to a red ruling. The first of the two orange rulings concerned compliance with local legislation and case law and the second concerned a visual that could potentially allude to sexual success. The red ruling concerned a project that did not comply with commitments on the prevention of drink driving. The Committee also gave confidential advice (copy advice procedure) for 184 campaign proposals and product innovations. In total, the Panel examined 425 advertising campaigns during the 2014/2015 financial year [(4)].

Since the Panel was set up in 2005, only two of the 2,062 campaigns examined were cancelled following a complaint.

The Group's ethical practices [(5)]

Prevention of corruption

Pernod Ricard's commitment to combating corruption has historically been expressed through several documents. These documents include:

- Pernod Ricard's Charter, in particular the business model chapter, which specifies that all employees must abide by the legislation in their market and by the Group's policies and procedures;
- Pernod Ricard's Code of Business Conduct, which covers eight key chapters of the Group's compliance programme: combating corruption and gifts and hospitality, competition law, combating money laundering, conflicts of interest, insider dealing, protection of personal data, use of digital technology, media and social networks, and brand protection. This Code has been circulated to all employees and is available on the Pernod Ricard website at: http://pernod-ricard.com/13203/csr/code-of-business-conduct;
- Pernod Ricard's Procurement Code of Ethics, which notably contains the principles to be observed in respect of gifts and hospitality;
- the 10th principle of the United Nations Global Compact, which states that "Businesses should work against corruption in all its forms, including extortion and bribery".

Pernod Ricard has also adopted an anti-bribery policy that applies to all Group companies. Brand Companies and Market Companies are required to establish systems and controls to comply with this policy, which may include the adoption of local versions of the Group policy.

Pernod Ricard's internal control principles, which apply to all Group affiliates, specify that all Pernod Ricard affiliates must comply with the Pernod Ricard Charter, the Pernod Ricard Code of Business Conduct, the Procurement Code of Ethics and the principles of the United Nations Global Compact. Pernod Ricard sends all affiliates a self-assessment questionnaire every year,

(1) Absolut, Chivas Regal, Ballantine's, Jameson, Kahlúa, Beefeater, Malibu, Ricard, Havana Club, Martell, Perrier-Jouët, The Glenlivet, Royal Salute, Mumm.

(2) Jacob's Creek, Brancott Estate, Campo Viejo, Graffigna, Kenwood.

(3) 100 Pipers, Olmeca, Clan Campbell, Seagram's Gin, Ramazzotti, Blenders Pride, Pastis 51, Wiser's, Something Special, Royal Stag, ArArAt, Ruavieja, Montilla, Becherovka, Passport, Wyborowa, Suze, Imperial.

(4) Note on methodology: advice issued between the final Executive Committee meeting of the financial year (23 June 2015) and the balance sheet date (30 June 2015) has not been included and will be included in financial year 2015/2016.

(5) In accordance with Principles 2 & 10 of the United Nations Global Compact: "to make sure that they are not complicit in human rights abuses" and "to work against corruption in all its forms, including extortion and bribery".

in which they must state whether they are compliant with Group policies. The reliability of the responses to these questionnaires is confirmed in a letter of representation signed by the CEO and Chief Financial Officer of each entity.

In addition, an online training platform can now be accessed by all Group employees. This training is delivered in the form of a MOOC (Massive Online Open Course) and covers the eight chapters of the Pernod Ricard Code of Business Conduct, including combating corruption. Specific training on these subjects is also delivered locally, as required.

Prevention of anti-competitive practices

Pernod Ricard's policy is to always act and do business in compliance with applicable laws and regulations.

This policy is included in the Pernod Ricard Charter. With regards to compliance with competition laws in particular, the Charter states:

"Pernod Ricard is committed to the public policy goals of competition laws and to acting lawfully in the marketplace. It is the Group's policy to observe both the letter and the spirit of the competition laws in all countries where we do business.

Wherever one is located in the world, competition laws will almost certainly apply to the way the Group conducts its business.

Specifically, it is prohibited to fix selling or purchase prices with our competitors or any other terms on which we trade. It is not only an explicit agreement between competitors which will amount to price fixing, but also an informal co-ordination of price level increases and the exchange of price information. Similarly, agreements or understandings with competitors to divide up markets or territories are also illegal."

These principles are set out in the chapter "Competition Rules" of the Pernod Ricard Code of Business Conduct, and listed in the Pernod Ricard Policy on Compliance with Competition Law, where more details and practical examples are given. In addition, the online training platform referred to in the "Prevention of Corruption" section above also includes a module on "Compliance with Competition Law".

Pernod Ricard's internal control principles, which apply to all Group affiliates, specify that all Pernod Ricard affiliates must comply with the Pernod Ricard Charter. Pernod Ricard sends all affiliates a self-assessment questionnaire every year in which they must state whether they are compliant with Group policies. The reliability of the responses to these questionnaires is confirmed in a letter of representation signed by the CEO and Chief Financial Officer of each entity.

Transparency and integrity of strategies and influencing practices

All Pernod Ricard employees are subject to the provisions of the Pernod Ricard Charter, and specifically its rules of ethics (in the Business Model section of the Charter), which is one of the Group's three key values. The Charter states that: Pernod Ricard expects all its employees to have a strong sense of ethics, with "respect" and "transparency" as watchwords. All employees are required to:

- abide by the legislation in force in their market and by the Group's policies and procedures;
- be honest and trustworthy by being sincere and open about their actions;
- treat colleagues, shareholders, customers, consumers, suppliers and competitors with the greatest respect;
- respect the environment;
- comply with our industry commitments;
- act as ambassadors for responsible drinking and behave impeccably in all professional situations.

More specifically, the Group lobbying policy [(1)] conforms to professional (EPACA in Europe, Association pour les Relations avec les Pouvoirs Publics in France, etc.) or institutional codes (see: http://ec.europa.eu/). Jean Rodesch, Vice President Government Affairs and Corporate Social Responsibility, is responsible for the oversight and implementation of this policy. The main lobbying actions are approved by the Group's Chairman and CEO and the rest of senior management is kept informed of the status of the projects.

The organisation chart of the Institutional Affairs team, guidelines on lobbying and the main stances on current issues in this area are available from the Pernod Ricard website: http://pernod-ricard.com/9473/csr/lobbying-at-pernod-ricard.

A "lobbying" training course, part of which focuses on ethical issues, has been set up, and can be found in the Pernod Ricard University brochure under "Lobbying, the art of influencing". Part of this course is delivered by Transparency International (http://www.transparency.org/), of which Pernod Ricard has been a member since early 2013. Its aim is to train participants in:

- ensuring that lobbying practices are transparent and responsible;
- defining a series of recommendations for representatives of interests;
- ensuring that lobbying practices comply with the Group's CSR commitments.

(1) *Pernod Ricard uses the definition of "lobbying" established by Quebec: "any communication, written or oral, between a representative or an interest group and a public decision-maker in order to influence decision-making".*

Although it is open to all, this training course is primarily aimed at employees who interact with public authorities and national and international organisations, specifically affiliate CEOs, those working in public affairs, communication professionals, CSR leaders, and so on.

In France, Pernod Ricard is a signatory of the joint declaration on lobbying presented by Transparency International's corporate members (http://www.transparency-france.org/ewb_pages/div/Declaration_commune_lobbying.php). An initial review of this declaration was made public on 7 July 2015.

As regards interactions with public authorities, the requirement for high ethical standards is enshrined in the Group's Charter and the Code of Business Conduct, which, as set out above, covers all of the Group's activities and not just lobbying.

It should be noted that as regards the European Union, Pernod Ricard has been registered in the Transparency Register since its creation in 2008, under ID number 352172811-92. This register contains a range of useful information on the team, its budget, its areas of interest, its membership of associations, etc. (see http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=352172811-92&isListLobbyistView=true).

In France, Pernod Ricard is also registered on the National Assembly's list of representatives of interests (http://www2.assemblee-nationale.fr/representant/representant_interet_liste) and on that of the Senate.

Lobbying activities in the United States are highly regulated at federal level and also at state and municipal level. Pernod Ricard conducts its lobbying activities in full compliance with applicable US laws, including the Lobbying and Disclosure Act of 1995, the Honest Leadership and Open Government Act of 2007, and the Federal Election Campaign Act of 1971. In addition, Pernod Ricard complies with the various ethics rules adopted by the US Senate, the US House of Representatives and the various agencies of the Executive Branch.

Pernod Ricard is required under US law to file quarterly and half-yearly reports on its lobbying activities and political contributions with the Secretary of the Senate and the Clerk of the House of Representatives. In addition, the Pernod Ricard USA Political Action Committee is required to file regular reports with the Federal Election Commission. These reports are available for public examination at:

- Secretary of the Senate: http://www.senate.gov/legislative/Public_Disclosure/LDA_reports.htm;
- Federal Election Commission: http://query.nictusa.com/cgi-bin/dcdev/forms/C00380527/.

Stances on regulatory issues

Generally speaking, Pernod Ricard has no particular stance on regulatory issues, other than those taken officially and communicated by our professional associations worldwide.

In some cases, the Group may take a specific position on issues of particular interest. For example, Pernod Ricard contributed to the consultation on the European Commission Green Paper on agricultural product quality, available at http://ec.europa.eu/agriculture/quality/policy/opinions_en.htm. However, in general, the policies we uphold are covered on the websites of our professional associations, for example:

- on intellectual property: European Brands Association www.aim.be;
- on marketing issues, the World Federation of Advertisers, www.wfanet.org;
- on sectoral issues: spiritsEUROPE (www.spirits.eu); *Comité Européen des Entreprises Vins* (www.ceev.be); Scotch Whisky Association (www.scotch-whisky.org.uk); *Fédération des Exportateurs de Vins & Spiritueux de France* (www.fevs.com); Distilled Spirits Council of the United States (www.discus.org); Winemakers' Federation of Australia (www.wfa.org.au); the Industry Association for Responsible Alcohol Use in South Africa (www.ara.co.za); Association of Canadian Distillers (www.acd.ca); Thai Alcohol Business Association; EU Chamber of Commerce in China, Agriculture, Food & Beverage Working Group (www.europeanchamber.com.cn); International Alliance for Responsible Drinking (IARD) (www.iard.org).

Our representatives are occasionally invited to events where they speak publicly about regulatory issues.

The main stances adopted by Pernod Ricard are available on the Group's website: http://pernod-ricard.fr/10321/la-rse/affaires-publiques-et-lobbying/les-positions-principales-de-pernod-ricard.

Involvement of the Group's partners in its CSR commitments (1)

Sustainable relationships with suppliers and subcontractors

Pernod Ricard has had sustainable relationships with its suppliers and subcontractors for a long time, particularly via its affiliates, and relies upon them to convey its values and share its CSR commitments.

These commitments apply throughout the Group and are supported by General Management.

Each affiliate selects and monitors its own suppliers and subcontractors and is therefore responsible for its Procurement policy.

For some years, Pernod Ricard's commitment to Responsible Procurement has been formalised through documents and tools to consolidate the initiatives already in place.

(1) In accordance with Principles 2, 4 & 5 of the United Nations Global Compact: "ensuring its companies are not complicit in human rights abuses", "elimination of all forms of forced and compulsory labour" and "effective abolition of child labour", respectively.

These documents and tools form part of the following iterative process:

- **Responsible Procurement Policy** for products and services, covering all purchases made by all employees. Published in December 2011, it is available on the Pernod Ricard Intranet in English, French, Spanish, Portuguese and Mandarin;
- **Supplier CSR Commitment**, launched in October 2013. This document is also aimed at subcontractors. It is available in English, French, Spanish, Portuguese, Mandarin, Russian and Armenian.

  This document is to be signed by suppliers and subcontractors. In order to avoid duplication and to promote sharing, a copy of each signed Supplier CSR Commitment is uploaded to the Pernod Ricard Intranet. At the end of June 2015, 629 signed documents had been uploaded;
- **CSR Risk Mapping Tool** to allow affiliates to identify which suppliers and subcontractors should be assessed as a priority (see following point).

  During 2014/2015, 1825 suppliers were mapped using this tool;
- **CSR assessment** of suppliers and subcontractors using the EcoVadis platform. At the end of June 2015, consequently to the CSR risk mapping, 324 suppliers or subcontractors had been assessed using EcoVadis;
- **harmonisation of CSR audit standards** for suppliers and subcontractors. Pernod Ricard selected SMETA standards, which also means it is in line with the "Mutual Recognition" programme established by AIM Progress.

  At the end of June 2015, CSR audits had been completed for 36 suppliers.

Pernod Ricard maintains close partnerships with its suppliers and subcontractors in order to ensure ethical business practices and sustainable development of its activities. In all Group affiliates, these partnerships are built on specific requirements and regular controls.

The actions the Company takes to ensure that relationships with suppliers and subcontractors are managed responsibly include the following:

- in the Pernod Ricard internal training course on procurement, a section addresses the selection of suppliers and partnerships;
- that Headquarters has close relationships with its top ten suppliers, who represent 65% of packaging spend. These relationships are regularly examined from a commercial standpoint;
- deployment of the **Self-Assessment Checklist** (SAC, formerly Supplier Audit Checklist) including around 100 criteria, of which some 20 refer to social and environmental responsibility. This tool is used to monitor the main suppliers and to reference new suppliers. In the last financial year, a campaign was launched to systematically widen its use to packaging suppliers. This tool was also used in tender processes, including the European sugar tender. At the end of June 2015, 234 completed SACs had been shared on the Pernod Ricard Intranet.

  Parts of the Self-Assessment Checklist are repeated in Pernod Ricard's guidelines for selecting third party contract packers;
- establishment of a digital training course entitled "Smart and safe POS purchasing" targeting the Marketing and Communication population likely to develop and purchase point of sale materials (POS);
- the Pernod Ricard Procurement Code of Ethics was updated to be more consistent with the Code of Business Conduct. This Procurement Code of Ethics establishes rules for balanced and healthy relationships with suppliers as well as basic CSR principles. The new version was published in French and English in June 2015, and is currently being translated into Mandarin, Spanish and Portuguese;
- standard CSR clauses were re-drafted in French and English, and circulated internally in June 2015. They are currently being translated into Mandarin, Spanish and Portuguese. These clauses are for use both in contracts and Standard Terms and Conditions of Purchase.

In addition to the results published for previous years, some recent results should be highlighted:

- in collaboration with its logistics service providers, Pernod Ricard Mexico made changes (replacing pallets with slip sheets and a range of different sized containers) to reduce its environmental impact;
- Pernod Ricard Brasil reviewed the specifications for its cardboard boxes and supported local procurement to significantly reduce its environmental impact.

No allegations have been made against the Company regarding the sustainability of its partnerships with its suppliers and subcontractors.

Integration of environmental factors in the supply chain

Pernod Ricard has made a formal commitment to include environmental factors in its supply chain management into its Responsible Procurement Policy and its Procurement Code of Ethics.

This commitment applies throughout the Group, supported by General Management. The Chief Executive Officer of each affiliate is responsible for implementing this policy.

Pernod Ricard has set up at least five measures to enable the inclusion of environmental factors in its supply chain management:

- integration of environmental issues into tenders and some contractual clauses;
- raising awareness among suppliers and subcontractors about environmental protection through Pernod Ricard's Responsible Procurement Policy and the Supplier CSR Commitment;
- assessment of some suppliers and subcontractors on environmental factors using EcoVadis;
- supplier support (*e.g.*: training, technical assistance, etc.);
- training and awareness-raising of employees in charge of procurement. Buyers must acknowledge and respect the Procurement Code of Ethics, which specifically includes environmental issues.

In addition, the affiliates help suppliers and subcontractors to achieve ISO 14001 or equivalent certification. The Pernod Ricard point of sale material (POS) procurement co-ordination team has drawn up a list of Group-wide referenced POS suppliers. All these referenced suppliers have been assessed using EcoVadis, specifically in terms of environmental aspects.

Integration of social factors in the supply chain

Pernod Ricard has made a formal commitment to include social factors in supply chain management into its Responsible Procurement Policy and its Procurement Code of Ethics.

This commitment applies throughout the Group, supported by General Management. The Chief Executive Officer of each affiliate is responsible for implementing this policy.

The Group's social requirements for suppliers and subcontractors refer to the United Nations Global Compact and the International Labour Organisation (ILO) fundamental conventions and address the most relevant issues in the sector: trade union rights, abolition of child labour, non-discrimination and equality of remuneration.

Pernod Ricard has set up four measures for ensuring that social factors are included in its supply chain management:

- integration of social issues into tenders and some contractual clauses;
- raising awareness among suppliers and subcontractors about social issues through Pernod Ricard's Responsible Procurement Policy and the Supplier CSR Commitment;
- assessment of some suppliers and subcontractors on social factors, using EcoVadis;
- buyers receive guidelines to ensure that they comply with the Pernod Ricard Procurement Code of Ethics in their dealings with suppliers and subcontractors.

The Pernod Ricard point of sale material (POS) procurement co-ordination team has drawn up a list of Group-wide referenced POS suppliers. All these referenced suppliers have been assessed using EcoVadis, specifically in terms of social aspects.

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Report of one of the Statutory Auditors, appointed as independent third-party, on the consolidated social, environmental and societal information published in the management report

To the Shareholders,

In our capacity as Statutory Auditor of Pernod Ricard, and appointed as independent third-party, for whom the certification request has been approved by the French National Accreditation Body (COFRAC) under the number 3-1048 (1), we hereby present you our report on the social, environmental and societal information prepared for the year ended June 30th, 2015 (hereinafter the "CSR Information"), presented in the management report pursuant to Article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the company

The Board of Directors of Pernod Ricard is responsible for preparing a management report including CSR Information in accordance with the provisions of Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the reporting protocols and guidelines used by Pernod Ricard (hereafter the "Reporting Guidelines"), which are available for consultation at the headquarters of the company and for which a summary is presented in the chapter titled "Corporate social responsibility" of the management report.

Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in Article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with rules of ethics, professional auditing standards and the applicable legal texts and regulations.

Responsibility of the Statutory Auditor

Based on our work, our responsibility is:

- to attest that the required CSR Information is presented in the management report or, in the event of omission, is explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of CSR information);
- to express limited assurance on the fact that, taken as a whole, CSR Information is presented fairly, in all material aspects, in accordance with the Reporting Guidelines (Formed opinion on the fair presentation of CSR Information).

Our work was carried out by a team of eight people between May and September 2015 for an estimated duration of seven weeks. To assist us in conducting our work, we referred to our corporate responsibility experts.

We conducted the following procedures in accordance with professional auditing standards applicable in France, with the order of May 13, 2013 determining the methodology according to which the independent third party entity conducts its assignment and, concerning the formed opinion on the fair presentation of CSR Information, with the international standard ISAE 3000 (2).

1. Attestation of completeness of CSR Information

Based on interviews with management, we familiarized ourselves with the Group's sustainable development strategy, with regard to the social and environmental impacts of the company's business and its societal commitments and, where appropriate, any resulting actions or programs.

We compared the CSR Information presented in the management report with the list set forth in Article R. 225-105-1 of the French Commercial Code.

In the event of omission of certain consolidated information, we verified that explanations were provided in accordance with the third paragraph of the Article R. 225-105 of the French Commercial Code.

We verified that the CSR Information covered the consolidated scope, i.e., the company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, subject to the limitations presented in the chapter titled "Corporate social responsibility" of the management report.

Based on these procedures and considering the limitations mentioned above, we attest that the required CSR Information is presented in the management report.

(1) *The scope of which is available at www.cofrac.fr*

(2) *ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information*

2. Formed opinion on the fair presentation of CSR Information

Nature and scope of procedures

We conducted around thirty interviews with the people responsible for preparing the CSR Information in the departments in charge of data collection process and, when appropriate, those responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Reporting Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into consideration, when relevant, the sector's best practices;
- verify that a data-collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of the CSR Information and review the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of the tests and controls according to the nature and significance of the CSR Information with regard to the company's characteristics, the social and environmental challenges of its activities, its sustainable development strategies and the sector's best practices.

Concerning the CSR Information that we have considered to be most important [1]:

- for the consolidating entity, we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), we performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the data consolidation, and we verified their consistency with the other information presented in the management report;
- for a representative sample of entities and sites that we have selecte [2] according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we held interviews to verify the correct application of the procedures and performed substantive tests using sampling techniques, consisting in verifying the calculations made and reconciling the data with supporting evidence. The selected sample represented 21% of the headcount and between 18% and 86% of the environmental quantitative information.

Regarding the other consolidated CSR Information, we have assessed its consistency in relation to our understanding of the Group.

Lastly, we assessed the relevance of the explanations relating to, where necessary, the total or partial omission of certain information.

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(1) ***Social information:***

- *Quantitative information: Worldwide workforce at 30 June; Employee departures by reason (employees with indefinite-term contracts); Breakdown of positions filled in financial year 2014/2015; Breakdown of average workforce on fixed-term contracts by function; Breakdown of payroll by geographical region for 2014/2015; Number of average theoretical hours worked per employee in 2014/2015; Absenteeism rate; Number of agreements signed with social partners; Number of lost-time accidents; Frequency rate of workplace accidents; Severity rate of workplace accidents; Percentage of the average workforce trained; Number of women in Management Committees in the affiliates.*
- *Qualitative information: Measures implemented to protect employee health and safety in the workplace at affiliate level; Measures implemented by the affiliates to promote diversity.*

Environmental information:

- *Quantitative information: Volume of distilled alcohol and volume of finished products; Water: total volume used; Water: Total volume taken (consumption and cooling water); Total volume of waste water released; Quantity of COD released into the natural environment; Quantity of organic waste dumped or incinerated; Total quantity of solid waste; Quantity of solid waste dumped or incinerated; Percentage of solid waste recycled or recovered; Quantity of hazardous waste treated externally; Active synthetic fungicides consumption; Sulphur consumption; Copper consumption; Nitrogen fertiliser consumption; Active insecticides consumption; Active herbicides consumption; Glass consumption; Quantity of raw materials used; Total energy consumed (including Natural gas consumption and Electricity consumption); Share of renewable energies in the energy mix; CO_2 direct emissions (Scope 1); CO_2 indirect emissions (Scope 2); Area of vineyard owned by Pernod Ricard; Area of land contributing to the protection of biodiversity.*
- *Qualitative information: Environmental roadmap: outcome of the 2010-2015 roadmap and presentation of the new 2015-2020 roadmap; Eco-design of packaging approach.*

Societal information:

- *Quantitative information: Percentage of affiliates holding at least one initiative to promote the development of local communities; Percentage of affiliates having implemented at least one initiative to promote responsible drinking; Percentage of affiliates incorporating the "pregnant lady" warning logo on all bottles distributed in European Union countries; Percentage of affiliates including a responsible drinking message in the majority of their advertising and promotional material; Number of advertising campaigns examined by the Internal Approval Panel and distribution of given rulings; Number of employees trained to the Code for Commercial Communication.*
- *Qualitative information: Roll-out of the dedicated tool to support affiliates in their dialogue with stakeholders; Supplier CSR commitment and deployment of the self-assessment checklist; Processing and dissemination of the anti-corruption self-assessment questionnaire for affiliates.*

(2) Entities and sites covered by testing on social information: Chivas Brothers Limited, GH Mumm, Irish Distillers Limited, PRW Australia, PRW New Zealand.

Entities and sites covered by testing on environmental information: Aberlour, Brancott Estate, Glenlivet, Kilmalid, Fox & Geese, Midleton, NZ Vineyards, OWG Vineyards, Rowland Flat.

We believe that the sampling methods and sizes of the samples we have used in exercising our professional judgment enable us to express limited assurance; a higher level of assurance would have required more in-depth verifications. Due to the use of sampling techniques and the other limits inherent to the operations of any information and internal control system, the risk that a material anomaly be identified in the CSR Information cannot be totally eliminated.

Conclusion

Based on our work, we did not identify any material anomaly likely to call into question the fact that the CSR Information, taken as a whole, is presented fairly, in accordance with the Reporting Guidelines.

Neuilly-sur-Seine, September 11 2015.

French original signed by one of the statutory auditors:

DELOITTE & ASSOCIES

David Dupont-Noel	Florence Didier-Noaro
Partner	Partner *Sustainability Services*

This is a free translation into English of the original report 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 auditing standards applicable in France.

4

Management report

Key figures from the consolidated financial statements for the year ended 30 June 2015

Income statement

In euro million	30.06.2013	30.06.2014	30.06.2015
Net sales	8,575	7,945	8,558
Gross margin after logistics expenses	5,351	4,987	5,296
Advertising and promotion expenses	(1,644)	(1,503)	(1,625)
Contribution after advertising & promotion expenses	3,707	3,484	3,671
Profit from recurring operations	2,231	2,056	2,238
Operating profit	2,119	1,817	1,590
GROUP NET PROFIT	**1,172**	**1,016**	**861**
Group net profit per share – diluted *(in euro)*	4.40	3.82	3.24
GROUP NET PROFIT FROM RECURRING OPERATIONS	**1,228**	**1,185**	**1,329**
Group net profit per share from recurring operations *– diluted (in euro)*	4.61	4.46	4.99

Balance sheet

In euro million	30.06.2013	30.06.2014	30.06.2015
Assets			
Non-current assets	21,030	20,968	22,978
of which intangible assets	*16,753*	*16,449*	*17,706*
Current assets	6,499	6,646	7,419
Assets held for sale	8	2	1
TOTAL ASSETS	**27,537**	**27,616**	**30,398**
Liabilities and shareholders' equity			
Consolidated shareholders' equity	11,179	11,778	13,288
Non-current liabilities	11,940	11,933	11,972
Current liabilities	4,418	3,905	5,138
Liabilities held for sale	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**27,537**	**27,616**	**30,398**

Net financial debt

In euro million	30.06.2013	30.06.2014	30.06.2015
Gross non-current financial debt	7,712	7,673	7,459
Gross financial debt from recurring operations	1,568	1,219	2,052
Non-current hedging instruments – assets	(56)	(63)	(51)
Hedging instruments from recurring operations – assets	(3)	(1)	(15)
Non-current derivative instruments – liabilities	36	1	-
Derivative instruments from recurring operations – liabilities	67	-	121
Cash and cash equivalents	(597)	(477)	(545)
NET FINANCIAL DEBT	**8,727**	**8,353**	**9,021**
Free cash flow [1]	924	755	808

(1) The calculation of free cash flow is set out in the Note on Cash in the management report.

Cash flow statement

In euro million	30.06.2013	30.06.2014	30.06.2015
Self-financing capacity before financing interest and taxes	2,243	2,089	2,220
Net interest paid	(519)	(428)	(455)
Net income tax paid	(385)	(413)	(538)
Decrease/(increase) in working capital needs	(255)	(308)	(193)
Net change in cash flow from operating activities	**1,085**	**940**	**1,035**
Net change in cash flow from investment activities	**(191)**	**(311)**	**(264)**
Net change in cash flow from financing activities	**(1,208)**	**(632)**	**(735)**
Cash flow from discontinued operations	(0)	-	-
Foreign currency translation adjustments	125	(117)	32
Cash and cash equivalents at start of period	787	597	477
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**597**	**477**	**545**

Analysis of business activity and results

In 2014/2015, Pernod Ricard delivered a good performance that was an improvement on the 2013/2014 financial year and in line with the guidance issued in October 2014, both quantitatively:

- organic growth [(1)] in net sales of +2% vs. stability for the 2013/2014 financial year;
- organic growth [(1)] in profit from recurring operations of +2% (the guidance being between +1% and +3%);
- a +12% increase in Group net profit from recurring operations;
- a decrease in the net debt/EBITDA ratio to below 3.5, compared with 3.6 at end June 2014;

and qualitatively:

- sustained advertising and promotion expenses (+2% [(1)]), particularly in the area of innovation;
- a rigorous pricing policy.

Pernod Ricard returned to growth with an increase in its net sales of +2% [(1)] with:

- stability [(1)] in mature markets;
- a return to growth (+5%, compared with -2% for the 2013/2014 financial year) [(1)] in emerging markets, due to the improvement in China of -2% [(1)], compared with -23% [(1)] for the 2013/2014 financial year, as well as the pursuit of sustained dynamism in India and Africa;
- an improvement in the performance of the Top 14 strategic brands (+2%, compared with -2% for the 2013/2014 financial year) [(1)], with Ballantine's and Martell recovering, and extremely solid growth for Jameson and The Glenlivet. In a difficult pricing environment, the pricing was stable.

The sharp appreciation of certain currencies, particularly the US dollar against the euro, had a very positive impact on sales. The foreign exchange impact boosted net sales, for reported growth of +8%.

Seperately, in 2014/2015, there was:

- an increase in organic growth [(1)] in profit from recurring operations in every Region with in Asia/Rest of World at -1% (impacted by China), the Americas at +2% and Europe at +6%;
- a broad stability [(1)] of the operating margin (26.2% in reported terms), due to a sharp drop [(1)] in structure costs, linked in part to the Allegro project. This offset a decline in the gross margin as a result of stable pricing – stemming from a difficult pricing environment – and a negative mix, despite excellent cost control (+1% on a constant mix basis);
- operating free cash flow of €1,154 million, close to the Group's historic high;
- a proposed dividend per share of €1.80, a +10% increase compared with the previous year. This represents a pay-out ratio of 36%, in line with the customary policy of cash payment of approximately one-third of net profit from recurring operations.

Presentation of results

In euro million	30.06.2014	30.06.2015
Net sales	7,945	8,558
Gross margin after logistics expenses	4,987	5,296
Contribution after advertising and promotion expenses	3,484	3,671
Profit from recurring operations	2,056	2,238
Operating margin	25.9%	26.2%
Group net profit from recurring operations [(1)]	1,185	1,329
Group net profit	1,016	861
Group net profit per share from recurring operations – diluted *(in euro)*	4.46	4.99
GROUP NET PROFIT PER SHARE FROM CONTINUING OPERATIONS (EXCLUDING DISCONTINUED OPERATIONS) – DILUTED *(in euro)*	**3.82**	**3.24**

(1) Profit from recurring operations adjusted for net interest expense relating to ordinary activities, corporate income tax, profits of equity-method companies and profit from assets held for sale.

(1) Organic growth at constant exchange rates and scope of consolidation.

Group net profit per share from recurring operations – diluted

In euro million	30.06.2014	30.06.2015
Profit from recurring operations	2,056	2,238
Interest (expense) income from recurring operations	(444)	(457)
Corporate income tax on recurring operations	(416)	(434)
Non controlling interests, profit from discontinued operations and share of net profit	(11)	(18)
Group net profit from recurring operations	1,185	1,329
Number of shares in circulation – diluted	265,816,388	266,230,412

In euro	30.06.2014	30.06.2015
Group net profit per share from recurring operations – diluted	4.46	4.99

Asia/Rest of World

In euro million	30.06.2014	30.06.2015	Organic growth (1)	
Net sales	3,031	3,446	120	4%
Gross margin after logistics expenses	1,848	2,073	16	1%
Advertising and promotion expenses	(550)	(627)	(23)	4%
Contribution after advertising & promotion expenses	1,298	1,446	(7)	-1%
PROFIT FROM RECURRING OPERATIONS	**884**	**999**	**(11)**	**-1%**

Americas

In euro million	30.06.2014	30.06.2015	Organic growth (1)	
Net sales	2,142	2,382	51	2%
Gross margin after logistics expenses	1,394	1,519	15	1%
Advertising and promotion expenses	(412)	(478)	(27)	7%
Contribution after advertising & promotion expenses	982	1,041	(12)	-1%
PROFIT FROM RECURRING OPERATIONS	**579**	**632**	**11**	**2%**

Europe

In euro million	30.06.2014	30.06.2015	Organic growth (1)	
Net sales	2,773	2,731	8	0%
Gross margin after logistics expenses	1,745	1,704	(3)	0%
Advertising and promotion expenses	(541)	(521)	18	-3%
Contribution after advertising & promotion expenses	1,204	1,183	15	1%
PROFIT FROM RECURRING OPERATIONS	**593**	**608**	**33**	**6%**

(1) Organic growth at constant exchange rates and scope of consolidation.

Total

In euro million	30.06.2014	30.06.2015	Organic growth (1)	
Net sales	7,945	8,558	180	2%
Gross margin after logistics expenses	4,987	5,296	27	1%
Advertising and promotion expenses	(1,503)	(1,625)	(32)	2%
Contribution after advertising & promotion expenses	3,484	3,671	(5)	0%
PROFIT FROM RECURRING OPERATIONS	**2,056**	**2,238**	**33**	**2%**

(1) Organic growth at constant exchange rates and scope of consolidation.

Net sales growth and volumes of strategic brands

In millions of 9-litre cases	Volumes at 30.06.2014	Volumes at 30.06.2015	Organic growth (1) in net sales	Volume growth	Price/ mix
Absolut	11.1	11.2	-1%	0%	-1%
Chivas Regal	4.6	4.5	0%	-1%	0%
Ballantine's	5.9	6.2	3%	4%	-1%
Ricard	4.8	4.9	0%	2%	-2%
Jameson	4.7	5.1	10%	9%	2%
Havana Club	4.0	4.0	0%	1%	-1%
Malibu	3.5	3.4	-3%	-3%	0%
Beefeater	2.6	2.6	3%	2%	1%
Kahlúa	1.6	1.5	2%	-1%	3%
Martell	1.9	2.1	2%	8%	-6%
The Glenlivet	1.0	1.1	11%	7%	3%
Royal Salute	0.2	0.2	-8%	-9%	2%
Mumm	0.6	0.7	7%	13%	-6%
Perrier-Jouët	0.3	0.3	9%	11%	-2%
TOP 14	**46.8**	**47.8**	**2%**	**2%**	**0%**
Jacob's Creek	6.2	6.0	-3%	-4%	0%
Brancott Estate	2.1	2.2	1%	6%	-5%
Campo Viejo	2.1	2.2	9%	9%	0%
Kenwood	0	0.5	N/A	N/A	N/A
Graffigna	0.2	0.2	-22%	-18%	-4%
PRIORITY PREMIUM WINES	**10.6**	**11.2**	**-1%**	**1%**	**-1%**

N/A: not applicable

(1) Organic growth at constant exchange rates and scope of consolidation.

Full-year sales [1] were €8,558 million (excluding duties and taxes), a reported increase of +8%, as a result of:

- organic growth [2] of +2%, with the stability in mature markets and an increase of +5% [2] in emerging markets;
- a very positive foreign exchange impact of €437 million, *i.e.* +6% over the full year, mainly due to the strengthening of the US dollar in relation to the euro;
- and a negligible scope effect of €(4) million.

(1) Net sales excluding excise duties (see Accounting principles in the Notes to the consolidated financial statements, Note 2: Segment reporting – "Net Sales").

(2) Organic growth at constant exchange rates and scope of consolidation.

Sales growth in all Regions [(1)]:

- Asia/Rest of World was up due to sustained growth in India and in Africa. The Group recorded an improvement in China, reporting figures of -2% [(1)], compared with -23% [(1)] for the 2013/2014 financial year. The Group gained market share in a market that remains in decline (macroeconomic slowdown and measures against conspicuous consumption). Excluding China, organic growth [(1)] in the region was +6%. The second largest market in the region, India, posted an excellent performance of +18% [(1)] boosted by local whiskies, as well as the strong showing of the Top 14 strategic brands, especially Chivas, The Glenlivet and Absolut. Growth [(1)] was also robust in other markets such as Japan and Africa/Middle East. However, some markets remain difficult, particularly South Korea and some countries in Southeast Asia;
- the Americas were up by +2% [(1)], with stability reported [(1)] in the United States and good growth [(1)] throughout the rest of the region. In the United States, Premiumisation continues. The Group's performance and that of the market improved over the second half of the year, benefiting from a more favourable macroeconomic context. Jameson, The Glenlivet and Martell reported excellent growth [(2)], while the performance of Absolut was disappointing due to strong competition in the vodka category. The Group is rolling out an action plan aimed at stabilising the brand over the medium term. Outside the USA, dynamic growth of +5% [(1)] was reported;
- Europe was stable [(1)], with strong resilience in Western Europe and Russia. However, Travel Retail Europe was down sharply. In France, the Group is gaining market share in several categories, despite a difficult environment. In Spain, the confirmation of the recovery is driven by the strong performance of gins and the improved performance of whiskies. Elsewhere, Germany and the United Kingdom recorded solid growth. The Group's net sales remained stable while its market share increased.

Contribution after advertising and promotion expenses

The gross margin (after logistics expenses) amounted to €5,296 million, +1% [(1)]. The ratio of gross margin/net sales of 61.9% in 2014/2015 compared with 62.8% over the previous year (-105 bps [(1)]) can be explained by:

- stable pricing in a difficult environment;
- negative mix due to geographic mix and quality mix (China);
- effective cost control (+1% on COGS at constant mix).

Advertising and promotion expenses increased by +2% [(1)] to €1,625 million, broadly in line with the increase in net sales. Investments are specifically focused on the Top 14 strategic brands and new growth opportunities (China, USA and Africa). Investment in key innovations grew double-digit [(1)]. The ratio of advertising and promotion expenses to net sales was broadly stable at 19.0%.

Profit from recurring operations

Profit from recurring operations was up +2% [(1)], in line with the increase [(1)] in net sales, to reach €2,238 million. A sharp reduction in structure costs [(1)], due in part to the savings generated by the Allegro project (including €80 million in 2014/2015) offset the decline in the gross margin ratio. The operating margin on net sales was 26.2% compared with 25.9% the previous year, at reported rate.

Over the full 2014/2015 financial year, the increase in profit from recurring operations of +9% was mainly due to the very positive currency effect (+8%, *i.e.* +€155 million) mainly due to the strengthening of the US dollar against the euro. The impact of consolidation was insignificant at €(7) million.

Financial results

Financial expenses from recurring operations were €(457) million, compared with €(444) million the previous year. This increase resulted primarily from a negative foreign exchange effect on debt denominated in US dollars. However, the cost of debt at 4.4% was lower this year, compared with 4.6% for the 2013/2014 financial year. For 2015/2016, the average cost of debt should be around 4.2%.

The debt structure at 30 June 2015 was as follows:

- the bond portion was approximately 89% of gross debt;
- the fixed rate portion was 90% of total debt;
- the maturity of gross debt at the end of June 2015 was six years and one month;
- the Group had €0.5 billion in cash and €1.9 billion in available credit facilities;
- structuring the debt by currency (USD: 60%) provides a natural hedging mechanism with debt by currency matching cash flow by currency.

(1) Organic growth at constant exchange rates and scope of consolidation.

Group net profit from recurring operations

Tax on recurring items was €(434) million, amounting to a current effective tax rate of 24.4%, compared with 25.8% for the 2013/2014 financial year. Finally, non-controlling interests amounted to €(19) million.

Group net profit from recurring operations reached €1,329 million, up by 12% compared with the 2013/2014 financial year, due to:

- a rise [1] in profit from recurring operations
- a lower effective tax rate

Diluted net profit per share from recurring operations stood at €4.99, up 12%.

Group net profit

Other non-current operating income and expenses amounted to €(649) million, mainly due to a write down of the Absolut brand of €700 million on the balance sheet and, on the income statement, €652 million in other operating expenses, *i.e.* €404 million in net profit after tax. This impairment results from the decline in the brand's growth in the United States. The impairment has no impact on the Group's cash position and has not altered the strategy or operational initiatives relating to the brand or the Group's medium-term outlook.

Non-current financial income (expense) amounted to a net expense of €(32) million. Deferred taxes amounted to net income of €213 million.

Consequently, Group net profit totalled €861 million, down 15% compared with the 2013/2014 financial year.

(1) Organic growth at constant exchange rates and scope of consolidation.

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 net financial debt and the main balance sheet items is provided in Note 4.9 – *Financial instruments* of the Notes to the consolidated financial statements. The following table shows the change in net debt over the year:

In euro million	30.06.2014	30.06.2015
Profit from recurring operations	**2,056**	**2,238**
Other operating income and expenses	(84)	(346)
♦ Depreciation of fixed assets	203	214
♦ Net changes in provisions, excluding investments in the pension funds acquired from Allied Domecq	48	(80)
♦ Net change in impairment of goodwill and intangible assets	64	656
♦ Fair value adjustments on commercial derivatives and biological assets	(9)	(12)
♦ Net (gain)/loss on disposal of assets	(4)	(98)
♦ Share-based payments	38	27
♦ Non-cash impact from other operating income and expenses	(156)	(303)
Sub-total of depreciation of fixed assets, change in provisions and others	**185**	**403**
SELF-FINANCING CAPACITY BEFORE FINANCING INTEREST AND TAX (1)	**2,157**	**2,296**
Decrease/(increase) in working capital needs	(308)	(193)
Net interest and tax payments	(841)	(992)
Net acquisitions of non-financial assets and other	(253)	(302)
FREE CASH FLOW	**755**	**808**
Net disposals of financial assets and activities, investments in the pension funds acquired from Allied Domecq and others	(126)	(37)
Change in the scope of consolidation	-	-
♦ Capital increase and other changes in shareholders' equity	-	-
♦ Dividends paid	(448)	(461)
♦ (Acquisition) disposal of treasury shares	(16)	(14)
Sub-total dividends, purchase of treasury shares and other	**(464)**	**(475)**
INCREASE/(DECREASE) IN DEBT BEFORE FOREIGN CURRENCY TRANSLATION ADJUSTMENTS	**165**	**296**
Foreign currency translation adjustments	209	(964)
DECREASE/(INCREASE) IN DEBT AFTER FOREIGN CURRENCY TRANSLATION ADJUSTMENTS	**374**	**(668)**

(1) Excluding investments in the pension funds acquired from Allied Domecq.

Outlook

Pernod Ricard expects, for 2015/2016, a gradual improvement in sales growth despite an environment that remains challenging and volatile. The Group strategy has remained consistent and is delivering results.

The Group will focus on:

- priority brands and innovations;
- operational excellence.

Compensation policy

Corporate officers' compensation

This Section has been drawn up with the assistance of the Compensation Committee.

Compensation policy for members of the Board of Directors

The conditions governing Directors' compensation are determined by the Board of Directors on the basis of a recommendation from the Compensation Committee and must fall within the bounds of the total amount allocated by the Shareholders' Meeting for Directors' fees.

Directors' annual compensation comprises a fixed portion set at €11,500, with an additional €5,500 for members of the Audit Committee and €3,000 for members of the Strategic Committee, the Compensation Committee and the Nominations, Governance and CSR Committee. The Chairman of the Audit Committee receives an additional sum of €6,000, while the Chairmen of the Compensation Committee and of the Nominations, Governance and CSR Committee each receive an additional €3,000.

The Vice Chairman of the Board of Directors receives an additional directors' fee of €40,000 each year.

Directors are also eligible for a variable portion, calculated on the basis of their presence 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 residents when they attend Board meetings. Directors who take part in Board meetings by videoconference or conference call are not eligible for this additional amount.

Directors representing employees receive, in the form of Directors' fees, a fixed annual sum of €15,000 for their attendance at meetings of the Board of Directors and of its committees, if applicable.

The Chairman and CEO do not receive Directors' fees.

Of the €910,000 allocated by the Shareholders' Meeting of 6 November 2014, a total of €830,250 in Directors' fees was paid to members of the Board of Directors in the 2014/2015 financial year, in accordance with the rules set out above.

Table of Directors' fees and other compensation received by Non-Executive Corporate Directors (in euro) (Table 3 AMF nomenclature):

Members of the Board	Amounts paid in 2013/2014	Amounts paid in 2014/2015
Ms Nicole Bouton	99,500	95,500
Mr Laurent Burelle	39,500	40,750
Mr Michel Chambaud (1)	80,500	35,583
Mr Wolfgang Colberg	80,000	83,750
Mr Ian Gallienne	82,500	85,250
Mr François Gérard (1)	74,500	27,583
Mr César Giron (2)	66,500	71,750
Ms Martina Gonzalez-Gallarza	55,500	55,500
Ms Susan Murray (1)	74,500	31,583
Mr Anders Narvinger	105,500	117,167
Mr Pierre Pringuet (3)	N/A	38,708
Société Paul Ricard represented by Mr Paul-Charles Ricard (2) (4)	43,500	43,500
Gilles Samyn (5)	N/A	52,333
Veronica Vargas (6)	N/A	21,292
Mr Sylvain Carré (2)	7,500	15,000
Mr Manousos Charkoftakis (2)	7,500	15,000
TOTAL	**817,000**	**830,250**

N/A: not applicable.

(1) Until 6 November 2014.

(2) In addition to Directors' fees, Messrs César Giron and Paul-Charles Ricard received compensation in their respective capacities as Chairman and CEO of Pernod S.A. and Marketing Manager of G.H. Mumm. Messrs Sylvain Carré and Manousos Charkoftakis, Directors representing employees, also received compensation in their respective capacities as Production Team Leader at Pernod S.A. and Area Sales Manager for Crete and the Aegean Islands at Pernod Ricard Hellas.

(3) From 11 February 2015, the end of his term of office as Chief Executive Officer.

(4) Permanent representative of Société Paul Ricard, Director.

(5) From 6 November 2014, the date on which he was appointed as a Director by the Shareholders' Meeting.

(6) From 11 February 2015, date of her co-option as a Director to replace Ms Daniele Ricard.

Compensation policy for Executive Directors

1. Overall criteria of the policy

The compensation policy for Executive Directors of Pernod Ricard is established by the Board of Directors on the basis of recommendations from the Compensation Committee. This policy is regularly reviewed and discussed by the Board of Directors. In 2014/2015, the Board was required to review the compensation for Mr Pierre Pringuet following the end date of his term of office as Chief Executive Officer, and the compensation to be allocated to Mr Alexandre Ricard in his capacity as the Chairman and CEO, following his appointment on 11 February 2015.

In its analysis and proposals to the Board, the Compensation Committee is careful to follow the recommendations of the AFEP-MEDEF Code as revised in June 2013, which the Group uses as reference. The Board takes particular care to adhere to the following core principles:

Overview and balance

All the elements comprising the compensation package for Executive Directors are reviewed annually and their respective weightings are considered for each Director: fixed and variable compensation, volumes and the value of any stock option and/or performance-based share allocations as well as the criteria for definitive allocation, social security benefits and deferred commitments such as the supplementary pension scheme.

Simplicity and consistency

Based on the recommendations of the Compensation Committee, the Board of Directors has always sought to implement a compensation policy for Executive Directors that is straightforward, easy to understand and consistent over time. As an example, the decision was therefore made some years ago not to pay Directors' fees to Executive Directors, ensuring impartiality.

The compensation for each Executive Director comprises the following elements:

Until 11 February 2015:

- the compensation of the Non-Executive Chairwoman of the Board of Directors consists of a fixed portion, with no other elements;
- the compensation of the Chief Executive Officer and that of the Deputy Chief Executive Officer and Chief Operating Officer comprises a fixed and a variable annual portion, plus, where applicable, an allocation of stock options and/or performance-based shares, subject to certain performance conditions.

From 11 February 2015:

The compensation of the Chairman and CEO comprises a fixed and a variable annual portion, plus, where applicable, an allocation of stock options and/or performance-based shares, subject to certain performance conditions.

Motivation and performance

In its recommendations to the Board of Directors, the Compensation Committee aims to propose a compensation policy commensurate with the responsibilities of each recipient and in line with the practices of large international corporations.

The Executive Directors of Pernod Ricard receive annual compensation (fixed and variable) that is competitive in comparison with the amounts paid to their counterparts in French corporations with comparable net sales and workforces. In addition, the variable portion granted in the form of stock options and performance-based shares is historically reasonable. Increases in compensation paid to Executive Directors, and to key management personnel, are made by regularly applying the remuneration mechanisms, which allow individual performance to be rewarded in the medium and long term while enabling the Group to maintain its results over time.

In its recommendations, the Compensation Committee is careful to maintain this balance between motivation and performance, while also taking into consideration Executive Directors' compensation in other spirits corporations around the world.

Lastly, the policy on variable compensation (setting the criteria for the annual variable portion and the performance conditions for stock options and performance-based shares) is kept under regular review, based on the Group's strategic priorities.

Moreover, the Compensation Committee and the Board of Directors take regular steps to ensure that the elements of the compensation policy for Executive Directors are fully consistent with the policy for all members of the Group's Management team. Such consistency helps unite players who are to key the Group's development around shared criteria that are known to all.

2. Fixed portion

The amount of the fixed portion is determined on the basis of the respective responsibilities of each of the Executive Directors. This analysis of respective responsibilities is reviewed on a regular basis.

Every year, a study is carried out with the help of specialist firms on the positioning of compensation for every Executive Director in relation to the practices of other CAC 40-listed French companies for similar positions.

3. Variable portion

Several years ago, the Board of Directors defined a method for calculating the variable portion of Executive Directors' compensation that was designed to provide a significant incentive. The procedure is based on ambitious quantitative and qualitative criteria in order to align Directors' annual financial compensation with Group performance. The method and the criteria for calculating this element apply in an identical manner, according to the principles of collegiality, to the Chief Executive Officer and the Deputy Chief Executive Officer and Chief Operating Officer until 11 February 2015, and will continue to apply as from 11 February 2015 to the Chairman and CEO.

This variable portion is expressed as a percentage of the annual fixed portion. It may vary between 0% and 110% if the quantitative and qualitative targets are achieved (target level), and can rise to a maximum of 180% if the Group records exceptional financial performance in relation to the targets. The criteria are reviewed regularly and modified on an occasional basis. During the 2014/2015 financial year, on the recommendation of the Compensation Committee, the Board reviewed the criteria and adopted the following:

- **achievement of the target for profit from recurring operations:** the weight of this criterion may vary between 0 and 30% of the fixed compensation if the target is achieved, rising to a maximum of 55% if the target is significantly exceeded. This criterion, intended to foster an incentive to exceed the target for profit from recurring operations, restated for foreign exchange impact and scope changes, is one of the key elements of the Group's decentralised structure. The concept of a commitment to the profit from recurring operations budget helps bring together the Group's various departments, 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 Executive Directors;
- **achievement of target for Group net profit from recurring operations:** the weight of this criterion may vary between 0 and 20% if the target is achieved and up to 40% if significantly exceeded. This criterion, restated for currency effects and changes in the scope of consolidation, takes account of all of the Group's financial items over the financial year and thus helps to improve the alignment of Executive Directors' compensation with shareholders' remuneration;
- **reduction in Group debt (net debt/EBITDA ratio):** the weight of this criterion may vary between 0 and 30% if the target is achieved and up to 55% for an exceptional level of debt reduction, restated for currency effects. The inclusion of this criterion in the calculation of the variable portion paid to Executive Directors is in line with the Group's target. It also applies to operating affiliates' Management Committees in the form of a cash flow generation target during the year. This evaluation of debt reduction is restated for currency effects and changes in the scope of consolidation;
- **qualitative criteria:** these criteria may vary between 0 and a maximum of 30% of the fixed annual compensation. The individual performance of each 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.

Given the structure of the quantitative and qualitative criteria, the degree to which targets are achieved and details of qualitative targets cannot be made public for reasons of confidentiality about Group strategy.

The Non-Executive Chairwoman of the Board of Directors (until 11 February 2015) did not receive this variable portion.

4. Stock option and performance-based share allocation policy

As part of its stock-option and performance-based share allocation policy, the Board of Directors has implemented the **following principles**:

- the Non-Executive Chairwoman of the Board of Directors is not eligible for the plan;
- all allocations made to Executive Directors are subject to performance criteria. Such condition(s) are internal or external performance conditions, or a combination of both where possible and relevant;
- the economic value of the overall allocation awarded to Executive Directors is limited to around 5% of the total economic value of the plan (the total economic value of the plan is made up of the value of all of the tools distributed);
- the financial amount of the allocation to Executive Directors is proportional to their individual annual compensation, and adds to their motivation to achieve medium and long-term financial performance for the Group;
- the total volume of performance-based shares awarded to Executive Directors must not exceed the specific ceiling of 0.06% of share capital on the allocation date, as provided in the 13th resolution of the Shareholders' Meeting of 6 November 2014;
- the Board of Directors requires every Executive Director:
  - to retain in a registered form until the end of their term of office a number of shares corresponding to (i) 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 (ii) in respect of performance-based shares, 20% of the volume of performance-based shares that have been actually transferred to them,
  - to undertake to buy a number of additional shares equal to 10% of the performance-based shares transferred, at the time that the performance-based shares are actually transferred to them,
  - once an Executive Director holds a number of registered Company shares that correspond to more than three times their gross fixed annual compensation at that time, the above-mentioned obligation will be reduced to 10% for stock options and for performance-based shares and the Executive Director concerned will no longer be required to acquire additional shares. If, in the future, his or her registered holdings fall below the three-times ratio, the lock-in and acquisition requirements cited above will again apply;
- in accordance with the Code of Conduct approved by the Board of Directors (see Section 2 "Corporate governance and internal control", paragraph "Directors' Code of Conduct"), Executive Directors have formally committed to refrain from using hedging mechanisms for any stock options and performance-based shares which they receive from the Company.

An allocation plan exclusively composed of performance shares was validated by the Board of Directors on 6 November 2014, in connection with authorising the allocation of performance-based shares, which was renewed for a period of 38 months at the Shareholders' Meeting of 6 November 2014.

The terms and conditions, including the volumes granted under the plan of November 2014 for each Executive Director, are disclosed in the details of their respective individual compensation below.

5. Policy on deferred commitments

- Policy on deferred commitments until 11 February 2015

In accordance with the recommendations of the AFEP-MEDEF Code, Mr Pierre Pringuet resigned in February 2009 from his suspended contract of employment. Consequently, he also waived his right to the elements attached to the suspended contract, namely a non-compete clause and the promise of a payment in the event of his departure.

Since that date, Mr Pierre Pringuet no longer has a contract of employment with Pernod Ricard. His compensation relates entirely to his directorship.

During the Board meeting held on 12 February 2009, Mr Pierre Pringuet was allowed to retain the benefits of the supplementary and conditional collective defined-benefit pension scheme described in the paragraph below, as well as the collective healthcare and welfare schemes he enjoyed prior to his appointment as an Executive Director. The Board of Directors' meeting held in February 2009 also introduced a two-year non-compete clause, linked to Mr Pierre Pringuet's term of office, in exchange for an indemnity equivalent to one year's fixed and variable compensation.

At the Shareholders' Meeting of 9 November 2012, and subject to the Board of Directors' decision to renew his term of office as Chief Executive Officer, the shareholders agreed, by way of a vote on the 5th resolution, and in accordance with the procedure regarding regulated agreements and commitments, to maintain all of these commitments in favour of Mr Pierre Pringuet for the duration of his new term of office.

At the meeting of Pernod Ricard's Board of Directors on 29 August 2012, Mr Alexandre Ricard was appointed Deputy Chief Executive Officer and Chief Operating Officer and a compensation and benefits package was granted to him. In connection with the regulated agreements and commitments, the same Board of Directors' meeting approved the commitments in favour of Mr Alexandre Ricard, in the form of a two-year non-compete clause related to his term of office accompanied by an indemnity equivalent to one year's fixed and variable compensation, and the continued membership of the supplementary defined-benefit pension scheme and the collective healthcare and welfare schemes granted by the Company under the same terms as those applicable to the category of employees to which he belongs, as far as welfare benefits and other additional items of his compensation are concerned.

The maximum total payment that Mr Alexandre Ricard may receive in the event of his leaving and the termination of his employment contract (which is suspended), including the counterparty of the non-compete clause, is capped at 24 months of fixed and variable compensation.

At the Shareholders' Meeting of 9 November 2012 and subject to the Board of Directors' decision to renew his term of office as Deputy Chief Executive Officer and Chief Operating Officer, the shareholders agreed, under the 6th resolution and in accordance with the procedure regarding regulated agreements and commitments, to maintain all of these commitments in favour of Mr Alexandre Ricard for the duration of his new term of office.

- Policy on deferred commitments from 11 February 2015

In accordance with recommendations of the AFEP-MEDEF Code, Mr Alexandre Ricard, at the time of his appointment as the Chairman and CEO of the Group, resigned on 11 February 2015 from his suspended contract of employment and, consequently, waived his right to the benefits related to that contract.

Since that date, Mr Alexandre Ricard no longer has a contract of employment with Pernod Ricard. His compensation relates entirely to his directorship.

During the Board meeting held on 11 February 2015, Mr Alexandre Ricard was allowed to retain the benefits of the supplementary and conditional collective defined-benefit pension scheme described in the paragraph below, as well as the collective healthcare and welfare schemes he enjoyed prior to his appointment as an Executive Director.

In addition, Mr Alexandre Ricard, as Chairman & CEO, benefits from:

- a one-year non-compete clause (corresponding to 12 months of compensation: last fixed + variable annual compensation decided by the Board of Directors).
- an imposed departure clause (corresponding to a maximum of 12 months of compensation: last fixed + variable annual compensation decided by the Board of Directors) subject to performance conditions. In accordance with the AFEP-MEDEF Code, this amount will be due in case of a change in control or strategy of the Group, but there would be no payment in case of a departure related to i) non-renewal of his term of office, ii) if departure was decided by the Executive Director himself, iii) in case of a change of position within the Group or iv) if he is able to benefit in the near future from pension rights.

  The imposed departure clause is subject to the 3 following performance criteria:

  - 1st criterion: 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;
  - 2nd criterion: 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 term(s) of office is more than 95% (restated for currency and scope);
  - 3rd criterion: sales growth over the term(s) of office: criterion number 3 will be considered as met if the average sales growth over the entire length of term(s) of office is greater than or equal to 3% (restated for currency and scope).

The amount of the compensation is calculated as follows:

- if all 3 criteria are met: payment of 12 months' compensation;
- if 2 of the 3 criteria are met: payment of 8 months' compensation;
- if 1 of the 3 criteria is met: payment of 4 months' compensation;
- if no criterion is met: no compensation paid.

In accordance with the AFEP-MEDEF Code, the overall amount of the non-compete clause and the imposed departure clause will be capped at (sum of both clauses) 24 months' compensation (fixed + variable).

Pursuant to the regulated agreements and commitments procedure, the items above were authorised by the Board of Directors' meetings held on 11 February 2015 and 22 July 2015 and will be submitted to the approval of the Shareholders' Meeting to be held on 6 November 2015 (5th resolution).

Supplementary defined-benefit pension scheme for Executive Directors

The benefit of membership of the supplementary pension scheme is one of the elements taken into account in determining the total compensation for the Executive Directors of Pernod Ricard.

Executive Directors and Senior Managers of Pernod Ricard qualify for a supplementary defined-benefit pension scheme provided that they:

- meet a number of conditions relating primarily to their length of their service and the amount of their compensation;
- end their career with the Group.

The aim of the scheme is to allow the Group's Senior Managers to supplement the pension provided by France's mandatory state-run pension scheme. It offers retired beneficiaries a life pension that can be passed on to their spouse and/or ex-spouse in the event of death.

The scheme is collective, conditional and supplementary. Potential beneficiaries must have spent at least ten years within the Group. 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 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.

The supplementary defined-benefit pension scheme for which the Executive Directors qualify thus complies with the recommendations of the AFEP-MEDEF Code, revised in June 2013:

- minimum length of service: 10 years (vs 2 years recommended);
- rate of increase: proportional to the length of service, capped at 20 years, and around 1% to 2% per year depending on the compensation brackets (vs maximum 5% recommended).

In addition to these conditions, the Senior Manager must be employed by the Group on the day that he or she retires. In accordance with regulations, employees aged over 55 years whose contract is terminated and who do not take up another job are deemed to have retired.

The Board of Directors has consistently chosen to treat the Group's Executive Directors in the same way as its Senior Managers, especially with regard to elements comprising compensation and advantages, including supplementary pensions. It therefore signalled at its meeting of 12 February 2009 that the termination of an Executive Director's mandate can be assimilated with the termination of a contract of employment, subject to the aforementioned conditions regarding age and failure to take up another job.

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 (while the Executive Director is active) and, when the beneficiary claims their pension, the capital is transferred to an insurer and thus entirely externalised.

Mr Alexandre Ricard, Deputy Chief Executive Officer and Chief Operating Officer until 11 February, then Chairman and CEO from that date

Fixed compensation

At the meeting of the Board of Directors of 27 August 2014, the Compensation Committee proposed to the Board, which approved the proposal, not to increase the gross fixed compensation paid to Mr Alexandre Ricard as Deputy Chief Executive Officer and Chief Operating Officer for the 2014/2015 financial year and to maintain it at €750,000.

The annual gross fixed compensation due and granted for the 2014/2015 financial year, as Deputy Chief Executive Officer and Chief Operating Officer, calculated on a *pro rata basis* from 1 July 2014 to 11 February 2015, was €423,082.

The Board of Directors' meeting held on 11 February 2015 decided, as recommended by the Compensation Committee, that since his appointment as Chairman & CEO the gross fixed compensation of Mr Alexandre Ricard was €950,000. Gross fixed compensation due and granted in respect of the 2014/2015 financial year as Chairman & CEO is calculated *pro rata temporis* from 12 February 2015 to 30 June 2015, *i.e.* €414,103.

Mr Alexandre Ricard does not receive any Directors' fees in his capacity as a Director and as the Chairman of the Board of Directors.

Variable compensation

At the Board of Directors' meeting held on 26 August 2015, on the recommendation of the Compensation Committee, and after approval of the financial elements by the Audit Committee, the Board assessed the amount of the variable portion of Mr Alexandre Ricard's compensation for the 2014/2015 financial year.

Considering the quantitative and qualitative criteria set by the Board meeting of 27 August 2014 and the accomplishments recognized as of 30 June 2015, the amount of the variable portion was evaluated as follows:

- as per the quantitative criteria (profit from recurring operations, net attributable profit and net debt/EBITDA), the variable portion amounted to 75.55% of Mr Alexandre Ricard's total annual gross fixed compensation (vs target at 80%);
- as per the qualitative criteria, the amount decided by the Board of Directors was 30% of Mr Alexandre Ricard's total annual fixed compensation. The Board deemed that Mr Alexandre Ricard's performance in the 2014/2015 financial year had been highly satisfactory, considering: the overall quality of the Group's General Management in a particularly volatile environment, the gradual improvement of the growth in activity, notably through innovations, the implementation of the Group reorganisation (Allegro) and the changes in the management teams and lastly maintaining the Group's commitments on societal issues.

The total amount of Mr Alexandre Ricard's variable compensation for the 2014/2015 financial year as Deputy Chief Executive Officer & Chief Operating Officer and then as Chairman & CEO was consequently set at €883,649 or 105.55% of his total annual gross fixed compensation for 2014/2015 (vs target at 110%). The variable compensation in respect of the 2013/2014 and 2012/2013 financial years respectively represented 55.40% and 78.20% of his annual fixed compensation.

Mr Alexandre Ricard does not qualify for any multi-year variable compensation.

Special bonus

Mr Alexandre Ricard does not qualify for any special bonus for the 2014/2015 financial year.

Allocation of options and/or performance-based shares

On 6 November 2014, the Board of Directors authorised a performance-based share allocation plan for the benefit of 1,005 employees of the Group. Under this plan, Mr Alexandre Ricard received the following allocation:

- 11,600 **performance-based shares** all subject to the following performance conditions. The number of shares that will be finally allocated to Mr Alexandre Ricard will be determined as follows:
  - firstly, application of the internal performance condition based on achieving the annual target for Group net profit from recurring operations assessed on the average ratio of two consecutive financial years, at the end of the 2015 (June) and 2016 (June) financial years. The progression formula is the same as the one applied to the allocations to all beneficiaries of performance-based shares, as described in the section on "Stock option and performance-based share allocation policy" in the management report which is included in the 2014/2015 Registration Document;
  - secondly, the number of performance-based shares resulting from the implementation of the above-mentioned internal condition, will be subject to the progressive external performance condition as follows: comparison between the Total Shareholder Return (TSR) for Pernod Ricard and the performance of the Food & Beverage Eurostoxx 600 (SX3R) index assessed over a period of three years from the grant of the plan (from 6 November 2014 to 6 November 2017 inclusive). Therefore:
    - if the global performance of the Pernod Ricard share (TSR) is below the global performance of the Eurostoxx Food & Beverage index: no shares will be confirmed,
    - if the global performance of the Pernod Ricard share (TSR) equals the Eurostoxx Food & Beverage index global performance: 50% of the shares will be confirmed,
    - if the global performance of the Pernod Ricard share (TSR) is between 0pt and +10pt in comparison with the global performance of the Eurostoxx Food & Beverage index: the number of shares confirmed will be determined by applying the linear progress percentage from 50% to 100%,
    - if the global performance of the Pernod Ricard share (TSR) is greater than or equal to +10pt of the Eurostoxx Food & Beverage index global performance: 100% of shares will be confirmed.

The same presence condition applies to Mr Alexandre Ricard and the other beneficiaries of the allocation plan.

Severance benefits

No indemnity for termination of service was paid to Mr Alexandre Ricard during the financial year.

Mr Alexandre Ricard, as Chairman & CEO, benefits from:

- a one-year non-compete clause (corresponding to 12 months of compensation: last fixed + variable annual compensation decided by the Board of Directors).
- an imposed departure clause (corresponding to a maximum of 12 months of compensation: last fixed + variable annual compensation decided by the Board of Directors) subject to performance conditions. In accordance with the AFEP-MEDEF Code, this amount will be due in case of a change in control or strategy of the Group, but there would be no payment in case of a departure related to i) non-renewal of his term of office, ii) if departure was decided by the Executive Director himself, iii) in case of a change of position within the Group or iv) if he is able to benefit in the near future from pension rights.

  The imposed departure clause is subject to the 3 following performance criteria:

  - 1st criterion: 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;
  - 2nd criterion: 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 term(s) of office is more than 95% (restated for currency and scope);
  - 3rd criterion: sales growth over the term(s) of office: criterion number 3 will be considered as met if the average sales growth over the entire length of term(s) of office is greater than or equal to 3% (restated for currency and scope).

  The amount of the compensation is calculated as follows:

  - if all 3 criteria are met: payment of 12 months' compensation;
  - if 2 of the 3 criteria are met: payment of 8 months' compensation;
  - if 1 of the 3 criteria is met: payment of 4 months' compensation;
  - if no criterion is met: no compensation paid.

In accordance with the AFEP-MEDEF Code, the overall amount of the non-compete clause and the imposed departure clause will be capped at (sum of both clauses) 24 months' compensation (fixed + variable).

Pursuant to the regulated agreements and commitments procedure, the items above were authorised by the Board of Directors' meetings held on 11 February 2015 and 22 July 2015 and will be submitted to the approval of the Shareholders' Meeting to be held on 6 November 2015 (5th resolution).

Supplementary pension scheme

Rights under this scheme are supplementary and cannot be individualised, but are based on shared criteria measured at the time a beneficiary terminates their executive functions. For example, if the calculation were to be made on the basis of Mr Alexandre Ricard's fixed and variable compensation due or granted for the last three financial years, the annuity paid to Mr Alexandre Ricard under this scheme would be approximately 11% of this compensation.

The collective defined-benefit supplementary pension scheme of which Mr Alexandre Ricard is a member thus complies with the recommendations of the AFEP-MEDEF Code, revised in June 2013:

- minimum length of service: 10 years (vs 2 years recommended);
- rate of increase: proportional to the length of service, capped at 20 years, and around 1% to 2% per year depending on the compensation brackets (vs maximum 5% recommended);
- total amount of the annuity: approximately 10% of compensation (fixed and variable) for the last two financial years and forecast to be approximately 20% in 20 years (vs maximum 45% recommended).

In accordance with the regulated agreements and commitments procedure, the items above were authorised by the Board of Directors' meeting held on 11 February 2015 and will be submitted to the approval of the Shareholders' Meeting to be held on 6 November 2015 (5th resolution).

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 employee benefits and other additional elements of his compensation.

In accordance with the regulated agreements and commitments procedure, the items above were authorised by the Board of Directors' meeting held on 11 February 2015 and will be submitted to the approval of the Shareholders' Meeting to be held on 6 November 2015 (5th resolution).

Other benefits

Mr Alexandre Ricard benefits from a company car for the 2014/2015 financial year.

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

In euro	2013/2014	2014/2015
Compensation due for the financial year [(1)]	1,168,772	1,724,100
Value of multi-year variable compensation allocated during the financial year	N/A	N/A
Value of options granted during the financial year	250,635	N/A
Value of performance-based shares allocated during the financial year	286,944	505,528
TOTAL	**1,706,351**	**2,229,628**

N/A: not applicable.

(1) In his capacity as Deputy Chief Executive Officer and Chief Operating Officer until 11 February 2015 then as Chairman and CEO after that date.

Summary table of compensation paid to Mr 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)

	2013/2014		2014/2015	
In euro	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed compensation [(1)]	750,000	750,000	837,185	837,185
Variable annual compensation [(1) (2)]	415,500	472,891	883,649	415,500
Multi-year variable compensation	N/A	N/A	N/A	N/A
Special bonus	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	N/A	N/A
Benefits in kind [(3)]	3,272	3,272	3,266	3,266
TOTAL	**1,168,772**	**1,226,163**	**1,724,100**	**1,255,951**

N/A: not applicable.

(1) In his capacity as Deputy Chief Executive Officer and Chief Operating Officer until 11 February 2015 then as Chairman and CEO after that date.

(2) The variable compensation due in year N-1 is paid in year N.

(3) Company car.

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

	Date of plan	Type of option (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
2013/2014 financial year	06.11.2013	Purchase	€250,635	16,500	€88.11	The final quantity will depend on the stock market performance of Pernod Ricard shares (TSR) compared with the performance of the STOXX Europe 600 Food & Beverage index over the period from 6 November 2013 to 6 November 2016 inclusive (3 years)	07.11.2017 to 06.11.2021
2014/2015 financial year	No stock options were allocated during the financial year						

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

Date of plan	Number of options exercised during the financial year	Strike price (in euro)
No stock options were exercised during the 2014/2015 financial year		

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

Date of plan	Number of shares granted during the financial year	Value of shares according to the method used for the consolidated financial statements (IFRS)	Acquisition date	Vesting date	Performance conditions
06.11.2014	11,600	505,528	07.11.2018	07.11.2018	* Average ratio of achievement of the forecast Profit from recurring operations in N and N+1 * Stock market performance of Pernod Ricard shares (TSR) compared with that of the STOXX Europe 600 Food & Beverage index over 3 years

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

Date of plan	Number of shares vested during the financial year	Terms of acquisition
N/A [(1)]	-	-

N/A: not applicable.

(1) Only performance-based shares granted to Mr Alexandre Ricard in his capacity as an Executive Director and vested during the financial year are cited.

Mr Pierre Pringuet, Chief Executive Officer (until 11 February 2015)

Mr Pierre Pringuet's term of office as Chief Executive Officer ended on 11 February 2015, in accordance with the Company's bylaws, Mr Pierre Pringuet retains his position as Vice Chairman of the Board of Directors.

Fixed compensation

At its meeting on 27 August 2014, the Board of Directors decided not to increase the gross fixed compensation awarded to Mr Pierre Pringuet for the 2014/2015 financial year and to maintain it at €1,127,500.

The gross fixed compensation due and granted to Mr Pierre Pringuet for the 2014/2015 financial year, was calculated on a *pro rata basis* from 1 July 2014 to 11 February 2015, the end date of which his term of office as Chief Executive Officer ended, was €695,511.

Until 11 February 2015, the end date of his term of office as Chief Executive Officer, and as is the case for all Executive Directors, Mr Pierre Pringuet, as Chief Executive Officer, did not receive any Directors' fees.

Variable compensation

At the meeting held on 11 February 2015, the Board of Directors followed the recommendation of the Compensation Committee and appraised the variable portion of Mr Pierre Pringuet's compensation for the period from 1 July 2014 to 11 February 2015.

As per the quantitative and qualitative criteria set by the Board of Directors at its meeting held on 27 August 2014 and in order to settle the balance of Mr Pierre Pringuet's term of office as Chief Executive Officer, the variable portion for the period from 1 July 2014 to 11 February 2015 was determined as follows:

- as per the quantitative criteria (profit from recurring operations, net attributable profit and net debt/EBITDA), based on the latest estimate presented to the Board as the Group confirmed its annual growth objective, the variable portion of Mr Pierre Pringuet's compensation amounted to 55% of his fixed compensation, *i.e.* the target quantitative objectives were achieved in full;
- as per the qualitative criteria, the variable portion accounts for 55% of the gross fixed compensation. The Board appreciated the qualitative performance of Mr Pierre Pringuet over the period as highly satisfactory given the successful implementation of the new post-Allegro organisation and the efficient handling of the succession and the transfer of powers to Mr Alexandre Ricard.

As a result, the variable portion of Mr Pierre Pringuet's compensation as Chief Executive Officer for the period from 1 July 2014 to 11 February 2015 was set at €765,062, *i.e.* 110% of his gross fixed compensation for said period. The amounts paid in respect of the 2013/2014 and 2012/2013 financial years were €624,635 and €860,200 respectively.

Mr Pierre Pringuet does not qualify for any multi-year variable compensation.

Special bonus

Mr Pierre Pringuet does not qualify for any special bonus for the 2014/2015 financial year.

Allocation of options and/or performance-based shares

On 6 November 2014, the Board of Directors authorised a performance-based share allocation plan for the benefit of 1,005 employees of the Group. Under this plan, Mr Pierre Pringuet received the following allocation:

- 18,200 **performance-based shares** all subject to the following performance conditions. The number of shares that will be finally allocated to Mr Pierre Pringuet will be determined as follows:
  - firstly, application of the internal performance condition based on achieving the annual target for Group net profit from recurring operations assessed on the average of two consecutive financial years, at the end of the 2015 (June) and 2016 (June) financial years. The progression formula is the same as the one applied to the allocations to all beneficiaries of performance-based shares, as described in the chapter "stock option and performance-based share allocation policy" of the management report which is included in the 2014/2015 registration document;
  - secondly, the number of performance-based shares resulting from the implementation of the above-mentioned internal condition, will be subject to the progressive external performance condition as follows: comparison between the Total Shareholder Return (TSR) for Pernod Ricard and the performance of the Food & Beverage Eurostoxx 600 (SX3R) index assessed over a period of three years from the grant of the plan (from 6 November 2014 to 6 November 2017 inclusive). Therefore:
    - if the global performance of the Pernod Ricard share (TSR) is below the global performance of the Eurostoxx Food & Beverage index: no shares will be confirmed,
    - if the global performance of the Pernod Ricard share (TSR) equals the Eurostoxx Food & Beverage index global performance: 50% of the shares will be confirmed,
    - if the global performance of the Pernod Ricard share (TSR) is between 0pt and +10pt in comparison with the global performance of the Eurostoxx Food & Beverage index: the number of shares confirmed will be determined by applying the linear progress percentage from 50% to 100%,
    - if the global performance of Pernod Ricard share (TSR) is greater than or equal to +10pt of the Eurostoxx Food & Beverage index global performance: 100% of shares will be confirmed.

Severance benefits

As announced at the Board of Directors' meeting held on 27 August 2014 with regard to the end of his term of office as Chief Executive Officer, Mr Pierre Pringuet has expressly and irrevocably waived the financial compensation that stems from his non-compete clause but has maintained his 24-month non-compete obligation after leaving Pernod Ricard as Chief Executive Officer.

Supplementary pension scheme

Rights under this scheme are supplementary and cannot be individualised, but are based on shared criteria measured at the time a beneficiary terminates their executive functions.

The collective defined-benefit supplementary pension scheme of which Pierre Pringuet is a member complies with the recommendations of the AFEP-MEDEF Code, revised in June 2013:

- minimum length of service: 10 years (vs 2 years recommended);
- rate of increase: proportional to the length of service, capped at 20 years, and around 1% to 2% per year depending on the compensation brackets (vs maximum 5% recommended);
- total amount of the annuity: 20% of the benchmark compensation (vs maximum 45% recommended).

In compliance with the rules governing the supplementary collective pension scheme applicable across the Group, the annual gross pension (calculated over the last three years of compensation (fixed and variable) prior to retirement) paid to Mr Pierre Pringuet upon the settlement of his pension rights amounts to €415,264. This represents 19.30% of the total average compensation over the last three years of work. In respect of the 2014/2015 financial year, the pension paid has been calculated *pro rata temporis* from 1 March 2015 to 30 June 2015, *i.e.* €138,421.

Collective healthcare and welfare schemes

Until 11 February 2015, the end of his term of office as Chief Executive Officer, Mr Pierre Pringuet had benefited from for the collective healthcare and welfare schemes offered by the Company 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 elements of his compensation.

In accordance with the regulated agreements and commitments procedure, the items above were authorised by the Board of Directors' meeting held on 29 August 2012 and approved by the Shareholders' Meeting of 9 November 2012 (5th resolution).

Other benefits

Mr Pierre Pringuet, as Chief Executive Officer, benefited from a company car and a driver.

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

In euro	2013/2014	2014/2015
Compensation due for the financial year (1)	1,756,647	1,464,180
Value of multi-year variable compensation allocated during the financial year	N/A	N/A
Value of options granted during the financial year	394,940	N/A
Value of performance-based shares allocated during the financial year	446,880	793,156
TOTAL	**2,598,467**	**2,257,336**

N/A: not applicable.

(1) The compensation due for the 2014/2015 financial year was calculated on a pro rata basis until 11 February 2015.

Summary table of compensation paid to Mr Pierre Pringuet (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)

	2013/2014		2014/2015	
In euro	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation (1)	1,127,500	1,127,500	695,511	695,511
Variable annual compensation (2)	624,635	860,200	765,062	1,389,697
Multi-year variable compensation	N/A	N/A	N/A	N/A
Special bonus	N/A	N/A	N/A	N/A
Directors' fees (3)	N/A	N/A	N/A	N/A
Benefits in kind (4)	4,512	4,512	3,607	3,607
TOTAL	**1,756,647**	**1,992,212**	**1,464,180**	**2,088,815**

N/A: not applicable.

(1) The fixed compensation due and paid for the 2014/2015 financial year was calculated on a pro rata basis until 11 February 2015.

(2) The variable compensation due in year N-1 is paid in year N, with the exception of compensation relating to the 2014/2015 financial year, which was paid at the expiry of his term of office as CEO, i.e. during the same financial year (2014/2015).

(3) Until 11 February 2015, the date on which his term of office as the Chief Executive Officer ended, like all Executive Directors of the Company, Mr Pierre Pringuet, in his capacity as Chief Executive Officer, did not receive Directors' fees. Since 11 February 2015, he has received Directors' fees in his capacity as a Director and as Vice Chairman of the Board of Directors (see Table 3 above).

(4) Company car.

Stock options granted to Mr Pierre Pringuet by the Company and any Group companies during the two last financial years (Table 4 AMF nomenclature)

	Date of plan	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
2013/2014 financial year	06.11.2013	purchase	€394,940	26,000	€88.11	The final quantity will depend on the stock market performance of Pernod Ricard shares (TSR) compared with the performance of the STOXX Europe 600 Food & Beverage index over the period from 6 November 2013 to 6 November 2016 inclusive (3 years)	07.11.2017 at 06.11.2021
2014/2015 financial year	No stock options were allocated during the financial year						

Stock options exercised by Mr Pierre Pringuet during the financial year (Table 5 AMF nomenclature)

Date of plan	Number of options exercised during the financial year (1)	Strike price *(in euro)*
11.08.2005	26,133	52.59
14.06.2006	91,174	58.41
15.09.2010	2,500	64.00

(1) Until 11 February 2015, the date on which his term of office as Chief Executive Officer ended.

Performance-based shares granted to Mr Pierre Pringuet by the Company and any Group companies during the financial year (Table 6 AMF nomenclature)

Date of plan	Number of shares granted during the financial year	Value of shares according to the method used for the consolidated financial statements (IFRS)	Acquisition date	Vesting date	Performance conditions
06.11.2014	18,200	793,156	07.11.2018	07.11.2018	* Average ratio of achievement of the forecast Profit from recurring operations in N and N+1 * Stock market performance of Pernod Ricard shares (TSR) compared with that of the STOXX Europe 600 Food & Beverage index over 3 years

Performance-based shares vested to Mr Pierre Pringuet during the financial year (Table 7 AMF nomenclature)

Date of plan	Number of shares vested during the financial year (1)	Terms of acquisition
N/A	N/A	N/A

N/A: not applicable.

(1) Until 11 February 2015, the date on which his term of office as Chief Executive Officer ended.

Ms Danièle Ricard, Chairwoman of the Board of Directors (until 11 February 2015)

Ms Danièle Ricard was appointed non-executive Chairwoman of the Board of Directors on 29 August 2012 and the amount of her compensation set at that date was a fixed sum of €110,000 gross per year.

At its meeting of 27 August 2014, the Board of Directors decided to maintain Ms Danièle Ricard's fixed compensation at €110,000 gross for the 2014/2015 financial year.

Furthermore, it is reiterated that, in compliance with the Policy on Compensation for Executive Directors, Ms Danièle Ricard no longer receives any Directors' fees since her appointment as Chairwoman of the Board of Directors.

Moreover, the Board of Directors' meeting of 27 August 2014 also confirmed the following elements of compensation:

- no variable, annual or multi-year portion;
- no special bonus;
- no rights to stock options or performance-based shares;
- no welcome bonus or payment for termination of service.

In addition, Ms Danièle Ricard does not qualify for Pernod Ricard's supplementary defined-benefit pension scheme, nor the collective healthcare and welfare schemes offered by the Company. Ms Daniele Ricard does not qualify for any benefits in kind.

On 11 February 2015, Ms Danièle Ricard informed the Board of Directors of her intention to stand down as the Chairwoman of the Board of Directors and as a Director.

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

In euro	2013/2014	2014/2015
Compensation due for the financial year (1)	110,000	67,836
Value of multi-year variable compensation allocated during the financial year	N/A	N/A
Value of options granted during the financial year	N/A	N/A
Value of performance-based shares allocated during the financial year	N/A	N/A
TOTAL	**110,000**	**67,836**

N/A: not applicable.

(1) The compensation due for the 2014/2015 financial year was calculated on a pro rata basis until 11 February 2015.

Summary table of compensation paid to Ms Danièle 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)

	2013/2014		2014/2015	
In euro	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation (1)	110,000	110,000	67,836	67,836
Annual variable compensation	N/A	N/A	N/A	N/A
Multi-year variable compensation	N/A	N/A	N/A	N/A
Special bonus	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	N/A	N/A
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	**110,000**	**110,000**	**67,836**	**67,836**

N/A: not applicable.

(1) The fixed compensation due and paid for the 2014/2015 financial year was calculated on a pro rata basis until 11 February 2015 (annual basis: €110,000).

Stock options granted to Ms Danièle Ricard by the Company and any Group companies during the two last financial years (Table 4 AMF nomenclature)

	Date of plan	Type of option (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
2013/2014 financial year	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014/2015 financial year	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A: not applicable.

Stock options exercised by Ms Danièle Ricard during the financial year (Table 5 AMF nomenclature)

	Date of plan	Number of options exercised during the financial year	Strike price *(in euro)*
2014/2015 financial year	N/A	N/A	N/A

N/A: not applicable.

Performance-based shares granted to Ms Danièle Ricard by the Company and any Group companies during the financial year (Table 6 AMF nomenclature)

	Date of plan	Number of shares granted during the financial year	Value of shares according to the method used for the consolidated financial statements (IFRS)	Acquisition date	Vesting date	Performance conditions
2014/2015 financial year	N/A	N/A	N/A	N/A	N/A	N/A

N/A: not applicable.

Performance-based shares vested to Ms Danièle Ricard during the financial year (Table 7 AMF nomenclature)

	Date of plan	Number of shares vested during the financial year	Terms of acquisition
2014/2015 financial year	N/A	N/A	N/A

N/A: not applicable.

Contract of employment/term of office

Contract of employment/term of office (Table 11 AMF nomenclature)

Executive Directors	Contract of employment: Yes	Contract of employment: No	Supplementary defined-benefit pension scheme: Yes	Supplementary defined-benefit pension scheme: No	Indemnities or advantages due or liable to be due by virtue of the discontinuance of or change in their positions: Yes	Indemnities or advantages due or liable to be due by virtue of the discontinuance of or change in their positions: No	Indemnities relating to a non-compete clause: Yes	Indemnities relating to a non-compete clause: No
Mr Alexandre Ricard, Chairman and CEO (1)		X	X		X		X	
Mr Pierre Pringuet, Chief Executive Officer (2)		X	X			X	X	
Ms Danièle Ricard, Chairwoman of the Board of Directors (2)		X		X		X		X

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

(2) Until 11 February 2015, the date on which her term of office ended.

Compensation elements due or granted for the 2014/2015 financial year to each of the Company's Executive Directors, submitted to the shareholders' advisory vote

In accordance with the recommendations of the AFEP-MEDEF Code revised in June 2013 (Article 24.3), to which the Company refers in line with Article L. 225-37 of the French Commercial Code, the following elements of compensation due or granted to each of the Company's Executive Directors in respect of the 2013/2014 financial year are submitted to the shareholders' advisory vote:

- fixed portion;
- the annual variable portion and, if applicable, any multi-year variable portion with objectives contributing to the determination of this variable portion;
- special bonuses;
- stock options, performance-based shares and any other element of long-term compensation;
- welcome bonus or severance benefits;
- supplementary pension scheme;
- any other benefits.

The Shareholders' Meeting of 6 November 2015 (see the 11th, 12th and 13th resolutions in Section 7, "Combined (Ordinary & Extraordinary) Shareholders' Meeting") is called upon **to give a favourable opinion on the elements of compensation due or granted in respect of the 2014/2015 financial year to each of the Company's Executive Directors**, namely:

- **Mr Alexandre Ricard, Chairman and CEO since 11 February 2015 and previously Deputy Chief Executive Officer and Chief Operating Officer;**
- **Mr Pierre Pringuet, Chief Executive Officer until 11 February 2015; and**
- **Ms Danièle Ricard, Chairwoman of the Board of Directors until 11 February 2015.**

Consequently, the Shareholders' Meeting of 6 November 2015 (in its **11th resolution**) is called upon **to give a favourable opinion** on the following elements **of compensation due or granted in respect of the 2014/2015 financial year to Mr Alexandre Ricard, Chairman and CEO since 11 February 2015 and previously Deputy Chief Executive Officer and Chief Operating Officer:**

Elements of compensation due or granted in respect of the 2014/2015 financial year to Mr Alexandre Ricard, Chairman and CEO since 11 February 2015 and previously Deputy Chief Executive Officer and Chief Operating Officer, submitted to the shareholders' advisory vote

Elements of compensation	Amounts	Remarks
Fixed compensation	€423,082	♦ Until 11 February 2015, the annual gross fixed compensation granted to Mr Alexandre Ricard as Deputy Chief Executive Officer & Chief Operating Officer was €750,000, as decided by the Board of Directors on 27 August 2014, on the recommendation of the Compensation Committee. Gross fixed compensation due and granted to Mr Alexandre Ricard as Deputy Chief Executive Officer & Chief Operating Officer in respect of the 2014/2015 financial year was paid *pro rata temporis* from 1 July 2014 to 11 February 2015, *i.e.* €423,082.
	€414,103	♦ The Board of Directors' meeting held on 11 February 2015 decided, as recommended by the Compensation Committee, that since his appointment as Chairman & CEO the gross fixed compensation of Mr Alexandre Ricard was €950,000. Gross fixed compensation due and granted in respect of the 2014/2015 financial year as Chairman & CEO is calculated *pro rata temporis* from 12 February 2015 to 30 June 2015, *i.e.* €414,103.
Variable compensation	€883,649	♦ At the Board of Directors' meeting held on 26 August 2015, on the recommendation of the Compensation Committee, and after approval of the financial elements by the Audit Committee, the Board assessed the amount of the variable portion of Mr Alexandre Ricard's compensation for the 2014/2015 financial year. ♦ Considering the quantitative and qualitative criteria set by the Board meeting of 27 August 2014 and the accomplishments recognized as of 30 June 2015, the amount of the variable portion was evaluated as follows: • as per the quantitative criteria (profit from recurring operations, net attributable profit and net debt/EBITDA), the variable portion amounted to 75.55% of Mr Alexandre Ricard's total annual gross fixed compensation (vs target at 80%); • as per the qualitative criteria, the amount decided by the Board of Directors was 30% of Mr Alexandre Ricard's total annual fixed compensation. The Board deemed that Mr Alexandre Ricard's performance in the 2014/2015 financial year had been highly satisfactory, considering: the overall quality of the Group's General Management in a particularly volatile environment, the gradual improvement of the growth in activity, notably through innovations, the implementation of the Group reorganisation (Allegro) and the changes in the management teams and lastly maintaining the Group's commitments on societal issues. ♦ The total amount of Mr Alexandre Ricard's variable compensation for the 2014/2015 financial year as Deputy Chief Executive Officer & Chief Operating Officer and then as Chairman & CEO was consequently set at €883,649 or 105.55% of his total annual gross fixed compensation for 2014/2015 (vs target at 110%). The variable compensation in respect of the 2013/2014 and 2012/2013 financial years respectively represented 55.40% and 78.20% of his annual fixed compensation.
Multi-year variable compensation	N/A	♦ Mr Alexandre Ricard does not qualify for any multi-year variable compensation.
Directors' fees	N/A	♦ As an Executive Director of the Company, Mr Alexandre Ricard does not receive any Directors' fees.
Special bonus	N/A	♦ Mr Alexandre Ricard does not qualify for any special bonus.

Elements of compensation	Amounts	Remarks
Allocation of stock options and/ or performance-based shares	€505,528 (total value IFRS of performance-based shares)	♦ During the 2014/2015 financial year, the Board of Directors' meeting held on 6 November 2014 decided, on the recommendation of the Compensation Committee, to grant Mr Alexandre Ricard, then Deputy Chief Executive Officer & Chief Operating Officer: • 11,600 performance-based shares all subject to the following performance conditions. The number of shares that will be finally allocated to Mr Alexandre Ricard will be determined as follows: – firstly, application of the internal performance condition based on achieving the annual target for Group net profit from recurring operations assessed on the average ratio of two consecutive financial years, at the end of the 2015 (June) and 2016 (June) financial years. The progression formula is the same as the one applied to the allocations to all beneficiaries of performance-based shares, as described in the section on "Stock option and performance-based share allocation policy" in the management report which is included in the 2014/2015 Registration Document; – secondly, the number of performance-based shares resulting from the implementation of the above-mentioned internal condition, will be subject to the progressive external performance condition as follows: comparison between the Total Shareholder Return (TSR) for Pernod Ricard and the performance of the Food & Beverage Eurostoxx 600 (SX3R) index assessed over a period of three years from the grant of the plan (from 6 November 2014 to 6 November 2017 inclusive). Therefore: - if the global performance of the Pernod Ricard share (TSR) is below the global performance of the Eurostoxx Food & Beverage index: no shares will be confirmed, - if the global performance of the Pernod Ricard share (TSR) equals the Eurostoxx Food & Beverage index global performance: 50% of the shares will be confirmed, - if the global performance of the Pernod Ricard share (TSR) is between 0pt and +10pt in comparison with the global performance of the Eurostoxx Food & Beverage index: the number of shares confirmed will be determined by applying the linear progress percentage from 50% to 100%, - if the global performance of the Pernod Ricard share (TSR) is greater than or equal to +10pt of the Eurostoxx Food & Beverage index global performance: 100% of shares will be confirmed. ♦ The same presence condition applies to Mr Alexandre Ricard and the other beneficiaries of the allocation plan.
Welcome bonus or compensation for termination of service	No payment	♦ Mr Alexandre Ricard, as Chairman & CEO, benefits from: • a one-year non-compete clause (corresponding to 12 months of compensation: last fixed + variable annual compensation decided by the Board of Directors). • an imposed departure clause (corresponding to a maximum of 12 months of compensation: last fixed + variable annual compensation decided by the Board of Directors) subject to performance conditions. In accordance with the AFEP-MEDEF Code, this amount will be due in case of a change in control or strategy of the Group, but there would be no payment in case of a departure related to i) non-renewal of his term of office, ii) if departure was decided by the Executive Director himself, iii) in case of a change of position within the Group or iv) if he is able to benefit in the near future from pension rights. ♦ The imposed departure clause is subject to the 3 following performance criteria: • 1st criterion: 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; • 2nd criterion: 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 term(s) of office is more than 95% (restated for currency and scope); • 3rd criterion: sales growth over the term(s) of office: criterion number 3 will be considered as met if the average sales growth over the entire length of term(s) of office is greater than or equal to 3% (restated for currency and scope). ♦ The amount of the compensation is calculated as follows: • if all 3 criteria are met: payment of 12 months' compensation; • if 2 of the 3 criteria are met: payment of 8 months' compensation; • if 1 of the 3 criteria is met: payment of 4 months' compensation; • if no criterion is met: no compensation paid. ♦ In accordance with the AFEP-MEDEF Code, the overall amount of the non-compete clause and the imposed departure clause will be capped at (sum of both clauses) 24 months' compensation (fixed + variable). ♦ Pursuant to the regulated agreements and commitments procedure, the items above were authorised by the Board of Directors' meetings held on 11 February 2015 and 22 July 2015 and will be submitted to the approval of the Shareholders' Meeting to be held on 6 November 2015 (5th resolution).

Elements of compensation	Amounts	Remarks
Supplementary pension scheme	No payment	♦ Mr Alexandre Ricard benefits from the collective defined-benefit supplementary pension scheme offered by the Company 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 elements of his compensation. ♦ In accordance with the regulated agreements and commitments procedure, the items above were authorised by the Board of Directors' meeting held on 11 February 2015 and will be submitted to the approval of the Shareholders' Meeting to be held on 6 November 2015 (5th resolution). ♦ For example, if the calculation were to be made on the basis of Mr Alexandre Ricard's fixed and variable compensation due or granted for the last three financial years, the annuity paid to Mr Alexandre Ricard under this scheme would be approximately 11% of this compensation.
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 employee benefits and other additional elements of his compensation. ♦ In accordance with the regulated agreements and commitments procedure, the items above were authorised by the Board of Directors' meeting held on 11 February 2015 and will be submitted to the approval of the Shareholders' Meeting to be held on 6 November 2015 (5th resolution).
Other benefits	€3,266	♦ Mr Alexandre Ricard benefits from a company car.

The Shareholders' Meeting of 6 November 2015 (**in its 12th resolution**) is therefore called upon **to give a favourable opinion** on the following **elements of compensation due or granted in respect of the 2014/2015 financial year to Mr Pierre Pringuet, Chief Executive Officer until 11 February 2015:**

Elements of compensation due or granted in respect of the 2014/2015 financial year to Mr Pierre Pringuet, Chief Executive Officer until 11 February 2015, submitted to the shareholders' advisory vote

Elements of compensation	Amounts	Remarks
Fixed compensation	€695,511	♦ Until 11 February 2015, the end date of his term of office as Chief Executive Officer, the gross fixed compensation granted to Mr Pierre Pringuet was €1,127,500, as decided by the Board of Directors on 27 August 2014 on the recommendation of the Compensation Committee. Gross fixed compensation due and granted to Mr Pierre Pringuet as Chief Executive Officer in respect of the 2014/2015 financial year was paid *pro rata temporis* from 1 July 2014 to 11 February 2015, *i.e.* €695,511.
Variable compensation	€765,062	♦ At the meeting held on 11 February 2015, the Board of Directors followed the recommendation of the Compensation Committee and appraised the variable portion of Mr Pierre Pringuet's compensation for the period from 1 July 2014 to 11 February 2015 (pro rata temporis until the end of his term of office as Chief Executive Officer). ♦ As per the quantitative and qualitative criteria set by the Board of Directors at its meeting held on 27 August 2014 and in order to settle the balance of Mr Pierre Pringuet's term of office as Chief Executive Officer, the variable portion for the period from 1 July 2014 to 11 February 2015 was determined as follows: • as per the quantitative criteria (profit from recurring operations, net attributable profit and net debt/EBITDA), based on the latest estimate presented to the Board as the Group confirmed its annual growth objective, the variable portion of Mr Pierre Pringuet's compensation amounted to 55% of his fixed compensation, *i.e.* the target quantitative objectives were achieved in full; • as per the qualitative criteria, the variable portion accounts for 55% of the gross fixed compensation. The Board appreciated the qualitative performance of Mr Pierre Pringuet over the period as highly satisfactory given the successful implementation of the new post-Allegro organisation and the efficient handling of the succession and the transfer of powers to Mr Alexandre Ricard. ♦ As a result, the variable portion of Mr Pierre Pringuet's compensation as Chief Executive Officer for the period from 1 July 2014 to 11 February 2015 was set at €765,062, *i.e.* 110% of his gross fixed compensation for said period. The amounts paid in respect of the 2013/2014 and 2012/2013 financial years were €624,635 and €860,200 respectively.
Multi-year variable compensation	N/A	♦ Mr Pierre Pringuet does not qualify for any multi-year variable compensation.
Directors' fees	N/A	♦ Until 11 February 2015, the end date of his term of office as Chief Executive Officer, and as is the case for all Executive Directors, Mr Pierre Pringuet, as Chief Executive Officer, did not receive any Directors' fees.
Special bonus	N/A	♦ Mr Pierre Pringuet does not qualify for any special bonus.

Elements of compensation	Amounts	Remarks
Allocation of stock options and/ or performance-based shares	€793,156 (total value IFRS of performance-based shares)	♦ During the 2014/2015 financial year, the Board of Directors' meeting held on 6 November 2014 decided, on the recommendation of the Compensation Committee, to grant Mr Pierre Pringuet, then Chief Executive Officer: • 18,200 performance-based shares all subject to the following performance conditions. The number of shares that will be finally allocated to Mr Pierre Pringuet will be determined as follows: – firstly, application of the internal performance condition based on achieving the annual target for Group net profit from recurring operations assessed on the average of two consecutive financial years, at the end of the 2015 (June) and 2016 (June) financial years. The progression formula is the same as the one applied to the allocations to all beneficiaries of performance-based shares, as described in the chapter "stock option and performance-based share allocation policy" of the management report which is included in the 2014/2015 registration document; – secondly, the number of performance-based shares resulting from the implementation of the above-mentioned internal condition, will be subject to the progressive external performance condition as follows: comparison between the Total Shareholder Return (TSR) for Pernod Ricard and the performance of the Food & Beverage Eurostoxx 600 (SX3R) index assessed over a period of three years from the grant of the plan (from 6 November 2014 to 6 November 2017 inclusive). Therefore: - if the global performance of the Pernod Ricard share (TSR) is below the global performance of the Eurostoxx Food & Beverage index: no shares will be confirmed, - if the global performance of the Pernod Ricard share (TSR) equals the Eurostoxx Food & Beverage index global performance: 50% of the shares will be confirmed, - if the global performance of the Pernod Ricard share (TSR) is between 0pt and +10pt in comparison with the global performance of the Eurostoxx Food & Beverage index: the number of shares confirmed will be determined by applying the linear progress percentage from 50% to 100%, - if the global performance of Pernod Ricard share (TSR) is greater than or equal to +10pt of the Eurostoxx Food & Beverage index global performance: 100% of shares will be confirmed.
Welcome bonus or compensation for termination of service	No payment	♦ As announced at the Board of Directors' meeting held on 27 August 2014 with regard to the end of his term of office as Chief Executive Officer, Mr Pierre Pringuet has expressly and irrevocably waived the financial compensation that stems from his non-compete clause but has maintained his 24-month non-compete obligation after leaving Pernod Ricard as Chief Executive Officer.
Supplementary pension scheme	€138,421	♦ In compliance with the rules governing the supplementary collective pension scheme applicable across the Group, the annual gross pension (calculated over the last three years of compensation (fixed and variable) prior to retirement) paid to Mr Pierre Pringuet upon the settlement of his pension rights amounts to €415,264. This represents 19.30% of the total average compensation over the last three years of work. In respect of the 2014/2015 financial year, the pension paid has been calculated *pro rata temporis* from 1 March 2015 to 30 June 2015, *i.e.* €138,421. ♦ In accordance with the regulated agreements and commitments procedure, the items above were approved by the Board of Directors' meeting held on 29 August 2012 and approved by the Shareholders' Meeting of 9 November 2012 (5th resolution).
Collective healthcare and welfare schemes		♦ Until 11 February 2015, the end of his term of office as Chief Executive Officer, Mr Pierre Pringuet had benefited from for the collective healthcare and welfare schemes offered by the Company 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 elements of his compensation. ♦ In accordance with the regulated agreements and commitments procedure, the items above were authorised by the Board of Directors' meeting held on 29 August 2012 and approved by the Shareholders' Meeting of 9 November 2012 (5th resolution).
Other benefits	€3,607	♦ Mr Pierre Pringuet, as Chief Executive Officer, benefited from a company car and a driver.

Finally, the Shareholders' Meeting of 6 November 2015 (**in its 13th resolution**) is therefore called upon **to give a favourable opinion** on the following elements of **compensation due or granted in respect of the 2014/2015 financial year to Ms Danièle Ricard, Chairwoman of the Board of Directors until 11 February 2015:**

Elements of compensation due or granted in respect of the 2014/2015 financial year to Ms Danièle Ricard, Chairwoman of the Board of Directors until 11 February 2015, submitted to the shareholders' advisory vote

Elements of compensation	Amounts	Remarks
Fixed compensation	€67,836	♦ Until 11 February 2015 when Ms Danièle Ricard resigned as Chairwoman of the Board of Directors and Director of the Company, her gross fixed compensation amounted to €110,000 as decided by the Board of Directors' meeting held on 27 August 2014 on the recommendation of the Compensation Committee. Gross fixed compensation due and granted to Ms Danièle Ricard as Chairwoman in respect of the 2014/2015 financial year was calculated *pro rata temporis* from 1 July 2014 to 11 February 2015, *i.e.* €67,836.
Variable compensation	N/A	♦ Ms Danièle Ricard does not qualify for any variable compensation.
Multi-year variable compensation	N/A	♦ Ms Danièle Ricard does not qualify for any multi-year variable compensation.
Directors' fees	N/A	♦ As is the case for all Executive Directors of the Company, Ms Danièle Ricard does not receive any Directors' fees as Chairwoman of the Board of Directors.
Special bonus	N/A	♦ Ms Danièle Ricard does not qualify for any special bonus.
Allocation of stock options and/or performance-based shares	N/A	♦ Ms Danièle Ricard does not qualify for any allocation of stock options or performance-based shares.
Welcome bonus or compensation for termination of service.	N/A	♦ Ms Danièle Ricard does not qualify for any compensation.
Supplementary pension scheme	N/A	♦ Ms Danièle Ricard does not qualify for the supplementary pension scheme in place within the Company.
Collective healthcare and welfare schemes	N/A	♦ Ms Danièle Ricard does not qualify for the collective healthcare and welfare schemes in place within the Company.
Other benefits	N/A	♦ Ms Danièle Ricard does not qualify for any other benefits.

Other aspects of the compensation policy

Compensation of Executive Committee members

The members of the Compensation Committee are kept regularly informed of changes in the compensation given to members of the Executive Board (the Managing Directors, General Counsel and Global Business Development Director) and the members of the Executive Committee, the Chairmen of the Group's direct affiliates.

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 Group's Executive Directors is consistent with the policy applied to the members of the Group's Senior Management both in France and internationally.

The compensation of the members of the Executive Board, which is set by the General Management, comprises a fixed annual portion, plus a variable portion representing an attractive incentive, for which the criteria are largely based, as is the case for Executive Directors, on the Group's financial performances and debt reduction. Qualitative criteria are also used to evaluate individual performance for the variable financial portion.

The Chairmen of 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 partly on the financial performance of the entity they manage and partly 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, every member of the Executive Committee has also been evaluated on the basis of their people development and management performance and the implementation of Corporate Social Responsibility (CSR) projects.

The total amount of the fixed compensation allocated for the 2014/2015 financial year to the members of the Executive Committee, including the Executive Directors, was €8.2 million (vs €8.7 million in N-1). In addition to this, variable compensation of €5.2 million (variable portion calculated for 2013/2014) was also paid (vs €6.2 million in N-1).

The total expense in respect of pension commitments for members of the Executive Committee was €4.3 million in the financial statements for the year ended 30 June 2015 (vs €5.5 million at 30 June 2014).

Policy governing the allocation of stock options and performance-based shares

During the 2014/2015 financial year, the Board of Directors reaffirmed its desire to give the Group's key personnel an interest in the performance of Pernod Ricard shares by introducing a performance-based share plan, during its meeting on 6 November 2014.

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.

As in the past, more than 1,000 employees were rewarded, so that the Company could target not only senior managers but also foster the loyalty of young managers with potential (identified as "new talents") in the Group's affiliates worldwide.

The 6 November 2014 allocation plan consists exclusively of performance-based shares.

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

- all shares allocated are subject to performance criteria;
- change the external performance criterion applicable to performance-based shares allocated to Executive Directors (for the entire award) and to members of the Executive Committee (for part of the award): compare the overall performance of Pernod Ricard shares (TSR) with that of the overall performance of the STOXX Europe 600 Food & Beverage index (SX3R), only using performance that is equal or higher;
- retain the internal performance condition for granting bonus shares, *i.e.* the degree to which the target for profit from recurring operations is achieved, for the 2014/2015 and 2015/2016 financial years, but this time evaluated on the basis of the average achievement of the annual objectives for these two financial years.

Allocation of performance-based shares with internal and external performance conditions

The volume of performance-based shares with internal and external conditions allocated by the Board of Directors' meeting of 6 November 2014 was 53,600 shares (including 18,200 for Mr Pierre Pringuet and 11,600 to Mr Alexandre Ricard).

All performance-based shares under the plan are subject to an external performance condition and will be transferred in November 2018 based on an internal performance condition (see below) and the overall performance of Pernod Ricard shares (TSR) compared with the overall performance of the STOXX Europe 600 Food & Beverage index adjusted to include dividends (SX3R). This condition will be evaluated over a three-year period following the plan allocation, *i.e.*, 6 November 2014 to 6 November 2017 inclusive.

The volumes subject to the external performance condition will be those determined at the close of the 2015/2016 accounts after applying the internal condition. The final volumes will be calculated at the end of the evaluation period of the external condition by applying the following formula:

- if the overall performance of Pernod Ricard shares is less than the overall performance of the Food & Beverage index: no shares will be confirmed;
- if the overall performance of Pernod Ricard shares is equal to the overall performance of the Food & Beverage index: 50% of the shares will be confirmed;
- if the overall performance of Pernod Ricard shares is between 0 pts and +10 pts in comparison with the overall performance of the Food & Beverage index: the number of shares confirmed will be determined by applying a linear progression percentage of between 50% and 100%;
- if the overall performance of Pernod Ricard shares is greater than or equal to the overall performance of the Food & Beverage index +10 pts: 100% of the shares will be confirmed.

Allocation of performance-based shares with internal condition

A total of 529,640 performance-based shares were awarded by the Board of Directors on 6 November 2014.

The Board of Directors retained the internal performance condition, requiring the average ratio of achievement of the annual target for profit from recurring operations, restated for changes in the scope of consolidation and currency fluctuations, for the 2014/2015 and 2015/2016 financial years. If the average ratio does not reach 95% of the target level, no shares will be awarded. An intermediate volume calculation is carried out if the average ratio is between 95% and 100%. This condition will be assessed at the closing of the 2015/2016 period.

Performance-based shares allocated to all beneficiaries have a four-year vesting period, with no lock-in period.

In addition, beneficiaries must still be part of the Group on the vesting date, except in the case of retirement, death or invalidity.

History of allocations of stock options – Situation at 30 June 2015 (Table 8 AMF nomenclature)

	Plan dated 17.11.2004	Plan dated 11.08.2005	Plan dated 14.06.2006	Plan dated 21.06.2007	Plan dated 18.06.2008
Date of authorisation by Shareholders' Meeting	17.05.2004	17.05.2004	17.05.2004	07.11.2006	07.11.2006
Date of Board of Directors' meeting	02.11.2004	25.07.2005	14.06.2006	21.06.2007	18.06.2008
Type of options	Purchase	Purchase	Purchase	Purchase	Purchase
Total number of options that can be subscribed or purchased	1,962,738	981,206	2,279,214	985,292	1,273,556
of which by Executive Directors of Pernod Ricard SA	148,162	115,945	205,140	125,078	141,258
of which by Mr Pierre Pringuet	45,589	35,675	91,174	50,526	57,062
of which by Mr Alexandre Ricard [(1)]	N/A	N/A	N/A	N/A	N/A
Commencement date for exercise of options	18.11.2008	12.08.2009	15.06.2010	22.06.2011	19.06.2012
Expiry date	17.11.2014	11.08.2015	14.06.2016	21.06.2015	18.06.2016
Subscription or purchase price *(in euro)*	42.30	52.59	58.41	74.73	66.16
Number of shares subscribed or purchased	1,865,424	874,689	1,722,075	859,954	657,672
Total number of stock options cancelled or lapsed [(2)]	97,314	74,436	133,683	125,338	99,823
Subscription or purchase options remaining	-	32,081	423,456	-	516,061

N/A: not applicable.

(1) Only options allocated to Mr Alexandre Ricard in his capacity as an Executive Director are cited.

(2) Options cancelled by application of presence conditions.

	Plan dated 24.06.2010	Plan dated 15.09.2010	Plan dated 15.06.2011	Plan dated 27.06.2012	Plan dated 06.11.2013
Date of authorisation by Shareholders' Meeting	02.11.2009	02.11.2009	02.11.2009	02.11.2009	09.11.2012
Date of Board of Directors' meeting	24.06.2010	01.09.2010	15.06.2011	27.06.2012	06.11.2013
Type of options	Purchase	Purchase	Purchase	Purchase	Purchase
Total number of options that can be subscribed or purchased	901,603	70,000	948,050	415,400	349,640
of which by Executive Directors of Pernod Ricard SA	-	70,000	65,220	60,000	42,500
of which by Mr Pierre Pringuet	-	70,000	65,220	60,000	26,000
of which by Mr Alexandre Ricard [(1)]	N/A	N/A	N/A	N/A	16,500
Commencement date for exercise of options	25.06.2014	16.09.2014	16.06.2015	28.06.2016	07.11.2017
Expiry date	24.06.2018	15.09.2018	15.06.2019	27.06.2020	06.11.2021
Subscription or purchase price *(in euro)*	64.00	64.00	68.54	78.93	88.11
Number of shares subscribed or purchased	344,539	2,500	62,673	-	-
Total number of stock options cancelled or lapsed [(2)]	50,995	-	44,602	212,350	1,000
Subscription or purchase options remaining	506,069	67,500	840,775	203,050	348,640

N/A: not applicable.

(1) Only options allocated to Mr Alexandre Ricard in his capacity as an Executive Director are cited.

(2) Options cancelled by application of presence and performance conditions.

At 30 June 2015, 3,140,682 stock options (all for share purchases) were in circulation, or 1.18% of the Company's share capital; all these options were in the money (at the Pernod Ricard share closing price at 30 June 2015 = €103.60).

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

History of allocations of performance-based shares – Situation at 30 June 2015 (Table 10 AMF nomenclature)

	Plan dated 21.06.2007	Plan dated 18.06.2008	Plan dated 24.06.2010	Plan dated 15.06.2011	Plan dated 27.06.2012	Plan dated 06.11.2013	Plan dated 06.11.2014
Date of authorisation by Shareholders' Meeting	10.11.2005	07.11.2007	07.11.2007	10.11.2010	10.11.2010	09.11.2012	06.11.2014
Date of the Board of Directors' meeting	21.06.2007	18.06.2008	24.06.2010	15.06.2011	27.06.2012	06.11.2013	06.11.2014
Number of performance-based shares allocated	335,458	411,634	572,119	578,759	654,750	570,880	583,240
of which to Corporate Officers of Pernod Ricard SA	N/A	N/A	N/A	N/A	N/A	15,600	29,800
of which to Mr Pierre Pringuet	N/A	N/A	N/A	N/A	N/A	9,500	18,200
of which to Mr Alexandre Ricard (1)	N/A	N/A	N/A	N/A	N/A	6,100	11,600
Vesting date of the performance-based shares	22.06.2009 (FRA) 22.06.2011 (ROW)	19.06.2010 (FRA) 19.06.2012 (ROW)	25.06.2013 (FRA) 25.06.2014 (ROW)	16.06.2014 (FRA) 16.06.2015 (ROW)	28.06.2015 (FRA) 28.06.2016 (ROW)	07.11.2016 (FRA) 07.11.2017 (ROW)	07.11.2018
End date for share lock-in period	22.06.2011 (FRA) 22.06.2011 (ROW)	19.06.2012 (FRA) 19.06.2012 (ROW)	25.06.2015 (FRA) 25.06.2014 (ROW)	16.06.2016 (FRA) 16.06.2015 (ROW)	28.06.2017 (FRA) 28.06.2016 (ROW)	07.11.2018 (FRA) 07.11.2017 (ROW)	07.11.2018
Presence of performance condition	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of performance-based shares cancelled (2)	53,558	237,110	89,751	114,711	228,207	208,877	11,570
Performance-based shares vested (3)	281,900	174,524	482,368	464,048	115,893	125	-
Unvested performance-based shares (4)	-	-	-	-	310,650	361,878	571,670

N/A: not applicable.

All performance-based shares are subject to performance conditions and the beneficiaries must still be working for the Company. Performance-based shares become available after four or five years on condition that the beneficiaries are still working for the Company on the date of vesting. The vesting period is two years (for 2007 and 2008 plans) or three years (plans after 2008) for tax residents of France (FRA) (followed by a two-year lock-in period) and four years for non-tax residents of France (ROW) (no lock-in period). For the 2014 plan, the vesting period is four years with no lock-in period for all beneficiaries.

(1) Only performance-based shares allocated to Mr Alexandre Ricard in his capacity as an Executive Director are cited.

(2) Options cancelled by application of presence (through resignation or redundancy) and performance conditions (June 2008, June 2011, June 2012 and November 2013 plans).

(3) Allocated shares that were vested and transferred to the beneficiaries. The 2013 plan shares were transferred early to heirs following the death of a beneficiary.

(4) For the June 2012 plan, this consists of performance-based shares for beneficiaries who are non-tax residents of France, with a transfer date of 28 June 2016. For the November 2013 and November 2014 plans, it consists of all performance-based shares under these plans for which the performance condition was evaluated in full for the November 2013 plan and not evaluated at all for the November 2014 plan, since the condition is now based on an average achievement of annual targets, the achievement will only be determined at the close of the 2015/2016 accounts.

Stock options granted to the Group's top ten employees other than corporate officers and options exercised by the Group's top ten employees other than corporate officers during the 2014/2015 financial year (Table 9 AMF nomenclature)

	Number of options granted/shares subscribed or purchased	Weighted average price *(euros)*	Plans
Options granted during the financial year by the Company and any companies within its Group granting options, to the top ten employees of the Company and any such Group company, receiving the highest number of options	No stock options were allocated during the 2014/2015 financial year		
Options exercised during the financial year by the top ten employees of the Company and all companies within its Group granting options, with the highest number of options thus exercised	211,812	63.51	17.11.2004/11.08.2005/ 14.06.2006/21.06.2007/ 18.06.2008/24.06.2010

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

Employee profit-sharing plans

All employees of the Group's French companies benefit from profit-sharing and incentive 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 Company for the payment of pensions are set out in Note 4.7 – *Provisions* of the Notes to the consolidated financial statements.

Transactions involving Pernod Ricard shares made by Directors in 2014/2015 (Article 223-26 of the AMF General Regulations)

First name, surname, Company name	Function	Financial instrument	Type of transaction	Date	Price *(euros)*	Amount of transaction *(euros)*
Mr Pierre Pringuet	Vice Chairman of the Board of Directors (Chief Executive Officer until 11 February 2015)	Stock options	Exercise of stock options	29.10.2014	52.59	368,130
		Stock options	Exercise of stock options	03.12.2014	52.59	1,006,204
		Stock options	Exercise of stock options	03.12.2014	58.41	5,325,473
		Stock options	Exercise of stock options	12.01.2015	64.00	160,000
		Stock options	Exercise of stock options	30.03.2015	74.73	3,775,808
Mr Gilles Samyn	Director	Shares	Acquisition	31.12.2014	91.76	91,760
Delos Invest II	Legal entity linked to Mr Alexandre Ricard, Chairman and CEO	Stock options	Transfer of stock put options	02.07.2014	0.4724	79,682
		Stock options	Transfer of stock put options	16.02.2015	3.4775	486,850

Directors' equity investments in the share capital of the Company (position at 26 August 2015)

Members of the Board of Directors	Number shares at 26.08.2015	Percentage of share capital at 26.08.2015	Number of voting rights at 26.08.2015	Percentage of voting rights at 26.08.2015
Executive Directors				
Mr Alexandre Ricard (Chairman and CEO)	47,946	0.02%	47,946	0.02%
Mr Pierre Pringuet (Vice Chairman of the Board of Directors)	323,026	0.12%	359,690	0.12%
Directors				
Mr César Giron	8,711	N.M.	11,618	N.M.
Ms Martina Gonzalez-Gallarza	1,100	N.M.	1,100	N.M.
Société Paul Ricard represented by Mr Paul-Charles Ricard (1)	34,866,200	13.14%	55,623,350	19.16%
Veronica Vargas	5,420	N.M.	5,420	N.M.
Independent Directors				
Ms Nicole Bouton	1,150	N.M.	1,150	N.M.
Mr Laurent Burelle	1,000	N.M.	1,000	N.M.
Mr Wolfgang Colberg	1,076	N.M.	1,076	N.M.
Mr Ian Gallienne	1,000	N.M.	1,000	N.M.
Mr Anders Narvinger	1,020	N.M.	1,020	N.M.
Mr Gilles Samyn	1,000	N.M.	1,000	N.M.
Director representing employees (2)				
Mr Manousos Charkoftakis	30	N.M.	30	N.M.
Mr Sylvain Carré	-	N.M.	-	N.M.

N.M.: not meaningful.

(1) This includes the shares held by Société Paul Ricard and by Lirix, Le Garlaban, Le Delos Invest I, Le Delos Invest II and Le Delos Invest III (the 8,392,096 Pernod Ricard shares held by Le Delos Invest III were transferred as collateral for the full performance of its obligations under the terms of a financial futures contract agreed on 10 April 2009), related to Société Paul Ricard as defined in Article L. 621-18-2 of the French Monetary and Financial Code.

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

Risk factors

Risks in connection with business activity

Risks relating to the global economic environment

Pernod Ricard is the world number two in Wines & Spirits. It sells products in more than 80 countries.

The Group's business is sensitive to general economic conditions in its key markets, in particular in the United States, China, India and France. In most countries, the consumption of Wines & Spirits, which is closely linked to the broader economic environment, tends to decline during periods of economic recession, unemployment, reductions in consumer spending, and increases in the cost of living.

Furthermore, currency fluctuations against the euro may impact the Group's results. Due to the geographic split of its business activity, the Group is specifically exposed to fluctuations in the US dollar and emerging market currencies against the euro. As such, after an adverse impact on the Group's result over the 2013/2014 financial year, the appreciation of certain currencies against the euro during the 2014/2015 financial year positively impacted sales and results: the +9% increase in profit from recurring operations on the previous year came primarily from a very favourable foreign exchange impact (+8%, or €155 million) mainly due to the strengthening of the US dollar against the euro (see *Analysis of business activity and results* in this management report).

While the Group's business has held up well during the economic and financial crisis, the Group believes that it remains exposed to the consequences of economic downturns and the possibility of a drop in consumption. In addition, Wines & Spirits consumers, including consumers of Pernod Ricard's products, also have the option of trading down to less costly products ("standard" as opposed to "Premium" products), particularly during economic downturns, or as a result of government measures. To this end, the Chinese government has established measures to dampen conspicuous consumption. This resulted in lower sales growth (at like-for-like currency and scope) over the last two financial years, with Pernod Ricard recording -23% for the 2013/2014 financial year and -2% for 2014/2015, even though the company had been growing strongly in this market in previous years (+9% in 2012/2013 and +24% in 2011/2012).

However, the diversified geographical spread of the Group's activities allows it to take advantage of all growth opportunities and helps to mitigate difficulties, particularly in certain markets. As such, Group sales increased by +2% over the 2014/2015 financial year at like-for-like foreign exchange rates, despite lower performance on the US and Chinese markets, which represented 17% and 9% of Group sales, respectively. This growth was driven, in particular, by the Asia/Rest of World region, by improved business activity in China and emerging markets in the Americas region. Nevertheless, a global recession or severe or continued contractions in the Group's key markets could have an adverse impact on all Group sales, sparking a deterioration in its consolidated earnings and outlook.

Risks relating to seasonal trends

Pernod Ricard makes an above-average portion of its sales during the Christmas and New Year season and the Chinese New Year. The last quarter of the calendar year traditionally accounts for about a third of full-year sales. Any major unexpected adverse event occurring during this period, such as a natural disaster, pandemic, or economic or political crises, could lead to a reduction in the Group's revenues and, consequently, a deterioration in its full-year results.

Risks relating to competition

The Group operates in fiercely competitive markets, where brand recognition, corporate image, price, innovation, product quality, the breadth of distribution networks and services provided to consumers are differentiating factors among competitors.

The Group constantly aims to strengthen the recognition of its brands, particularly its strategic brands, through advertising and promotional campaigns, enhancing the quality of its products and optimising its distribution and service networks. Nevertheless, it must also face heightened competition from major international players on its international brands and from smaller groups or local producers on its local brands.

The fierce competition prevailing in the mature markets and the increasingly competitive nature of the emerging markets could require the Group to boost its advertising and promotional expenditure, or even reduce its prices, or keep them stagnant, in order to protect its market share.

The Group maintained its advertising expenditure at historically high levels during the 2014/2015 financial year, at 19% of net sales, with the Group looking to always support its brands, in particular through its innovations (Tequila Avión, Absolut Elyx, etc.) and new opportunities for growth (digital communication, sub-Saharan Africa).

Risks relating to further consolidation in the Wines & Spirits segment, as well as to retailers in general

The industry has witnessed a trend toward the consolidation of distributors and merchants, which, in the past, has not had an adverse impact on the Group's business, due in part to its strong brand portfolio and its own extensive distribution network.

However, further consolidation among spirits producers and merchants in the Group's key markets could negatively impact the sale of the Group's products as a result of, for example, less attention and fewer resources allocated to its brands. As the retail trade consolidates, wholesalers and retailers will have greater resources and bargaining power and, as a result, could seek to have the Group and other producers reduce their prices, conduct product promotions and/or accept payment terms that could reduce margins. An increase in a distributor's market share could have an adverse impact on the Group's sales and profitability. Changes in clients strategies, including a reduction in the number of brands they carry, the allocation of shelf space for our competitors' brands or private label products may adversely affect the Group's sales, outlook and market share.

Risks relating to the Group's geographic footprint

The Group derives a considerable portion of its sales (39% in 2014/2015) from emerging markets in Asia, Eastern Europe and Latin America (China, India, Russia and Brazil, among others).

Although any country in the world could be affected, the Group's activities in the emerging countries are more particularly exposed to political and economic risks, including risks resulting from regulatory changes or changes in government or monetary policy.

These risks include risks stemming from exchange rate controls, inflation, problems with the repatriation of foreign earnings, dividends and investment capital, exchange rate fluctuations, changes in tax regimes, implementation of restrictions on imports, and political instability. Moreover, the Group may find itself unable to defend its rights appropriately before the courts of some of these countries, particularly in litigation with the state or state-controlled entities. (see "*Risks relating to litigation*" in this management report).

In addition, acts of terrorism or a declaration of war, the impact on consumer sentiment and tourism from threats of terrorism or war, any other adverse political event, or concerns relating to the threat of global pandemics could have a negative impact on consumers' propensity to make purchases in the more expensive product ranges of the Group's key product categories, in Travel Retail and in other markets. Such disruptions or other economic and political upheavals in the Group's markets could spark heightened volatility in the Group's sales, with a negative impact on its results and outlook in these markets.

Risk relating to changes in consumer tastes and preferences

Pernod Ricard holds a core portfolio of 14 strategic spirits and champagne brands and 5 Priority Premium Wine brands, as well as 18 key local spirits brands that are leaders in their respective categories or in the Premium segments of their respective local markets. The Group's performance is dependent on its capacity to satisfy consumer expectations and desires. However, change in consumer expectations and desires is difficult to anticipate, and in many cases is beyond the Group's control. As a result, negative changes in consumer demands could affect its sales and market share.

In addition, the increasing number of campaigns aimed at discouraging the consumption of alcoholic beverages, as well as changes in lifestyle and consumers' approaches to health issues, could, over time, modify consumer habits and the general social acceptability of alcoholic beverages, and have an adverse impact on the Group's reputation, sales, financial position, results and outlook.

Risks relating to the Group's industrial sites

The Group has a substantial inventory of aged product categories, principally Scotch whisky, Irish whiskey, cognac, rum, brandy and fortified wine. These maturing periods can occasionally extend beyond 30 years. The Group's maturing inventories (representing 80% of work in progress, as cited in Note 4.4 – *Inventory and work in progress* of the Notes to the consolidated financial statements), are stored at numerous locations around the world. However, the loss of all or part of the maturing inventory or the loss of all or some of the production, distilling, blending or packaging sites as a result of negligence, an act of malice, contamination, fire or natural disaster could lead to a significant fall in or prolonged interruption to the supply of certain products, precluding the Group from satisfying consumer demand for the said products. In addition, there is an inherent risk of forecasting error in determining the quantity of maturing stock to store in a given year for future consumption. This could lead to either an inability to meet future demand or a future surplus of inventory resulting in write-downs in the value of maturing stocks. Finally, there also can be no assurance that insurance proceeds would be sufficient to cover the replacement value of lost maturing inventories or assets in the event of their loss or destruction.

The Group's industrial risks are described in detail in the "*Presentation of industrial and environmental risks*" Section of this management report.

Risks relating to raw materials and energy prices

Some of the raw materials that the Group uses for the production of its products are commodities that are subject to price volatility caused by changes in global supply and demand, weather conditions, agricultural uncertainty or governmental controls.

An unexpected rise in the cost of raw materials or packaging materials could significantly increase our operating costs. Similarly, shortages of such materials could have a negative effect on our business. Moreover, an increase in energy costs could result in higher transportation, freight, distillation and other operating costs.

The Group may not be able to increase its prices to offset these increased costs without suffering reduced volume, sales and operating profit, which could negatively impact the Group's results.

For farm raw materials, hedge agreements have been entered into with banks to secure the price of a portion of wheat supplies and to limit production cost volatility. These hedges involve no physical delivery (see Note 4.10 – *Interest rate, foreign exchange and commodity derivatives* of the Notes to the consolidated financial statements). Moreover, the Group has entered into physical supply contracts with some suppliers in order to secure the delivery price of *eaux-de-vie*, grapes and certain grains (see Note 6.3 – *Off-balance sheet commitments* of the Notes to the consolidated financial statements).

Risks relating to acquisitions

The Group has made major acquisitions in the past, such as the acquisition of Seagram's Wines & Spirits business in 2001, the acquisition of Allied Domecq in 2005 and the acquisition of the Vin&Sprit group, the owner of Absolut vodka, in 2008. Pernod Ricard believes that it has successfully integrated these acquisitions.

In the event that Pernod Ricard decides to conduct a major acquisition in the future, successful integration of the target into the Group cannot be guaranteed. In addition to the fact that acquisitions require General Management to devote a significant amount of time to resolving organisational issues, they also require the integration of new businesses, employees and products belonging to newly acquired companies. The integration process involves a great many unknowns, including the impact of the integration of new entities into a new structure and the management of the Human Resources of merged businesses. The Group's financial position, reported results and outlook could be affected should it be unable to make a success of the integration of newly acquired companies.

The Group has made no major acquisitions since 2008.

Risks relating to the Group's image and reputation

The success of the Group's brands depends upon the positive image that consumers have of those brands. The Group's reputation and image may at any time be significantly undermined 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, or other events that harm the integrity of or consumer support for their brands, could adversely affect the sales of the Group's products. The Group purchases most of the raw materials for the production of its wines and spirits from third-party producers or on the open market. Contaminants in those raw materials or defects in the distillation or fermentation process at one of our industrial facilities could lead to low beverage quality as well as illness among, or injury to, our consumers, which could subject the Group to liability and result in reduced sales of the affected brand or all its brands.

In addition, to the extent that third parties sell products that are either counterfeit versions of the Group's brands or inferior "look alike" brands, consumers of the Group's brands could confuse its products with those brands. This could discourage them from purchasing the Group's products in the future, which could in turn adversely impact brand equity and the Group's results.

Although the Group has implemented protection and control systems to limit the risk of contamination and other industrial accidents and has a Group Intellectual Property Department devoted to protecting its brands (for more information, see the Section on "*Risks relating to Intellectual Property*"), there can be no guarantee that problems arising from industrial accidents, contamination and other factors will not compromise the Group's reputation and image on a global scale. Reputational damage could potentially have negative effects on the Group's image, financial position, reported results and outlook.

The net carrying value of brands and goodwill recorded in the Group's balance sheet at 30 June 2015 was €17.6 billion.

Risks relating to personnel

The Group's success is dependent on the loyalty of its employees, and in particular of key employees, as well as its ability to continue to attract and retain highly qualified personnel. Difficulties hiring or retaining key personnel, or the unexpected departure of experienced employees, including among acquired companies, could slow the implementation of the Group's strategic growth plans, and could have an adverse impact on its business, financial position and the results of its operations.

In addition, the Group cannot guarantee the absence of strikes or other types of labour disputes. Any extended labour disputes could have an impact on the Group's sales. To date, Pernod Ricard has not had to face prolonged industrial action that could significantly impact Group sales.

Risks relating to a breakdown of the Group's information technology systems

Pernod Ricard uses information technology systems for the processing, transmission and storage of electronic data relating to the Group's operations and financial reporting. A significant portion of communications among the Group's personnel, clients and suppliers relies on the efficient performance of the Group's information technology systems.

In addition, the Group's information technology systems could be exposed to interruptions for reasons beyond its control, including, but not limited to, natural disasters, terrorist attacks, telecommunications breakdowns, computer viruses, hackers or other security issues. Although the Group invests heavily in the maintenance and protection of its information systems, unexpected major breakdowns of one or more systems or any significant interruptions could disrupt the normal functioning of the Group, which could result in a negative impact on the Group's business, operations, operating profit, cash flow and financial position.

Risks relating to the Group's indebtedness

The Group's net debt/EBITDA ratio decreased from 3.6 at 30 June 2014 to less than 3.5 at 30 June 2015 (net debt translated at the average rate). For more information on the Group's indebtedness, see Note 4.8 – *Financial liabilities* of the Notes to the consolidated financial statements.

The risks related to indebtedness are:

- limiting the Group's ability to obtain additional financing for working capital, capital expenditure, acquisitions or general corporate purposes, and increasing the cost of such financing;
- a reduction in the cash available to finance working capital requirements, capital expenditure, acquisitions or corporate projects, a significant part of the Group's operating cash flow being put towards the repayment of the principal and interest on its debt;
- increasing the Group's vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions;
- the occurrence of a breach of one of the commitments made by the Group pursuant to the contracts bearing on its financing could require it to accelerate the repayment of its debt, thereby potentially sparking a liquidity crisis.

Risks relating to the Group's pension plans

The Group's unfunded pension obligations amounted to €298 million at 30 June 2015. During the 2014/2015 financial year, the Group made total contributions to Group pension plans of €115 million. For more information on the Group's pension and other post-employment liabilities, see Note 4.7 – *Provisions* of the Notes to the consolidated financial statements.

The Group's pension obligations are for the most part covered by balance sheet provisions and partially covered by pension funds or by 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. If actual developments were to deviate from these assumptions, this could result in an increase in pension obligations on the Group's balance sheet and require a substantially higher allocation to pension provisions, which could have a material adverse effect on the Group's financial results.

It may be possible to fund the increase in the Group's future obligations under its pension plans from its cash flow from operations. If the assets in the Group's funded pension plans perform less well than expected or if other actuarial assumptions are modified, the Group's contributions to these plans could be materially higher than expected, which would reduce the cash available to the Group for its business.

Risks relating to Intellectual Property

Recognition of the Group's brands is a fundamental element of its competitiveness. The management of the Group's brands and other owned intellectual property rights requires substantial investments both for their protection and defence.

The Group has taken very strict actions in this area. At the end of 2014, it set up a core team of 16 people (the "Group Intellectual Property Hub" or GIPH) coordinated by the Intellectual Property Department, and located at the Group's Headquarters. This team is responsible for the administrative management of all portfolios of intellectual property rights on behalf of the Brand Companies. This new organisational structure responds to a need to pool the Group's resources while implementing a consistent and uniform protection policy across all portfolios of intellectual property rights.

In particular, the GIPH defends the Group's intellectual property rights from any attempts by third parties to register similar rights to ours (challenge). The Brand Companies are still responsible for legal proceedings pursued for infringements and/or imitations that may be present on the markets.

The defence of such property is a mission involving all of the Group's personnel, who are aware of the importance of this crucial asset; for instance, sales forces are called on to identify any third party imitation of the products and brands of the Group and to transmit all information to the Legal Department responsible for intellectual property so that the Group can respond efficiently to those actions.

However, the Group, as any owner of intellectual property rights, is not in a position to guarantee that such measures will be fully sufficient to force third parties to respect its rights. In some non-European Union countries, particularly in Asia (China, Thailand, Vietnam, etc.), even though satisfactory legal options generally exist, it can be difficult to persuade the local authorities to apply dissuasive sanctions on counterfeiters that reproduce in full or in part the Group's most popular brands in these countries. Yet those illicit acts are likely to have unfavourable consequences for the image of the relevant products. The Group therefore takes specific action, with objectives determined on the basis of the market and the brand, bringing together various internal departments so as to take a cross-functional approach to the problem of counterfeiting. These actions include coordinated legal responses and operations aimed at raising awareness among local authorities, field and online surveys, and technical and technological measures aimed at improving the protection of the Group's products.

Third parties can also contest the Group's ownership of certain brands.

Legal decisions could therefore affect the Group's brand portfolio, potentially having negative effects on its financial position, reported results and outlook.

The Group is currently involved in litigation regarding the "Havana Club" brand (see Note 6.5 – *Disputes* of the Notes to the consolidated financial statements). In this case, an unfavourable ruling would not adversely impact the Group's current financial position, as the brand is not currently marketed in the United States, but it could constitute a lost opportunity when the embargo on Cuba is lifted.

Risks relating to change in the regulatory environment

The Group's businesses throughout the world are subject to a growing number of bodies of regulations, in particular with respect to the sale of alcoholic beverages. The regulatory environment governing the production and marketing of alcoholic beverages could undergo change in France, in the European Union or in the rest of the world. Similarly, advertising and promotions of alcoholic beverages are subject to increasingly stringent rules aimed at changing consumer behaviour and reducing alcohol consumption.

In particular, in its capacity as a distributor of international beverage brands, the Group is subject, in the various countries in which it trades, to numerous regulatory requirements concerning production, product responsibility, distribution, marketing, advertising, labelling and imports. More broadly speaking, it is also subject to issues relating to competition and consolidation, commercial and pricing policies, pensions, labour law and environmental concerns. In addition, the Group's products are subject to import and indirect taxes in the various countries in which it trades.

Regulatory decisions and changes in legal and regulatory requirements in these markets could have a negative impact on Pernod Ricard's business:

- **product recalls:** regulatory authorities in the countries in which the Group trades could be given coercive powers and subject the Group to measures including product recalls, product seizures and other sanctions, any of which could have an adverse effect on its trading or harm its reputation, with subsequent negative effect on its operating profit;
- **advertising and promotions:** regulatory authorities in the countries in which the Group trades could impose restrictions on advertising for alcoholic beverages, for instance by banning television advertisements or the sponsoring of sporting events, or by restricting the use of these media. Furthermore, the Group has signed several voluntary self-regulation codes, which impose restrictions on the advertising of and promotions for alcoholic beverages. These limits could have the effect of (i) hindering or restricting the Group's capacity to maintain or reinforce consumer behaviour in relation to its brands and their recognition on major markets and (ii) significantly affecting the Group's trading environment;
- **labelling:** regulatory authorities in the countries in which the Group trades could impose new or different requirements in terms of labelling and production. Changes to labelling requirements for alcoholic beverages, including the Group's portfolio of Premium Wines & Spirits, could diminish the appeal of these products in the eyes of consumers, thereby leading to a fall in the sales of these beverages. Furthermore, such changes could have the consequence of increasing costs, thereby affecting the Group's results;
- **import taxes and excise duties:** the Group's products are subject to import taxes and excise duties in most markets. An increase in import taxes and excise duties or a change in the legislation relative to duty free sales could lead to an increase in the price of its products as well as a reduction in the consumption of its Premium Wine & Spirits brands or an increase in costs for the Group;
- **access to market companies:** regulatory authorities in the countries in which the Group trades could seek to restrict consumers' access to Group products, for instance by limiting the trading hours of establishments serving alcoholic beverages or increasing the legal age for alcohol consumption.

Aside from the fact that change in local laws and regulations could in some cases restrict the Group's growth capacity by changing consumer behaviour, compliance with new laws and regulations could also require substantial investments. This could potentially have a significant negative impact on the Group's reported results and outlook.

Similar to other businesses, the Wine & Spirits business is highly sensitive to changes in tax regulations. In addition, in the current macroeconomic climate, regulatory authorities may resort to increasing taxes on alcoholic beverages. The effect of any future tax increases on the Group's sales in a given jurisdiction cannot be precisely measured. However, a significant increase in import and excise duties on alcoholic beverages and other taxes could have an adverse effect on the Group's financial position and operating profit. Furthermore, the Group's net profit is calculated on the basis of extensive tax and accounting requirements in each of the jurisdictions in which the Group operates. Changes in tax regulations (including tax rates), accounting policies and accounting standards could have a material impact on the Group's results.

In addition, as an international group, Pernod Ricard can be subject to tax audits in several jurisdictions. The Group takes tax positions that it believes are correct and reasonable in the course of its business with respect to various tax matters. However, there is no assurance that tax authorities in the jurisdictions in which the Group operates will agree with its tax positions. 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.

Risks relating to litigation

In common with other companies in the Wines & Spirits segment, the Group is occasionally subject to class action or other litigation and complaints from consumers or government authorities. In addition, the Group routinely faces litigation in the normal course of business. If such litigation were to result in fines, monetary damages or reputational damage to the Group or its brands, its business could be materially adversely affected.

The provisions recorded by Pernod Ricard at 30 June 2015, for all litigation and risks in which it is involved, amounted to €508 million, compared with €714 million at 30 June 2014 (see Note 4.7 – *Provisions* of the Notes to the consolidated financial statements). 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 government, legal or arbitration procedures pending or threatened, including any procedure of which the Company is aware, which may have or have had a significant impact on the profitability of the Company and/or the Group over the last twelve months, other than those described in Note 6.5 – *Disputes* of the Notes to the consolidated financial statements.

Presentation of industrial and environmental risks

Prevention of industrial and environmental risks

Pernod Ricard's management of industrial and environmental risks is based on a QSE (Quality/Safety/Environment) management approach which is common to the entire Group and has been implemented in all production affiliates worldwide.

This risk management policy is coordinated by the Group's Sustainable Performance Division and based on internal Pernod Ricard standards inspired by systematic risk analysis, and by Guidelines aimed at ensuring the adoption of best practice and minimum requirements in each of the areas covered: the quality of the products, the safety of personnel, the management of environmental impact, and the protection of capital (industrial risks). It is implemented in each of the affiliates, each one being entirely responsible for identifying and controlling its risks and its environmental impact, within the framework of the Group's decentralised organisation.

This risk management policy is accompanied by an ambitious QSE certification initiative for the Group's production sites, in accordance with the following three international standards:

- ISO 9001 for quality management;
- ISO 14001 for environmental management;
- OHSAS 18001 for occupational health and safety.

At the end of June 2015, all production sites have triple QSE certification, with the exception of two minor sites in France (Eauze, which produces Armagnac, and the Le Maine au Bois distillery in Cognac), as well as recent acquisitions (the Helan Mountain winery in China and the Kenwood winery in California). These sites without QSE certification represent less than 1% of the Group's total production.

Moreover, the implementation of management systems compliant with the ISO 22000 standard for food safety management has now been expanded considerably. At present, 81% of bottling sites are now certified under this standard, representing 94% of the total bottled production.

At each of the Group's production affiliates, a QSE representative is responsible for the application of this policy. The QSE Executive Committee, composed of experts from the main affiliates, is consulted regularly to identify and approve priority actions and develop the requirements in terms of risk prevention. The prevention personnel working in the various QSE field form an extremely active network, coordinated by the Sustainable Performance team at Head Office via the internal social network, Chatter. It meets each year during a working seminar that brings together the entire network. The seminar is especially important for identifying and sharing best practices with a view to continuous improvement.

With specific regard to capital protection and major industrial risks, an Operations Risk Manager coordinates the work done by affiliates in the area of risk reduction. The Risk Manager mainly focuses on prevention measures (design and maintenance of facilities, training, operating procedures, etc.) and protection systems (automatic fire extinguishing systems, water retention facilities, emergency procedures, etc.). They make regular visits to assess the sites, in conjunction with the insurer, with each site being attributed a risk score, along with recommendations for actions. The Risk Manager is consulted on projects relating to the construction or extension of these facilities. In agreement with the insurer's experts he or she also recommends the most appropriate solution for the risk in question in each case.

In addition, a programme devoted to implementing Business Continuity Management Systems (BCMS) has been initiated as a priority for the most strategic affiliates. It is aimed at protecting the Group's operations from the consequences of a major disaster with catastrophic consequences, such as a fire. To this end, the programme sets out the various scenarios liable to affect a site, and looks for ways to reduce the impact on business. It leads to the preparation of a business recovery plan including the implementation of emergency solutions and access to alternative means of production. In 2013/2014, the affiliates presenting the most severe risks for the Group (The Absolut Company, Martell & Co, Chivas Brothers, Irish Distillers) had their BCMSs audited. These audits conducted by a third party confirmed the good level of maturity of the systems in place and identified priority areas for improvement. They will be followed by other audits in 2015/2016.

Major risks identified and specific risk prevention measures

Various types of risks have been identified in relation to the level of the Group's industrial activities, for which specific preventative measures or monitoring procedures have been implemented.

Fire hazard

As alcohol is highly flammable, fire is one of the main risks to our staff and facilities, particularly at production sites where spirits are produced and stored. This risk is also present at sites where blending and bottling of alcohol take place. In certain cases, this fire risk may be accompanied by the risk of explosion, particularly if alcohol vapours come into contact with a heat source.

Of the 101 industrial sites operating as at 30 June 2015, eight sites (one in Ireland, one in France and six in Scotland) were classified as high-threshold Seveso due to the volumes stored there, higher than 50,000 tonnes (classification by the European Directive Seveso II for the prevention of major accidents). In the rest of the world, only one site, in Canada, was above this threshold. These sites are systematically subject to a high level of protection and prevention, which can be seen in the use of fire-resistant materials, the presence of automatic fire-extinguishing systems (sprinklers) and water reserves, training and the implementation of rigorous working procedures. Moreover, the recommendations of the ATEX directive on explosive atmospheres have been reflected in the Group's internal guidelines, which are applicable to all affiliates.

Since May 2000, when a fire led to the loss of a bourbon cellar in Kentucky, no major fires or explosions have occurred on the Group's sites.

At the end of June 2015, extra surveillance measures were put in place at French sites subject to the Seveso Directive, following the attack on 26 June at a Seveso site in the Isère department.

Risk of accidental spillage

The accidental spillage of product (wine, alcohol or other) into the environment is liable to pollute the soil, a river or water tables. This risk is of particular concern in cases of fire following a leak or spillage of alcohol and its extinction using water and foam. The risk of pollution is part of risk surveys and prevention measures at the Group's sites, and is the object of significant preventative measures: water retention facilities in storage and unloading areas, construction of drainage systems, and drainage to storage basins.

Risk of natural disasters

Several facilities are located in areas known to be at significant risk of earthquake. This includes facilities located in New Zealand, Armenia, California and Mexico. In July and August 2013, the Brancott wine production facility in New Zealand, was hit by two successive earthquakes. This caused substantial material damage to storage vats, for which a claim has been lodged with the Group's insurer.

Some areas are exposed to hurricane risk. The San José plant in Cuba has taken preventative measures to cover this eventuality.

There is also a risk of flooding at certain sites. Cellars were affected in Scotland in 2009, but there was no significant damage. Flooding is not considered to be a particularly high risk at any of the Group's facilities.

Lastly, in January 2010, exceptionally heavy snowfalls in the northern part of Scotland caused the roofs of 40 ageing cellars at the Mulben facility to collapse. A weather event of this nature had never previously been seen in this Region and was deemed extremely unlikely. The damage only concerned the buildings, as the collapse did not affect inventories of spirits. The damaged cellars were rebuilt and reinforced.

Risks relating to climate change and other environmental aspects

Climate change poses a variety of risks to the Group's business activities.

In terms of physical consequences, the major risk relates to the impact of climate change on the supply of farm raw materials. Increasingly irregular crop yields, climatic 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 are concerned, this effect, coupled with rising global demand, is contributing to the increasing volatility of market prices, which must be taken into account in procurement strategies and economic supply models. As regards grapes – another of the Group's key raw materials – climate models reveal the risk of an increase in wine alcohol content, changes to certain qualitative parameters and, in the longer term, a gradual shift in favourable climate areas. The affected inter-professional organisations, such as those for Cognac and Champagne and the corresponding organisations in Australia and New Zealand, have incorporated this issue into their research programmes in order to adapt their practices to these changes (choice of vine sorts, vine training, vinification, etc.).

A similar risk exists in relation to the water supply for production sites: a number of sites use underground water tables for their water needs and these can also be affected by climate change. The availability and quality of water are therefore key factors for the quality of our products, and are monitored very closely. Responsible water management is a major part of the Group's environmental management policy: every site has to ensure that the use of groundwater or river water and the release of waste water back into the environment do not cause harm to nature. Sites located in areas identified as high-risk in terms of their water supply are subject to enhanced monitoring so as to ensure the sustainability of the resources used (see the "Environment" paragraph in Section 3, "Corporate Social Responsibility").

Another risk relating to climate change is that of the increasingly frequent occurrence of extreme weather events liable to damage production facilities or affect the supply chain, such as cyclones, floods or exceptional levels of snowfall. This risk is taken into account in the Group's insurance strategy and in the critical scenarios for our Business Continuity Management Systems.

From a regulatory point of view, climate-related issues are also leading to stricter regulations on carbon emissions. In Europe, the Group's three largest distilleries are subject to the CO_2 emission quota system (EU-ETS). The direct financial impact for Pernod Ricard is negligible. However, the economic impact of regulations on energy and carbon is also felt through indirect consumption via our suppliers (especially with respect to glass, alcohol and transportation) and is likely to increase over the coming years.

Finally, climate change also represents a challenge due to the increasing awareness on the part of consumers and public opinion in general, whose expectations in terms of sustainable consumption are growing rapidly: this reality is taken into account by the marketing teams and is becoming one of the elements in the Group's marketing strategy. It is reflected mainly in the focus on eco-design of products, and incorporating the CSR dimension into brand platforms.

The existence of these climate-related risks has given rise to the inclusion of specific actions on energy and carbon in the Group's environmental road map. The actions undertaken are set out in the paragraph on "Environment" in Section 3 of this Registration Document, "Corporate Social Responsibility". It should also be noted that in each year since 2006, on the Carbon Disclosure Project website, Pernod Ricard has published information relating to carbon emissions and related issues.

The amount of provisions set aside for environmental risk was €0.5 million at 30 June 2015. In addition, some affiliates had to provide guarantees when applying for operating permits from the authorities. These do not correspond to specific amounts but ensure the affiliates' solvency to deal with any consequences of pollution or any other environmental accident.

Risks for consumers

The Group has noted the health risk involved in the inappropriate consumption of alcoholic beverages and accordingly has a very strong ethical commitment to encouraging responsible drinking (see Section 3 "Corporate Social Responsibility").

The other risks for consumers relate to product quality. They mainly concern the presence of foreign bodies in bottles (glass fragments) or contamination by an undesirable component, which are the subject of precise internal guidelines. The control of these risks is based on the application of the HACCP method, which aims to identify risks involved in the manufacturing process and to bring them under control. Active monitoring is also implemented on emerging risks, particularly those relating to components present in packaging, raw materials and water that are liable to pose a risk to consumer health.

This approach is also accompanied – as mentioned above – by the implementation of management systems compliant with the ISO 22000 standard for food safety management, which is aimed specifically at controlling such risks. At 30 June 2015, 81% of bottling sites were certified, representing 94% of bottled volumes. Distilleries certified according to this standard, meanwhile, represent 87% of the alcohol distilled by the Group.

To date, Pernod Ricard is not aware of any litigation or significant incident involving consumer safety, connected with the quality of the Group's products.

Liquidity risk

At 30 June 2015, the Group's cash and cash equivalents totalled €545 million (compared with €477 million at 30 June 2014). An additional €2,500 million of medium-term credit facilities with banks was confirmed and remained undrawn at this date. Group funding is provided in the form of long-term debt (syndicated loans, bonds, etc.) and short-term financing (commercial paper, bank overdrafts) as well as factoring and securitisation, which provide adequate financial resources to ensure the continuity of its business. Short-term financial debt after hedging was €2,159 million (compared with €1,218 million at 30 June 2014).

While the Group has not identified any other significant short-term cash requirement, it cannot be fully guaranteed that it will be able to continue to get the funding and refinancing needed for its day-to-day operations and investments on satisfactory terms, given the uncertain economic climate.

Credit ratings sought by Pernod Ricard from rating agencies on its long- and short-term debt are respectively Baa3/P3 from Moody's and BBB-/A3 from Standard & Poor's.

The Group's bank and bond debt contracts include covenants. Breaches of these covenants could force the Group to make accelerated payments. At 30 June 2015, the Group was in compliance with the covenants under the terms of its syndicated loan: solvency ratio (total net debt/consolidated EBITDA) of 5.25 or less.

Furthermore, while the vast majority of the Group's cash surplus is placed with branches 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 Pernod Ricard Finance), and in some cases, the possibility of paying dividends (authorisation from the relevant authorities is required in Cuba and Venezuela).

Additional information regarding liquidity risks is provided in Notes 4.8 – *Financial liabilities* and 4.9 – *Financial instruments* of the Notes to the consolidated financial statements, and in the *Significant contracts* section of this management report.

Market risks (currency and interest rates)

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 risk).

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 assets from Seagram, Allied Domecq and Vin&Sprit, with part of the debt being in USD for a portion close to 55% of total debt, reflecting the importance of cash flows generated in dollars or linked currencies.

Currency movements against the euro (notably in the USD) may impact the nominal amount of these debts and the financial costs published in euros in the consolidated financial statements, and this could affect the Group's reported results.

With respect to **operational currency risk,** the Group's international operations expose it to currency risks bearing on transactions carried out by affiliates in a currency other than their operating currency (transaction accounting risk).

In all cases, it is Group policy to invoice end customers in the functional currency of the distributing entity. Exposure to exchange rate 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.

Interest rate risk

At 30 June 2015, the Pernod Ricard group's debt comprised floating-rate debt (mainly the syndicated loan and other bank loans) and fixed-rate debt (mainly bonds), in addition to a hedging portfolio including swaps in EUR and USD.

The Group cannot guarantee that these hedges will prove sufficient, or that it will be able to maintain them on acceptable terms.

Additional information on currency and interest rate risks is provided in Notes 4.8 – *Financial liabilities*, 4.9 – *Financial instruments* and 4.10 – *Interest rate, foreign exchange and commodity derivatives* of the Notes to the consolidated financial statements.

Insurance and risk coverage

For Pernod Ricard, use of insurance is a solution for the financial transfer of the major risks facing the Group. This transfer is accompanied by a policy of prevention for the purpose of reducing risk as far 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 cover: Group insurance programmes and local policies. The programmes at Group level are monitored by an insurance manager who coordinates the insurance and risk management policy and also by a person in charge of monitoring industrial risk prevention.

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 cover:

- property damage and business interruption losses;
- operating and product liability;
- environmental liability;
- costs and losses incurred by the Group due to accidental and/or criminal contamination;
- Directors' civil liability;
- damage during transport (and storage);
- fraud.

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 in Spain, car fleet insurance, etc.).

Coverage

Type of insurance	Coverage and limits on the main insurance policies (1)
Property damage and business interruption losses	♦ Coverage: fully comprehensive (except for exclusions). ♦ Basis of compensation: • new 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 of sale for inventories, except for certain maturing stocks that are insured at replacement value or net carrying amount plus a fixed margin (tailored to each company); • business operating losses with a compensation period of between 12 and 36 months depending on the company. ♦ Limits on compensation: • main compensation limit of €900 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 cover 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.
General environmental liability	♦ Coverage for environmental damage of €25 million.
Product contamination	♦ Coverage for recall outlay, the cost of the relevant products, loss of business and outlay on rebuilding Pernod Ricard's image following contamination of products delivered that present a threat of harm to persons or property: coverage of up to €45 million per year.
Directors' civil liability	♦ Coverage of up to €150 million per year of insurance.
Transport	♦ Coverage of up to €20 million per claim.
Computer fraud / hacking	♦ Coverage of up to €35 million per year.
Credit	♦ Coverage differs depending on the affiliate and the programme, with total cover rising to a maximum of €180 million. It can also be partially transferred under a programme to sell receivables.

(1) The figures shown are the main limits for the year ended 30 June 2015. Changes may have been negotiated for the 2015/2016 financial year. Some contracts provide specific limits for certain aspects of coverage.

Resources provided by the Group to manage the consequences of a claim, especially in the case 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, it 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.

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 charges when it is likely that a current obligation stemming from a past event will require the payment of an amount that may have been underestimated. 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.

Significant contracts

Significant contracts not related to financing

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, of which 49.99% of the capital and voting rights are owned by Allied Domecq and 50.01% by Suntory Limited. 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.

Sale and repurchase agreements

In relation to sale and repurchase agreements, in 2014/2015, Pernod Ricard resold 700,000 treasury shares which had been purchased to cover the 2011 and 2012 stock option plans. For these transactions, the shares held to cover these plans were transferred to two banks, although Pernod Ricard reserved the right through a repurchase clause to "cancel" the sale of these shares during the exercise of options, at the option exercise price.

Financing contracts

Credit Agreement of November 2010

Pernod Ricard signed a Credit Agreement for €150 million with a banking institution, with effect from 26 November 2010, the amount of which was allocated in full to the reimbursement of the 2008 syndicated loan. This will be repaid on 26 November 2015 (15%) and 26 November 2016 (20%), with the remainder due on 26 November 2017. This Credit Agreement contains the customary representations, warranties and early repayment undertakings, as well as the usual restrictive covenants and commitments contained in such contracts. It also requires compliance with a solvency ratio at each half-year end – *i.e.* total consolidated net debt/consolidated EBITDA, being a more flexible indicator than the ratio applied to the syndicated loan.

2012 Credit Agreement (syndicated credit)

In relation to the refinancing of the 2008 bank debt, Pernod Ricard and a number of its affiliates signed a new, five-year €2.5 billion revolving credit facility (the "Credit Agreement") on 25 April 2012. The initial term of the Credit Agreement was extended by 18 months by an addendum dated 23 October 2013, with the effect of reducing its interest rate and extending its maturity.

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.

The Credit Agreement contains the 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 *(sûreté réelle)*, alter the general nature of the Group's activities or carry out certain acquisition transactions.

The Credit Agreement also sets 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).

Solvency ratio (total consolidated net debt/consolidated EBITDA)

The Solvency Ratio must be less than or equal to 5.25. At 30 June 2015, the Group was compliant with this solvency ratio (see "Liquidity risks" in this management report).

The Credit Agreement incorporates the main terms of the 2008 Credit Agreement and in addition, provides 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 Agreement also contains a clause under which the taking of control of the Company by any 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.

Bond issue of June 2009

In mid-June 2009, Pernod Ricard issued €800 million of bonds. The Bonds have a nominal value of €50,000 and are traded on the Luxembourg Stock Exchange regulated market.

The Bonds bear interest at an annual fixed rate of 7%, payable annually in arrears on 15 January.

The Bonds were repaid in full on 15 January 2015.

The net proceeds of this bond issue were allocated to the repayment of the shortest-term tranches of the 2008 syndicated loan.

Bond issue of March 2010

In March 2010, Pernod Ricard issued €1.2 billion of fixed-rate bonds, maturing on 18 March 2016. The Bonds have a nominal value of €50,000 and are traded on the Luxembourg Stock Exchange regulated market.

The Bonds bear interest at an annual fixed rate of 4.875%, payable annually in arrears on 18 March.

The Bonds and the interest thereon constitute direct, unsubordinated and unsecured obligations of Pernod Ricard, ranking equally amongst themselves and *pari passu* with all other unsecured and unsubordinated debt, present and future, of Pernod Ricard. In addition, Pernod Ricard has agreed not to grant any security interest *(sûreté réelle)* with regard to bonds or other debt securities that have been or may be admitted to trading on a regulated market, over-the-counter market or other exchange unless the bonds benefit from similar security interests or security interests approved by the bondholders.

The proceeds of this bond issue were allocated to the repayment of the shortest-term facilities of the 2008 syndicated loan.

This bond issue includes 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 in control of the Company (benefiting a person or a group of persons acting in concert) and leading to a deterioration in the Company's financial rating.

In addition, these Bonds may be redeemed early if certain customary events of default arise.

Bond issue of December 2010

At the end of December 2010, Pernod Ricard issued US$201 million of floating-rate bonds, maturing on 21 December 2015. The Bonds have a US$1 million nominal value and were subscribed in full by a single counterparty.

The Bonds bear floating-rate interest, payable quarterly as from 21 March 2011.

The Bonds and the interest thereon constitute direct, unsubordinated and unsecured obligations of Pernod Ricard, ranking equally amongst themselves and *pari passu* with all other unsecured and unsubordinated debt, present and future, of Pernod Ricard. In addition, Pernod Ricard has agreed not to grant any security interest *(sûreté réelle)* with regard to bonds or other debt securities that have been or may be admitted to trading on a regulated market, over-the-counter market or other exchange unless the bonds benefit from similar security interests or security interests approved by the bondholders.

The proceeds of this bond issue were allocated to the repayment of the shortest-term facilities of the 2008 syndicated loan in order to extend the Group's debt maturity.

This bond issue includes 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 in control of the Company (benefiting a person or a group of persons acting in concert) and leading to a deterioration in the Company's financial rating.

In addition, these Bonds may be redeemed early upon the occurrence of certain customary events of default as well as at the request of the Company or the holder, as appropriate, in particular in certain cases of a change in the Company's situation or a change in taxation.

Bond issue of March 2011

In March 2011, Pernod Ricard issued €1 billion of fixed-rate bonds, maturing on 15 March 2017. The Bonds have a nominal value of €100,000 and are traded on the Luxembourg Stock Exchange regulated market.

The Bonds bear interest at an annual fixed rate of 5%, payable annually in arrears on 15 March.

The Bonds and the interest thereon constitute direct, unsubordinated and unsecured obligations of Pernod Ricard, ranking equally amongst themselves and *pari passu* with all other unsecured and unsubordinated debt, present and future, of Pernod Ricard. In addition, Pernod Ricard has agreed not to grant any security interest *(sûreté réelle)* with regard to bonds or other debt securities that have been or may be admitted to trading on a regulated market, over-the-counter market or other exchange unless the bonds benefit from similar security interests or security interests approved by the bondholders.

The net proceeds of this bond issue were allocated to the repayment of the 2008 syndicated loan in order to extend the Group's debt maturity.

This bond issue includes 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 in control of the Company (benefiting a person or a group of persons acting in concert) and leading to a deterioration in the Company's financial rating.

In addition, these Bonds may be redeemed early if certain customary events of default arise.

Bond issue of April 2011

In April 2011, Pernod Ricard issued US$1 billion of fixed-rate bonds, maturing on 7 April 2021, through a private placement for institutional investors, and subject to New York State (United States) law. The Bonds have a nominal value of US$150,000 (with multiples of US$1,000 in excess of this amount).

The Bonds bear interest at an annual fixed rate of 5.75%, payable semi-annually in arrears on 7 April and 7 October as from 7 October 2011.

The Bonds and the interest thereon constitute direct, unsubordinated and unsecured obligations of Pernod Ricard, ranking equally amongst themselves and *pari passu* with all other unsecured and unsubordinated debt, present and future, of Pernod Ricard. In addition, Pernod Ricard has agreed not to grant any security interest *(sûreté réelle)* with regard to bonds or other debt securities that have been or may be admitted to trading on a regulated market, over-the-counter market or other exchange unless the bonds benefit from similar security interests or security interests approved by the bondholders.

The net proceeds of this bond issue were allocated to the repayment of part of the 2008 syndicated loan denominated in US dollars.

This bond issue includes 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 in control of the Company (benefiting a person or a group of persons acting in concert) and leading to a deterioration in the Company's financial rating.

In addition, these Bonds may be redeemed early if certain customary events of default arise.

Bond issue of October 2011

In October 2011, Pernod Ricard issued US$1.5 billion of fixed-rate bonds, maturing on 15 January 2022, through a private placement for institutional investors, and subject to New York State (United States) law. The Bonds have a nominal value of US$150,000 (with multiples of US$1,000 in excess of this amount).

The Bonds bear interest at an annual fixed rate of 4.45%, payable semi-annually in arrears on 15 January and 15 July as from 25 October 2011.

The Bonds and the interest thereon constitute direct, unsubordinated and unsecured obligations of Pernod Ricard, ranking equally amongst themselves and *pari passu* with all other unsecured and unsubordinated debt, present and future, of Pernod Ricard. In addition, Pernod Ricard has agreed not to grant any security interest *(sûreté réelle)* with regard to bonds or other debt securities that have been or may be admitted to trading on a regulated market, over-the-counter market or other exchange unless the bonds benefit from similar security interests or security interests approved by the bondholders.

The net proceeds of this bond issue were allocated to the repayment of part of the 2008 syndicated loan denominated in US dollars.

This bond issue includes 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 in control of the Company (benefiting a person or a group of persons acting in concert) and leading to a deterioration in the Company's financial rating.

In addition, these Bonds may be redeemed early if certain customary events of default arise.

Bond issue of January 2012

In January 2012, Pernod Ricard issued US$2.5 billion of bonds through a private placement for institutional investors, and subject to New York State (United States) law. The issue has three facilities: a 5-year facility of US$850 million, a 10.5-year facility of US$800 million and a 30-year facility of US$850 million. The Bonds have a nominal value of US$150,000 (with multiples of US$1,000 in excess of this amount).

The Bonds for the first facility bear interest at an annual fixed rate of 2.95%, payable semi-annually in arrears on 15 January and 15 July, as from 12 January 2012.

The Bonds for the second facility bear interest at an annual fixed rate of 4.25%, payable semi-annually in arrears on 15 January and 15 July, as from 12 January 2012.

The Bonds for the third facility bear interest at an annual fixed rate of 5.50%, payable semi-annually in arrears on 15 January and 15 July, as from 12 January 2012.

The Bonds and the interest thereon constitute direct, unsubordinated and unsecured obligations of Pernod Ricard, ranking equally amongst themselves and *pari passu* with all other unsecured and unsubordinated debt, present and future, of Pernod Ricard. In addition, Pernod Ricard has agreed not to grant any security interest *(sûreté réelle)* with regard to bonds or other debt securities that have been or may be admitted to trading on a regulated market, over-the-counter market or other exchange unless the bonds benefit from similar security interests or security interests approved by the bondholders.

The net proceeds of this bond issue were allocated to the repayment of part of the 2008 syndicated loan denominated in US dollars.

This bond issue includes 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 in control of the Company (benefiting a person or a group of persons acting in concert) and leading to a deterioration in the Company's financial rating.

In addition, these Bonds may be redeemed early if certain customary events of default arise.

Bond issue of March 2014

In March 2014, Pernod Ricard issued €850 million of fixed-rate bonds, maturing on 22 June 2020. The Bonds have a nominal value of €100,000 and are traded on the Euronext Paris regulated market.

The Bonds bear interest at an annual fixed rate of 2%, payable annually in arrears on 20 March.

The Bonds and the interest thereon constitute direct, unsubordinated and unsecured obligations of Pernod Ricard, ranking equally amongst themselves and *pari passu* with all other unsecured and unsubordinated debt, present and future, of Pernod Ricard. In addition, Pernod Ricard has agreed not to grant any security interest *(sûreté réelle)* with regard to bonds or other debt securities that have been or may be admitted to trading on a regulated market, over-the-counter market or other exchange unless the bonds benefit from similar security interests or security interests approved by the bondholders.

The net proceeds of this bond issue were allocated to the repayment of the bond debt in order to extend the Group's debt maturity.

This bond issue includes 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 in control of the Company (benefiting a person or a group of persons acting in concert) and leading to a deterioration in the Company's financial rating.

In addition, these Bonds may be redeemed early if certain customary events of default arise.

Bond issue of September 2014

In September 2014, Pernod Ricard issued €650 million of fixed-rate bonds, maturing on 27 September 2024. The Bonds have a nominal value of €100,000 and are traded on the Euronext Paris regulated market.

The Bonds bear interest at an annual fixed rate of 2.125%, payable annually in arrears on 27 September.

The Bonds and the interest thereon constitute direct, unsubordinated and unsecured obligations of Pernod Ricard, ranking equally amongst themselves and *pari passu* with all other unsecured and unsubordinated debt, present and future, of Pernod Ricard. In addition, Pernod Ricard has agreed not to grant any security interest *(sûreté réelle)* with regard to bonds or other debt securities that have been or may be admitted to trading on a regulated market, over-the-counter market or other exchange unless the bonds benefit from similar security interests or security interests approved by the bondholders.

The net proceeds of this bond issue were allocated to the repayment of the bond debt in order to extend the Group's debt maturity.

This bond issue includes 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 in control of the Company (benefiting a person or a group of persons acting in concert) and leading to a deterioration in the Company's financial rating.

In addition, these Bonds may be redeemed early if certain customary events of default arise.

Factoring agreement Europe

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 factoring programme, which was initially for a three-year period, was extended by an addendum dated 16 December 2011 for a further three-year period and was then renewed by an addendum dated 25 June 2014 for a four-year period from 1 January 2015. The agreed total for this programme was €400 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.

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 Ester, 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 19 June 2014 under the terms of an addendum to the framework agreement. The initial amount assigned to the programme was €45 million, US$130 million and £120 million.

This five-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.

Factoring agreement Pacific

On 18 March 2013, a new agreement for the sale of receivables was signed between Premium Wine Brands Pty [1], Pernod Ricard New Zealand Limited and The Royal Bank of Scotland plc. This factoring agreement covers Australia and New Zealand and amounts to AUD 128.5 million and NZD 45 million.

Additional information on the impact of these financing agreements on the Group's financial statements is disclosed in Note 4.8.1 – *Breakdown of net financial debt by type and maturity* and Note 4.8.7 – *Bonds* of the Notes to the consolidated financial statements.

(1) *Renamed Pernod Ricard Winemakers Pty.*

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Consolidated financial statements

Consolidated income statement

In euro million	30.06.2014	30.06.2015	Notes
Net sales	7,945	8,558	
Cost of sales	(2,958)	(3,262)	
Gross margin after logistics expenses	**4,987**	**5,296**	
Advertising and promotion expenses	(1,503)	(1,625)	
Contribution after advertising & promotion expenses	**3,484**	**3,671**	
Structure costs	(1,428)	(1,433)	
Profit from recurring operations	**2,056**	**2,238**	
Other operating income	60	147	3.2
Other operating expenses	(300)	(796)	3.2
Operating profit	**1,817**	**1,590**	
Financial expenses	(561)	(554)	3.1
Financial income	76	65	3.1
Interest (expense) income	**(485)**	**(489)**	
Corporate income tax	(305)	(221)	3.3
Share of net profit/(loss) of associates	0	0	
Net profit from continuing operations	**1,027**	**880**	
Net profit from discontinued operations	-	-	
NET PROFIT	**1,027**	**880**	
o/w:			
♦ attributable to non-controlling interests	11	19	
♦ attributable to equity holders of the Parent	1,016	861	
Earnings per share – basic *(in euro)*	3.86	3.26	3.4
Earnings per share – diluted *(in euro)*	3.82	3.24	3.4
Net earnings per share from continuing operations (excluding discontinued operations) – basic *(in euro)*	3.86	3.26	3.4
Net earnings per share from continuing operations (excluding discontinued operations) – diluted *(in euro)*	3.82	3.24	3.4

Consolidated statement of comprehensive income

In euro million	30.06.2014	30.06.2015
Net profit for the period	**1,027**	**880**
Non-recyclable items		
Actuarial gains (losses) related to the defined benefit plan	**(96)**	**23**
Amount recognised in shareholders' equity	*(115)*	*18*
Tax impact	*19*	*5*
Recyclable items		
Net investment hedge	**104**	**(97)**
Amount recognised in shareholders' equity	*104*	*(97)*
Tax impact	*-*	*-*
Cash flow hedges	**25**	**5**
Amount recognised in shareholders' equity	*39*	*8*
Tax impact	*(14)*	*(4)*
Available-for-sale assets	**(1)**	**(0)**
Unrealised gains and losses recognised in shareholders' equity	*(1)*	*(0)*
Tax impact	*0*	*-*
Translation differences	**(28)**	**1,147**
Items reclassified from equity to profit and loss		
Cash flow hedges	**(3)**	**(14)**
Amount recycled to net profit (loss)	*(7)*	*(19)*
Tax impact	*4*	*6*
Available-for-sale assets	**-**	**-**
Amount reclassified from equity to profit and loss following a disposal	*-*	*-*
Tax impact	*-*	*-*
Other comprehensive income for the period, net of tax	**2**	**1,064**
Comprehensive income for the period	**1,028**	**1,944**
o/w:		
♦ attributable to equity holders of the Parent	1,022	1,915
♦ attributable to non-controlling interests	6	29

Consolidated balance sheet

Assets

In euro million	30.06.2014	30.06.2015	Notes
Net amounts			
Non-current assets			
Intangible assets	11,542	12,212	4.1
Goodwill	4,907	5,494	4.1
Property, plant and equipment	2,016	2,200	4.2
Biological assets	150	153	
Non-current financial assets	349	512	4.3
Investments in associates	15	16	
Non-current derivative instruments	63	52	4.10
Deferred tax assets	1,926	2,339	3.3
NON-CURRENT ASSETS	**20,968**	**22,978**	
Current assets			
Inventories and work in progress	4,861	5,351	4.4
Trade receivables and other current receivables	1,051	1,152	4.5
Income taxes receivable	37	61	
Other current assets	194	260	4.6
Current derivative instruments	26	50	4.10
Cash and cash equivalents	477	545	4.8
CURRENT ASSETS	**6,646**	**7,419**	
Assets held for sale	2	1	
TOTAL ASSETS	**27,616**	**30,398**	

Liabilities

In euro million	30.06.2014	30.06.2015	Notes
Shareholders' equity			
Capital	411	411	6.1
Share premium	3,052	3,052	
Retained earnings and currency translation adjustments	7,142	8,796	
Group net profit	1,016	861	
Group shareholders' equity	**11,621**	**13,121**	
Non-controlling interests	157	167	
TOTAL SHAREHOLDERS' EQUITY	**11,778**	**13,288**	
Non-current liabilities			
Non-current provisions	564	400	4.7
Provisions for pensions and other long-term employee benefits	569	654	4.7
Deferred tax liabilities	3,041	3,373	3.3
Bonds – non-current	6,844	6,958	4.8
Non-current derivative instruments	85	87	4.10
Other non-current financial liabilities	830	500	4.8
TOTAL NON-CURRENT LIABILITIES	**11,933**	**11,972**	
Current liabilities			
Current provisions	251	173	4.7
Trade payables	1,463	1,696	
Income tax payable	56	116	
Other current liabilities	887	920	4.11
Other current financial liabilities	290	538	4.8
Bonds – current	929	1,514	4.8
Current derivative instruments	29	181	4.10
TOTAL CURRENT LIABILITIES	**3,905**	**5,138**	
Liabilities related to assets held for sale	0	0	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**27,616**	**30,398**	

Changes in shareholders' equity

In euro million	Capital	Additional paid-in capital	Consolidated reserves	Actuarial gains and losses	Changes in fair value	Currency translation adjustments	Treasury shares	Equity attributable to equity holders of the Parent	Non-controlling interests	Total shareholders' equity
At 01.07.2013	**411**	**3,052**	**8,384**	**(158)**	**(95)**	**(347)**	**(234)**	**11,014**	**165**	**11,179**
Comprehensive income for the period	-	-	1,016	(97)	21	82	-	1,022	6	1,028
Capital increase	-	-	-	-	-	-	-	-	(2)	(2)
Share-based payments	-	-	38	-	-	-	-	38	-	38
Acquisition/(disposal) of treasury shares	-	-	-	-	-	-	(7)	(7)	-	(7)
Sale and repurchase agreements	-	-	-	-	-	-	(6)	(6)	-	(6)
Dividends distributed	-	-	(440)	-	-	-	-	(440)	(12)	(452)
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	(0)	-	-	-	-	(0)	0	(0)
AT 30.06.2014	**411**	**3,052**	**8,998**	**(255)**	**(74)**	**(265)**	**(247)**	**11,621**	**157**	**11,778**

In euro million	Capital	Additional paid-in capital	Consolidated reserves	Actuarial gains and losses	Changes in fair value	Currency translation adjustments	Treasury shares	Equity attributable to equity holders of the Parent	Non-controlling interests	Total shareholders' equity
At 01.07.2014	**411**	**3,052**	**8,998**	**(255)**	**(74)**	**(265)**	**(247)**	**11,621**	**157**	**11,778**
Comprehensive income for the period	-	-	861	25	(9)	1,038	-	1,915	29	1,944
Capital increase	-	-	-	-	-	-	-	-	-	-
Share-based of stock options	-	-	27	-	-	-	-	27	-	27
Acquisition/(disposal) of treasury shares	-	-	-	-	-	-	(54)	(54)	-	(54)
Sale and repurchase agreements	-	-	-	-	-	-	47	47	-	47
Dividends distributed	-	-	(433)	-	-	-	-	(433)	(25)	(458)
Changes in scope of consolidation	-	-	1	-	-	-	-	1	6	7
Other movements	-	-	(4)	-	-	-	-	(4)	-	(4)
AT 30.06.2015	**411**	**3,052**	**9,452**	**(230)**	**(83)**	**773**	**(254)**	**13,121**	**167**	**13,288**

Consolidated cash flow statement

In euro million	30.06.2014	30.06.2015	Notes
Cash flow from operating activities			
Group net profit	1,016	861	
Non-controlling interests	11	19	
Share of net profit/(loss) of associates, net of dividends received	(0)	(0)	
Financial (income)/expense	485	489	
Tax (income)/expense	305	221	
Net profit from discontinued operations	-	-	
Depreciation of fixed assets	203	214	
Net change in provisions	(20)	(156)	
Net change in impairment of goodwill, property, plant and equipment and intangible assets	64	656	
Changes in fair value of commercial derivatives	(3)	(1)	
Fair value adjustments on biological assets	(6)	(11)	
Net (gain)/loss on disposal of assets	(4)	(98)	
Share-based payments	38	27	
Self-financing capacity before financing interest and taxes	**2,089**	**2,220**	
Decrease/(increase) in working capital requirements	(308)	(193)	5
Interest paid	(504)	(520)	
Interest received	76	65	
Tax paid/received	(413)	(538)	5
NET CHANGE IN CASH FLOW FROM OPERATING ACTIVITIES	**940**	**1,035**	
Cash flow from investing activities			
Capital expenditure	(273)	(323)	5
Proceeds from disposals of property, plant and equipment and intangible assets	20	20	5
Change in the scope of consolidation	-	-	
Purchases of financial assets and activities	(79)	(79)	
Disposals of financial assets and activities	21	117	
NET CHANGE IN CASH FLOW FROM INVESTING ACTIVITIES	**(311)**	**(264)**	
Cash flow from financing activities			
Dividends paid	(448)	(461)	
Other changes in shareholders' equity	-	-	
Issuance of long-term debt	3,292	2,451	5
Repayment of long-term debt	(3,460)	(2,711)	5
(Acquisitions)/disposals of treasury shares	(16)	(13)	
Other transactions with non-controlling interests	-	(1)	
NET CHANGE IN CASH FLOW FROM FINANCING ACTIVITIES	**(632)**	**(735)**	
Cash flow from non-current assets held for sale	-	-	
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (BEFORE CURRENCY TRANSLATION ADJUSTMENTS)	**(3)**	**36**	
Foreign currency translation adjustments	(117)	32	
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (AFTER CURRENCY TRANSLATION ADJUSTMENTS)	**(120)**	**68**	
CASH AND CASH EQUIVALENTS AT START OF PERIOD	**597**	**477**	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**477**	**545**	

Notes to the consolidated financial statements

Contents

Pernod Ricard SA is a French public limited company *(Société Anonyme)*, subject to all laws governing commercial companies in France, and particularly to the provisions of the French Commercial Code. The Company is headquartered at 12, place des États-Unis, 75016 Paris, France and is listed on the Euronext stock exchange. The annual consolidated financial statements reflect the accounting position of Pernod Ricard and its affiliates (the "Group"). They are presented in euros rounded to the nearest million.

The Group's business is the sale of Wines and Spirits.

The annual consolidated financial statements for the financial year ended 30 June 2015 were approved by the Board of Directors on 26 August 2015.

The presentation of the explanatory notes has been changed from that used previously for the financial statements for the financial year ended 30 June 2014, to improve their clarity and relevance, in accordance with the recommendations of the AMF. Most of the accounting principles, with the exception of the general accounting principles, which were previously presented in Note 1 – *Accounting principles and significant events*, are now included in the corresponding Notes to the financial statements.

A concordance table, between the presentation used for the consolidated financial statements at 30 June 2015 and that used for the financial year ended 30 June 2014, is presented at the end of the notes to the consolidated financial statements.

NOTE 1 Accounting principles and significant events

Note 1.1 - Accounting 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 1606/2002, the Group's annual consolidated financial statements for the financial year ending 30 June 2015 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union. These standards include the standards approved by the International Accounting Standards Board (IASB), these being IFRS, IAS (International Accounting Standards) and their interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or its predecessor, the Standing Interpretations Committee (SIC). The accounting principles used to prepare the annual consolidated financial statements at 30 June 2015 are consistent with those used for the annual consolidated financial statements at 30 June 2014, with the exception of standards and interpretations adopted by the European Union applicable to the Group from 1 July 2014 (see Note 1.1.2. – *Changes in accounting standards*).

The IFRS standards and interpretations as adopted by the European Union are available on the website: http://ec.europa.eu/finance/company-reporting/index_en.htm.

The Group's financial year runs from 1 July to 30 June.

2. Changes in accounting standards

Standards, amendments and interpretations for which application is mandatory for financial years commencing from 1 July 2014

The standards, amendments and interpretations applicable to Pernod Ricard from 1 July 2014 are as follows:

- IFRIC 21 (Levies), interpretation published in May 2013 and adopted by the European Union in June 2014. This text states that the operative event for the recognition of the liability arising from miscellaneous taxes, duties and other levies, which are not covered by the scope of the IAS 12 standard, depends on the terms of the relevant legislation, regardless of the levy calculation period. Consequently, a tax payment liability cannot be recognised progressively in the financial statements, if no current obligation exists on the closing date of the period. The impact linked to the retrospective application of this standard was calculated and considered to be insignificant for the Pernod Ricard group. We therefore decided to leave the comparative periods unchanged;
- IFRS 10, IFRS 11 and IFRS 12 on consolidation, which redefine the concept of the control exercised over an entity, remove the possibility of using proportional consolidation to consolidate jointly controlled entities, with only the equity method permitted, and supplement the disclosures required in the Notes to the consolidated financial statements. The application of these standards has no significant impact on the Group's consolidated financial statements;
- revision of IAS 27 (Separate Financial Statements), the application of which has no impact on the Group's financial statements;
- revision of IAS 28 (Investments in Associates and Joint Ventures), the application of which has no impact on the Group's financial statements.

Standards, amendments and interpretations for which application is mandatory for financial periods commencing after 30 June 2015

The standards, amendments and interpretations that will apply to Pernod Ricard from 1 July 2015, the impact of which will not be significant on the Group's financial statements, are as follows:

- the IFRS improvement cycle 2010–2012;
- the IFRS improvement cycle 2011–2013;
- the amendment to IAS 19 (Employee Benefits), which clarifies the recognition of employee or third-party contributions set out by the provisions of a scheme, in order to help finance the benefits.

The annual consolidated financial statements do not take into account:

- draft standards and interpretations which still have the status of exposure drafts of the IASB and the IFRIC at the balance sheet date;
- new standards, amendments to existing standards and interpretations published by the IASB but not yet approved by the European Accounting Regulatory Committee in the annual consolidated financial statements at the balance sheet date.

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 for 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 requires 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 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 may 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), specific impairment tests are applied where there is an indication that the value of an intangible asset may have been impaired. Any impairment loss recognised 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 outcomes 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 balance sheet date is set out in Note 4.7 – *Provisions*.

These benefit obligations are based on a number of assumptions such as discount rates, expected returns on plan assets, average future salary increases, rate of employee turnover and life expectancy.

These assumptions are generally updated annually. Assumptions used in the preparation of the financial statements for the year ended 30 June 2015 and their methods of 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 – *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 advisors). Any change to assumptions can have a significant effect on the amount of the provision recognised. The carrying amount of these provisions at the balance sheet 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.

5. Business combinations

Business combinations carried out before 1 July 2009 were recognised using the accounting principles in force on 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, 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 expenses as 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 shareholders' 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 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 certain 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 translated into the functional currency using the exchange rate applying 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 balance sheet 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 shareholders' equity, under currency translation adjustments, 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 shareholders' 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 euro at year-end exchange rates. The income statement and cash flows are translated on the basis of average exchange rates. Differences resulting from the translation of the financial statements of these affiliates are recognised in currency translation adjustments within shareholders' equity. On disposal of a foreign entity, currency translation adjustments previously recognised in shareholders' 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 not subject to depreciation or amortisation. They are shown separately in the balance sheet at the lower of carrying amount or 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 captions in the consolidated financial statements. Income statement items related to discontinued operations and assets held for sale are separately presented in the financial statements for all periods reported upon if they are important from a Group perspective.

Note 1.2 - Significant events during the financial year

1. Governance

Mr Alexandre Ricard was appointed as the Group's Chairman & CEO by the Board of Directors at its meeting on 11 February 2015.

2. Acquisition

On 10 July 2014, Pernod Ricard announced the acquisition by Pernod Ricard USA of a block of shares in Avión Spirits LLC with its partner, Tequila Avión. Following this transaction, Pernod Ricard USA holds a large majority of the company that owns Avión, the ultra-premium tequila brand. This transaction reflects Pernod Ricard's confidence in Avión's growth potential, and the importance given to the brand to support the Group's ambitions in the United States, its largest market. This acquisition further illustrates Pernod Ricard's ability to seize tactical external growth opportunities in the premium+ segment in the United States, complementing its innovation strategy.

3. Transfer

Over the year, Pernod Ricard sold Caribe Cooler, a major brand in the ready-to-drink segment in Mexico. The bottling chain associated with the production of Caribe Cooler and the related inventories were also included in this transaction. This sale was in line with the Group's strategy to focus on priority Wine & Spirits brands.

4. Partial impairment of the carrying amount of the Absolut brand

A partial impairment of the carrying amount of the Absolut brand was recognised over the year for €700 million on the balance sheet and for €652 million on the income statement in other operating expenses, *i.e.* €404 million in net profit after tax. This impairment results from the decline in the brand's growth in the United States. The impairment had no impact on the Group's cash position and has not altered the strategy or operational initiatives relating to the brand.

5. Bonds

On 29 September 2014, Pernod Ricard issued bonds for a total amount of €650 million, with the following characteristics: residual maturity of 10 years (maturing on 27 September 2024) and bearing interest at a fixed rate of 2.125%.

On 15 January 2015, Pernod Ricard repaid a bond loan in the amount of €800 million, bearing interest at a rate of 7%.

NOTE 2 Segment reporting

Net sales

Revenue is measured at the fair value of the consideration received or to be received, after deducting trade discounts, volume rebates and sales-related taxes and duties, notably excise duties. Sales are recognised when the significant risks and rewards of ownership have been transferred, generally at the date of transfer of the title of ownership.

Cost of services rendered in connection with sales

Pursuant to IAS 18 (Revenue), certain costs of services rendered in connection with sales, such as advertising programmes in conjunction with distributors, listing costs for new products and promotional activities at point of sale, are deducted directly from sales if there is no separately identifiable service whose fair value can be reliably measured.

Duties and taxes

In accordance with IAS 18, 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 IAS 18, early payment discounts are not considered to be financial transactions, but rather are deducted directly from sales.

Gross margin after logistics costs, contribution after advertising & promotion expenses, profit from recurring operations and other income and expenses

The gross margin after logistics costs refers to sales (excluding duties and taxes), less costs of sales and logistics costs. The contribution after advertising and promotional expenses is the gross margin after deducting logistics, advertising and promotional costs. 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 promotional 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 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 3.2 – *Other operating income and expenses*.

The Group is focused on a single activity: Wines and Spirits sales, and is organised into three operating segments covering the regions of Europe, the Americas and Asia/Rest of World.

Group Management assesses the performance of each operating segment on the basis of sales profit from recurring operations, defined as the gross margin after logistics, advertising, promotional and structure costs. The segments presented are identical to those used in reporting to General 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. Reporting by operating segment follows the same accounting policies as those used for the preparation of the consolidated financial statements. Intra-segment transfers are transacted at market prices.

At 30.06.2014 *In euro million*	Europe	Americas	Asia/Rest of World	Elimination of intragroup accounts	Unallocated	Total
Income statement items						
Segment net sales	4,158	2,978	4,256	-	-	11,392
Of which Intersegment sales	*1,386*	*836*	*1,225*	-	-	*3,447*
Net sales	**2,773**	**2,142**	**3,031**	**-**	**-**	**7,945**
Gross margin after logistics expenses	1,745	1,394	1,848	-	-	4,987
Contribution after advertising & promotion expenses	1,204	982	1,298	-	-	3,484
Profit from recurring operations	593	579	884	-	-	2,056
Other information						
Current investments	200	32	34	-	-	266
Depreciation, amortisation and impairment	127	47	190	-	-	365
Balance sheet items						
Segment assets	12,058	17,927	8,881	-	-	38,866
Unallocated assets*	0	0	0	(11,252)	3	(11,250)
TOTAL ASSETS	**12,058**	**17,927**	**8,881**	**(11,252)**	**3**	**27,616**
Segment liabilities	11,621	10,864	4,603	(11,252)	3	15,838
NET ASSETS	**437**	**7,062**	**4,279**	**-**	**-**	**11,778**

* *The unallocated assets item includes mainly non-current financial assets and assets and liabilities held for sale.*

At 30.06.2015 *In euro million*	Europe	Americas	Asia/Rest of World	Elimination of intragroup accounts	Unallocated	Total
Income statement items						
Segment net sales	4,229	3,347	4,831	-	-	12,407
Of which Intersegment sales	*1,498*	*965*	*1,385*	-	-	*3,848*
Net sales	**2,731**	**2,382**	**3,446**	**-**	**-**	**8,558**
Gross margin after logistics expenses	1,704	1,519	2,073	-	-	5,296
Contribution after advertising & promotion expenses	1,183	1,041	1,446	-	-	3,671
Profit from recurring operations	608	632	999	-	-	2,238
Other information						
Current investments	237	38	46	-	-	321
Depreciation, amortisation and impairment	137	688	45	-	-	870
Balance sheet items						
Segment assets	16,391	20,016	9,420	-	-	45,827
Unallocated assets*	-	-	-	(15,431)	2	(15,429)
TOTAL ASSETS	**16,391**	**20,016**	**9,420**	**(15,431)**	**2**	**30,398**
Segment liabilities	16,325	11,623	4,591	(15,431)	2	17,110
NET ASSETS	**66**	**8,393**	**4,829**	**-**	**-**	**13,288**

* *The unallocated assets item includes mainly non-current financial assets and assets and liabilities held for sale.*

Breakdown of sales

In euro million	Net sales at 30.06.2014	Net sales at 30.06.2015
Top 14 Spirits & Champagne	4,960	5,358
Priority Premium Wines	418	468
18 Key Local Brands	1,423	1,577
Other income	1,145	1,154
TOTAL	**7,945**	**8,558**

NOTE 3 Notes to the income statement

Note 3.1 - Financial income (expense)

In euro million	30.06.2014	30.06.2015
Interest expense on net financial debt	(499)	(493)
Interest income on net financial debt	76	65
Net financing costs	**(423)**	**(428)**
Structuring and placement fees	(3)	(3)
Net financial impact of pensions and other long-term employee benefits	(17)	(19)
Other net current financial income (expense)	(1)	(7)
Interest (expense) income from recurring operations	**(444)**	**(457)**
Foreign currency gains (loss)	(41)	(25)
Other non-current financial income (expense)	-	(7)
TOTAL INTEREST (EXPENSE) INCOME	**(485)**	**(489)**

At 30 June 2015, the main items making up net financing costs were financial expenses on the syndicated loan of €7 million, bond payments of €371 million, commercial paper payments of €1 million, interest rate and currency hedges of €24 million, factoring and securitisation agreements for €11 million and other expenses of €14 million.

Weighted average cost of debt

The Group's weighted average cost of debt was 4.4% at 30 June 2015, compared to 4.6% at 30 June 2014. Weighted average cost of debt is defined as net financing costs plus structuring and placement fees as a proportion of average net debt outstanding and the average amount outstanding on factoring and securitisation programmes.

Note 3.2 - Other operating income and expenses

Other operating income and expenses include costs related to restructuring and integrations, capital gains and losses on disposals 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.

Other operating income and expenses are broken down as follows:

In euro million	30.06.2014	30.06.2015
Restructuring expenses	(122)	(60)
Capital gains (losses) on asset disposals	4	96
Impairment of property, plant and equipment and intangible assets	(64)	(656)
Other non-current operating expenses	(114)	(81)
Other non-current operating income	57	52
OTHER OPERATING INCOME AND EXPENSES	**(240)**	**(649)**

At 30 June 2015, other operating income and expenses included:

- restructuring charges mainly linked to the Allegro efficiency project;
- capital gains or losses on the sale of assets, related in particular to the sale of the Caribe Cooler brand in Mexico;
- depreciation and amortisation of property, plant and equipment and intangible assets, resulting primarily from brand impairment tests, particularly on Absolut in the amount of €652 million;
- other operating expenses relating to various non-current provisions for risks and charges, mainly associated with tax risks;
- other operating income linked primarily to various provisions for risks and charges.

Note 3.3 - Income tax

Analysis of income tax expense

In euro million	30.06.2014	30.06.2015
Tax payable	(337)	(391)
Deferred tax	32	170
TOTAL	**(305)**	**(221)**

Analysis of effective tax rate – Net profit from continuing operations before tax

In euro million	30.06.2014	30.06.2015
Operating profit	1,817	1,590
Interest (expense) income	(485)	(489)
Taxable profit	**1,332**	**1,101**
Theoretical tax charge at the effective income tax rate in France (38%)	(506)	(418)
Impact of tax rate differences by jurisdiction	182	243
Tax impact of variations in exchange rates	12	24
Re-estimation of deferred tax assets linked to rate changes and other	82	(9)
Impact of tax losses used/not used	(0)	2
Impact of differences between the carrying amounts and tax bases of assets sold	-	-
Impact of reduced tax rates	5	10
Taxes on distributions	(26)	(55)
Other impacts	(53)	(18)
EFFECTIVE TAX CHARGE	**(305)**	**(221)**
EFFECTIVE TAX RATE	**23%**	**20%**

Deferred tax is recognised on temporary differences between the tax and book value of assets and liabilities in the consolidated balance sheet and is measured using the balance sheet approach. The effects of changes in tax rates are recognised in shareholders' 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. In order to evaluate the Group's ability to recover these assets, account is notably 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 reviewed by the Group at the end of the financial year based on data determined by the relevant senior management.

Deferred taxes are broken down by nature as follows:

In euro million	30.06.2014	30.06.2015
Unrealised margins in inventories	83	92
Fair value adjustments on assets and liabilities	22	27
Provisions for pension benefits	138	172
Deferred tax assets related to losses eligible for carryforward	931	1,208
Provisions (other than provisions for pension benefits) and other items	751	839
TOTAL DEFERRED TAX ASSETS	**1,926**	**2,339**
Special depreciation change	55	76
Fair value adjustments on assets and liabilities	2,492	2,621
Other	495	676
TOTAL DEFERRED TAX LIABILITIES	**3,041**	**3,373**

Breakdown of tax allocated to other comprehensive income

In euro million	30.06.2014			30.06.2015		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Actuarial gains and losses	(115)	19	(96)	18	5	23
Net investment hedge	104	-	104	(97)	-	(97)
Cash flow hedges	32	(10)	23	(11)	2	(9)
Available-for-sale assets	(1)	0	(1)	(0)	-	(0)
Translation differences	(28)	-	(28)	1,147	-	1,147
Other comprehensive income for the period	**(7)**	**9**	**2**	**1,057**	**7**	**1,064**

Tax loss carryforwards (used or not used) represented a potential tax saving of €1,302 million at 30 June 2015 and €1,007 million at 30 June 2014. The potential tax savings at 30 June 2015 and 30 June 2014 relate to tax loss carryforwards with the following expiry dates:

2013/2014 financial year

	Tax effect of loss carryforwards *In euro million*	
Years	**Losses used**	**Losses unused**
2014	3	-
2015	-	2
2016	1	-
2017	-	-
2018 and after	576	36
No expiry date	351	37
TOTAL	**931**	**76**

2014/2015 financial year

	Tax effect of loss carryforwards *In euro million*	
Years	**Losses used**	**Losses unused**
2015	2	1
2016	0	-
2017	-	-
2018	1	1
2019 and after	802	50
No expiry date	403	42
TOTAL	**1,208**	**94**

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 and 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 finance cost, net of tax, relating to these instruments.

Earnings per share and net earnings per share from continuing operations:

	30.06.2014	30.06.2015
Numerator *(in euro million)*		
Group net profit	1,016	861
Group net profit from continuing operations	1,016	861
Denominator *(in number of shares)*		
Average number of outstanding shares	263,314,457	263,980,715
Dilutive effect of bonus share allocations	1,200,533	1,002,589
Dilutive effect of stock options and subscription options	1,301,397	1,247,108
Average number of outstanding shares – diluted	**265,816,388**	**266,230,412**
Earnings per share *(in euro)*		
Earnings per share – basic	3.86	3.26
Earnings per share – diluted	3.82	3.24
Net earnings per share from continuing operations (excluding discontinued operations) – basic	3.86	3.26
Net earnings per share from continuing operations (excluding discontinued operations) – diluted	3.82	3.24

Note 3.5 - Expenses by type

Operating profit notably includes depreciation, amortisation and impairment expenses as well as personnel expenses as follows:

In euro million	30.06.2014	30.06.2015
Total depreciation, amortisation and impairment expenses	**(365)**	**(869)**
Salaries and payroll costs	(1,126)	(1,199)
Pensions, medical expenses and other similar benefits under defined benefit plans	(45)	(46)
Expenses related to stock options and share appreciation rights	(37)	(28)
Total personnel expenses	**(1,208)**	**(1,273)**

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 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 prescribed by the standard.

		Movements in the year					
In euro million	**30.06.2013**	**Acquisitions**	**Allowances**	**Disposals**	**Foreign currency gains and losses**	**Other movements**	**30.06.2014**
Goodwill	5,114	1	-	-	(72)	4	5,047
Brands	12,034	8	-	-	(177)	0	11,865
Other intangible assets	287	22	-	(5)	(4)	(2)	298
GROSS VALUE	**17,435**	**31**	**-**	**(5)**	**(253)**	**3**	**17,210**
Goodwill	(142)	-	-	-	2	0	(140)
Brands	(369)	-	(160)	-	(2)	100	(431)
Other intangible assets	(171)	-	(31)	5	1	7	(189)
AMORTISATION/IMPAIRMENT	**(682)**	**-**	**(191)**	**5**	**1**	**107**	**(761)**
INTANGIBLE ASSETS, NET	**16,753**	**31**	**(191)**	**(1)**	**(253)**	**110**	**16,449**

		Movements in the year					
In euro million	**30.06.2014**	**Acquisitions**	**Allowances**	**Disposals**	**Foreign currency gains and losses**	**Other movements**	**30.06.2015**
Goodwill	5,047	41	-	(4)	545	3	5,632
Brands	11,865	49	-	(26)	1,389	(3)	13,275
Other intangible assets	298	26	-	(7)	20	6	344
GROSS VALUE	**17,210**	**116**	**-**	**(36)**	**1,955**	**6**	**19,251**
Goodwill	(140)	-	-	-	(0)	3	(138)
Brands	(431)	-	(652)	-	(93)	(0)	(1,176)
Other intangible assets	(189)	-	(34)	5	(10)	(2)	(231)
AMORTISATION/IMPAIRMENT	**(761)**	**-**	**(686)**	**5**	**(103)**	**1**	**(1,544)**
INTANGIBLE ASSETS, NET	**16,449**	**116**	**(686)**	**(31)**	**1,851**	**7**	**17,706**

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.

Brands

The fair value of identifiable 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 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.

Impairment of non-current 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).

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.

When the recoverable amount of a CGU is less than its 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 the Management based on previous results and long-term development trends in the markets concerned. The present values of discounted cash flows are sensitive to these assumptions as well as to consumer fashions and economic factors.

Fair value is based either on the sale price, net of selling costs, obtaining under normal market conditions or earnings multiples observed in recent transactions concerning 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 sales and of terminal values are reasonable and in accordance 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 the brands, specific impairment tests are applied where there is an indication that the value of an intangible asset may have been impaired. The data and assumptions used for the impairment test applied to cash-generating units (CGUs) are as follows:

In euro million	Method used to determine the recoverable amount	Carrying amount of goodwill at 30.06.2015	Net carrying amount of brands at 30.06.2015	Value in use		
				Discount rate 2014	Discount rate 2015	Perpetual growth rate
Europe	Value in use based on the discounted cash flow method	1,823	4,020	6.93%	6.80%	From -1% to +2.5%
Americas		2,749	6,320	7.52%	6.96%	From -1% to +2.5%
Asia/Rest of World		922	1,759	7.94%	7.71%	From -1% to +2.5%

In impairment tests applied to goodwill and brands, the long-term growth assumptions used were determined taking into account growth rates measured in recent financial years and growth prospects taken from the budget and the Group's strategic plans.

The amount of the brand-related intangible assets at 30 June 2015 and the amount of any impairment that would result from a 50 bp decrease in the growth rate of the contribution after advertising and promotional expenditure, a 50 bp increase in the after-tax discount rate or from a 50 bp decrease in the perpetual growth rate over the duration of the multi-year plans are detailed below:

In euro million	50 bp decrease in the growth rate of the contribution after advertising and promotional expenditure	50 bp increase in the after-tax discount rate	50 bp decrease in the perpetual growth rate
Europe	(17)	(95)	(63)
Americas	(74)	(417)	(280)
Asia/Rest of World	(2)	(8)	(5)
TOTAL	**(93)**	**(520)**	**(348)**

Moreover, the various levels of sensitivity set out above would not result in any risk of goodwill impairment.

The Group believes that variations in excess of the levels indicated above would lead to assumption and sensitivity levels that would be deemed not pertinent.

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 or, in certain cases, using the diminishing balance method over the estimated useful life of the assets. Useful life is reviewed regularly. Items of property, plant and equipment are written down when impaired, *i.e.*, when their recoverable amount falls below their carrying amount. The average depreciable lives for the major categories of property, plant and equipment are as follows:

Buildings	15 to 50 years
Machinery and equipment	5 to 15 years
Other property, plant and equipment	3 to 5 years

In accordance with IAS 17, assets acquired under finance lease contracts are capitalised, and a corresponding lease obligation liability is recognised, when the lease contract transfers substantially all the risks and rewards related to the asset to the Group. Buildings which have been subject to sale and lease back contracts are treated in a similar manner.

Depreciation of property, plant and equipment is recognised within operating profit in the income statement.

IAS 41 (Agriculture) sets out the accounting treatment of operations involving biological assets (for example, vines) held for sale or for agricultural produce (for example, grapes). IAS 41 was specifically adapted to the accounting treatment of vines and grapes, which make up the principal agricultural activities of the Group. A similar accounting treatment also applies to other biological assets (for example, agave fields). IAS 41 requires that biological assets (vines) and their production (harvests) 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 reference to an active market. Changes in fair value are recognised in profit and loss. Land on which biological assets are planted is measured in accordance with IAS 16.

In euro million	30.06.2013	Acquisitions	Amortisation	Disposals	Foreign currency gains and losses	Other movements	30.06.2014
		Movements in the year					
Land	312	1	-	(4)	2	15	325
Buildings	1,012	10	-	(6)	10	48	1,074
Machinery and equipment	1,615	28	-	(54)	(0)	115	1,704
Other property, plant and equipment	470	53	-	(18)	9	3	517
Assets in progress	130	148	-	(0)	0	(164)	115
Advance on property, plant and equipment	2	3	-	(0)	(0)	(1)	4
GROSS VALUE	**3,541**	**243**	**-**	**(83)**	**20**	**17**	**3,739**
Land	(25)	-	(2)	0	0	(0)	(26)
Buildings	(416)	-	(35)	4	(4)	(0)	(451)
Machinery and equipment	(917)	-	(102)	47	(1)	(7)	(981)
Other property, plant and equipment	(240)	-	(34)	16	(4)	(0)	(262)
Assets in progress	(2)	-	-	-	0	-	(2)
DEPRECIATION/IMPAIRMENT	**(1,600)**	**-**	**(173)**	**67**	**(9)**	**(7)**	**(1,722)**
PROPERTY, PLANT AND EQUIPMENT NET	**1,942**	**243**	**(173)**	**(16)**	**11**	**10**	**2,016**

In euro million	30.06.2014	Acquisitions	Amortisation	Disposals	Foreign currency gains and losses	Other movements	30.06.2015
		Movements in the year					
Land	325	6	-	(2)	1	5	336
Buildings	1,074	19	-	(20)	46	41	1,159
Machinery and equipment	1,704	38	-	(64)	79	96	1,852
Other property, plant and equipment	517	65	-	(12)	34	5	608
Assets in progress	115	159	-	(0)	7	(146)	134
Advance on property, plant and equipment	4	4	-	(0)	0	(2)	6
GROSS VALUE	**3,739**	**291**	**-**	**(99)**	**167**	**(1)**	**4,096**
Land	(26)	-	(2)	0	(0)	(0)	(28)
Buildings	(451)	-	(36)	20	(16)	0	(484)
Machinery and equipment	(981)	-	(112)	59	(44)	(1)	(1,079)
Other property, plant and equipment	(262)	-	(33)	10	(17)	(2)	(304)
Assets in progress	(2)	-	-	-	(0)	0	(2)
DEPRECIATION/IMPAIRMENT	**(1,722)**	**-**	**(183)**	**89**	**(77)**	**(3)**	**(1,896)**
PROPERTY, PLANT AND EQUIPMENT NET	**2,016**	**291**	**(183)**	**(9)**	**89**	**(4)**	**2,200**

Note 4.3 - Financial assets

Available-for-sale financial assets include the Group's investments in non-consolidated companies and in securities which do not satisfy the criteria for classification as short-term investments included in cash equivalents. On initial recognition, these assets are measured at cost. At subsequent balance sheet dates, available-for-sale financial assets are measured at fair value where this can be measured reliably. Changes in fair value are recognised directly in shareholders' equity except where a reduction in value compared with the historical acquisition cost constitutes a material or sustained impairment in the asset's value. On disposal of available-for-sale financial assets, changes in fair value previously recognised in equity are recognised in profit and 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. Unlisted available-for-sale financial assets are generally measured using the following criteria: the proportion of shareholders' equity held and expected future profitability.

Investment-related loans and receivables mainly include receivables related to investments, current account advances granted to non-consolidated entities or equity associates and guarantee deposits. They are measured at amortised cost.

	30.06.2014		30.06.2015	
In euro million	Current	Non-current	Current	Non-current
Financial assets				
Available-for-sale financial assets	-	19	-	19
Other financial assets	-	267	-	438
Loans and receivables				
Guarantees and deposits	-	63	-	56
Investment-related receivables	-	-	-	-
Total non-current financial assets	**-**	**349**	**-**	**512**
Derivative instruments	**26**	**63**	**50**	**52**
FINANCIAL ASSETS	**26**	**412**	**50**	**563**

The table below shows details of the Group's financial assets, excluding derivative instruments:

		Movements in the year					
In euro million	30.06.2013	Acquisitions	Allowances	Disposals	Foreign currency gains and losses	Other movements	30.06.2014
Other financial assets	276	(2)	-	(0)	2	(9)	268
Available-for-sale financial assets	31	2	-	(6)	(0)	(0)	26
Guarantees and deposits	62	22	-	19	(1)	(1)	63
Investment-related receivables	0	-	-	-	0	-	0
GROSS VALUE	**369**	**22**	**-**	**13**	**1**	**(10)**	**358**
Provisions for other financial assets	(2)	-	(0)	-	(0)	0	(1)
Impairment losses recognised on available-for-sale financial assets	(11)	-	(0)	-	(0)	4	(7)
Provisions for guarantees and deposits	(0)	-	-	-	0	-	(0)
Impairment losses recognised on investment-related receivables	(0)	-	-	-	0	-	(0)
PROVISIONS	**(13)**	**-**	**(0)**	**-**	**0**	**4**	**(9)**
NON-CURRENT FINANCIAL ASSETS, NET	**357**	**22**	**(0)**	**13**	**1**	**(6)**	**349**

In euro million	30.06.2014	Acquisitions	Allowances	Disposals	Foreign currency gains and losses	Other movements	30.06.2015
	Movements in the year						
Other financial assets	268	0	-	(0)	42	129	439
Available-for-sale financial assets	26	0	-	(1)	2	(1)	26
Guarantees and deposits	63	25	-	(31)	(1)	0	56
Investment-related receivables	0	-	-	-	(0)	-	0
GROSS VALUE	**358**	**25**	**-**	**(33)**	**43**	**128**	**522**
Provisions for other financial assets	(1)	-	-	-	(0)	(0)	(2)
Impairment losses recognised on available-for-sale financial assets	(7)	-	-	-	0	(1)	(8)
Provisions for guarantees and deposits	(0)	-	-	-	(0)	-	(0)
Impairment losses recognised on investment-related receivables	(0)	-	-	-	0	-	(0)
PROVISIONS	**(9)**	**-**	**-**	**-**	**(0)**	**(1)**	**(10)**
NON-CURRENT FINANCIAL ASSETS, NET	**349**	**25**	**-**	**(33)**	**43**	**127**	**512**

Other financial assets at 30 June 2015 include €433 million of plan surplus related to employee benefits (see Note 4.7 – *Provisions*).

Note 4.4 - Inventory and work in progress

Inventories are measured at the lowest of either cost (acquisition cost and cost of production, including indirect production overheads) or 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 calculated 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 before being sold in order to undergo the ageing process used for certain wines and spirits.

The breakdown of inventories and work in progress at the balance sheet date is as follows:

In euro million	30.06.2013	Change in gross value	Change in impairment	Foreign currency gains and losses	Other movements	30.06.2014
		Movements in the year				
Raw materials	135	(0)	-	(2)	(1)	132
Work-in-progress	3,703	252	-	73	12	4,039
Goods in inventory	445	43	-	(18)	1	471
Finished products	255	12	-	(5)	11	272
GROSS VALUE	**4,537**	**306**	**-**	**48**	**24**	**4,915**
Raw materials	(12)	-	(2)	(0)	1	(12)
Work-in-progress	(17)	-	5	0	(0)	(12)
Goods in inventory	(17)	-	(4)	0	(0)	(21)
Finished products	(7)	-	(2)	0	(0)	(9)
IMPAIRMENT	**(53)**	**-**	**(2)**	**1**	**1**	**(54)**
NET INVENTORIES	**4,484**	**306**	**(2)**	**48**	**25**	**4,861**

In euro million	30.06.2014	Movements in the year: Change in gross value	Change in impairment	Foreign currency gains and losses	Other movements	30.06.2015
Raw materials	132	(3)	-	8	(0)	137
Work-in-progress	4,039	234	-	210	31	4,515
Goods in inventory	471	(7)	-	34	(23)	475
Finished products	272	(1)	-	12	(3)	281
GROSS VALUE	**4,915**	**223**	**-**	**265**	**5**	**5,408**
Raw materials	(12)	-	1	(1)	(0)	(12)
Work-in-progress	(12)	-	0	(0)	(0)	(11)
Goods in inventory	(21)	-	(1)	(3)	0	(24)
Finished products	(9)	-	(2)	(0)	1	(10)
IMPAIRMENT	**(54)**	**-**	**(2)**	**(3)**	**1**	**(57)**
NET INVENTORIES	**4,861**	**223**	**(2)**	**262**	**6**	**5,351**

At 30 June 2015, maturing inventories intended mainly for use in whisky and cognac production accounted for 80% of work in progress. Pernod Ricard is not significantly dependent on its suppliers.

Note 4.5 - Breakdown of trade receivables and other current receivables

Trade receivables and other current receivables are recognised initially at their fair value, which usually corresponds to their nominal value. Impairment losses are recognised where there is a risk of non-recovery.

The following table breaks down trade receivables and other current receivables at 30 June 2014 and 30 June 2015 by due date:

In euro million	Net carrying amount	Not impaired and not due	Not impaired and due on the following dates: Less than 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days
Net carrying amounts							
Trade receivables and other current receivables	1,051	885	85	47	10	5	19
TOTAL AT 30.06.2014	**1,051**	**885**	**85**	**47**	**10**	**5**	**19**
Including Depreciation	*81*						
Trade receivables and other current receivables	1,152	921	142	43	30	4	11
TOTAL AT 30.06.2015	**1,152**	**921**	**142**	**43**	**30**	**4**	**11**
Including Depreciation	*77*						

Changes in the impairment of trade receivables and other current receivables were as follows:

In euro million	2013/2014	2014/2015
At 1 July	**93**	**81**
Allowances during the year	18	7
Reversals during the year	(13)	(8)
Used during the year	(15)	(6)
Foreign currency gains and losses	(2)	3
At 30 June	**81**	**77**

At 30 June 2015, there was no reason to question the creditworthiness of non-depreciated past due receivables. More specifically, non-depreciated receivables with due dates of over 12 months show no additional credit-related risk. There is no significant concentration of risks.

In financial years 2014 and 2015, the Group continued to implement its programmes to sell the receivables of various affiliates. Receivables sold under these programmes totalled €479 million at 30 June 2014 and €591 million at 30 June 2015. As almost all risks and rewards associated with the receivables were transferred, they were written off.

Derecognised assets where there is continuing involvement

In euro million	Carrying amount of continuing involvement				Fair value of continuing involvement	Maximum exposure
Continuing involvement	Amortised costs	Held to maturity	Available for sale	Financial liabilities at fair value		
Guarantee deposit – factoring and securitisation	20	-	-	-	20	20

Note 4.6 - Other current assets

Other current assets are broken down as follows:

In euro million	30.06.2014	30.06.2015
Advances and down-payments	17	23
Tax accounts receivable, excluding income taxes	98	129
Prepaid expenses	58	74
Other receivables	21	34
TOTAL	**194**	**260**

Note 4.7 - Provisions

In accordance with IAS 37 (Provisions, contingent liabilities and contingent assets), provisions 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 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 are measured 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, 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 provided is the best estimate of the outflow of resources required to extinguish this obligation.

The cost of restructuring measures is fully provisioned in the financial year, and is recognised in profit and loss under Other income and expenses, when it is material and results from a Group obligation to third parties arising from a decision taken by the competent corporate body that has been announced to the third parties concerned before the balance sheet 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 forecasted future payments to be made in connection with restructuring plans, discounted to present value when the timetable for payment is such that the effect of the time value of money is significant.

1. Breakdown of balance sheet amounts

The breakdown of provisions for risks and contingencies at the balance sheet date is as follows:

In euro million	30.06.2014	30.06.2015
Non-current provisions		
Provisions for pensions and other long-term employee benefits	569	654
Other non-current provisions for risks and charges	564	400
Current provisions		
Provisions for restructuring	101	65
Other current provisions for risks and charges	150	108
TOTAL	**1,384**	**1,226**

2. Changes in provisions (other than provisions for pensions and other long-term employee benefits)

		Movements in the year					
In euro million	30.06.2013	Allowances	Reversals (used)	Reversals (not used)	Foreign currency gains and losses	Other movements	30.06.2014
Provisions for restructuring	23	93	(23)	(1)	0	10	101
Other current provisions	140	65	(22)	(16)	(2)	(15)	150
Other non-current provisions	587	67	(16)	(69)	(1)	(3)	564
TOTAL PROVISIONS	**751**	**224**	**(61)**	**(87)**	**(4)**	**(8)**	**815**

		Movements in the year					
In euro million	30.06.2014	Allowances	Reversals (used)	Reversals (not used)	Foreign currency gains and losses	Other movements	30.06.2015
Provisions for restructuring	101	28	(65)	(4)	4	(0)	65
Other current provisions	150	22	(30)	(30)	5	(8)	108
Other non-current provisions	564	45	(195)	(54)	26	14	400
TOTAL PROVISIONS	**815**	**96**	**(290)**	**(88)**	**35**	**5**	**573**

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 adjustment. The main disputes are described in Note 6.5 – *Disputes*.

At 30 June 2015, the amount of provisions booked by the Group in respect of all disputes or risks in which it is involved amounted to €508 million. 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;
- reversals are made at the time of corresponding payments or where the risk is considered to be nil. Reversals of unused provisions primarily concern the re-evaluation or the limitation of certain risks, including tax risks. During the year, the reversals of used provisions mainly related to the settlement of a tax dispute with the British authorities, which had been fully provisioned;
- other movements primarily reflect reclassifications and consolidation entries and exits.

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 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, discount rate, expected rate of return on assets) and assumptions concerning employees (mainly: average salary increase, rate of employee turnover, life expectancy). The assumptions used in 2013/2014 and 2014/2015 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 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. If the plan assets exceed recognised obligations, a financial asset is generated equal to the present value of future refunds and expected reductions in future contributions.

The Group provides employee benefits such as pensions and retirement bonuses and other post-employment benefits, such as medical care and life insurance:

- 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 2015, fully or partly funded benefit obligations totalled €5,833 million, equivalent to 95% of 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 roll-forward of the provision between 30 June 2014 and 30 June 2015:

In euro million	30.06.2014 Pension benefits	30.06.2014 Medical expenses and other employee benefits	30.06.2014 Total	30.06.2015 Pension benefits	30.06.2015 Medical expenses and other employee benefits	30.06.2015 Total
Net liability at beginning of period	136	159	294	156	150	306
Expense/(income) for the period	44	10	54	53	11	64
Actuarial gains and losses generated in OCI [1]	120	(4)	115	(31)	13	(18)
Employer contributions	(115)	-	(115)	(115)	-	(115)
Benefits paid directly by the employer	(11)	(9)	(20)	(11)	(11)	(22)
Change in scope	-	-	-	1	1	2
Foreign currency gains and losses	(18)	(4)	(22)	(13)	16	3
Net liability at end of period	**156**	**150**	**306**	**40**	**180**	**220**
Amount recognised in assets (plan surplus)	(263)	-	(263)	(433)	-	(433)
AMOUNT RECOGNISED IN LIABILITIES (PROVISION AT END OF PERIOD)	**419**	**150**	**569**	**473**	**180**	**654**

(1) Other comprehensive income

The net expense recognised in the income statement in respect of pensions and other long-term employee benefits are broken down as follows:

Expense for the period *In euro million*	30.06.2014 Pension benefits	30.06.2014 Medical expenses and other employee benefits	30.06.2014 Total	30.06.2015 Pension benefits	30.06.2015 Medical expenses and other employee benefits	30.06.2015 Total
Service cost	42	3	45	43	3	46
Interest on provision	(1)	6	6	1	6	8
Fees/levies/premiums	9	-	9	9	-	9
Impact of plan amendments/Reduction of future rights	(4)	-	(4)	(1)	(3)	(4)
Impact of liquidation of benefits	(2)	-	(2)	1	-	1
Amortisation of actuarial (gains)/losses	-	1	1	-	4	4
Effect of asset ceiling (including the impact of IFRIC 14)	-	-	-	-	-	-
NET EXPENSE/(INCOME) RECOGNISED IN PROFIT AND LOSS	**44**	**10**	**54**	**53**	**11**	**64**

Changes in provisions for pensions and other long-term employee benefits are shown below:

Net liabilities recognised in the balance sheet *In euro million*	**30.06.2014** Pension benefits	Medical expenses and other employee benefits	Total	**30.06.2015** Pension benefits	Medical expenses and other employee benefits	Total
Change in the actuarial value of cumulative benefit obligations						
Actuarial value of cumulative benefit obligations at beginning of period	4,435	159	4,593	4,892	150	5,042
Service cost	42	3	45	43	3	46
Interest cost (effect of unwinding of discount)	193	6	199	208	6	214
Employee contributions	2	1	3	2	1	3
Benefits paid	(218)	(9)	(227)	(260)	(11)	(271)
Administrative fees/premiums/levies	(1)	(1)	(2)	(1)	-	(1)
Plan amendments/reduction of future rights	(4)	-	(4)	(2)	(3)	(4)
Liquidation of benefits	(2)	-	(2)	1	-	1
Actuarial (gains)/losses	235	(4)	231	464	17	482
Currency translation adjustments	218	(5)	213	599	16	616
Changes in scope of consolidation	(7)	-	(7)	4	1	5
ACTUARIAL VALUE OF CUMULATIVE BENEFIT OBLIGATIONS AT END OF PERIOD	**4,892**	**150**	**5,042**	**5,952**	**180**	**6,132**
Change in the fair value of plan assets						
Fair value of plan assets at beginning of year	4,299	-	4,299	4,736	-	4,736
Interest income on plan assets	194	-	194	207	-	207
Experience gains/(losses) on plan assets	115	-	115	495	-	495
Employee contributions	2	-	2	2	-	2
Employer contributions	115	-	115	115	-	115
Benefits paid	(209)	-	(209)	(249)	-	(249)
Administrative fees/premiums/levies	(9)	-	(9)	(9)	-	(9)
Plan amendments/reduction of future rights	-	-	-	(0)	-	(0)
Liquidation of benefits	-	-	-	-	-	-
Currency translation adjustments	236	-	236	612	-	612
Changes in scope of consolidation	(7)	-	(7)	3	-	3
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**4,736**	**-**	**4,736**	**5,912**	**-**	**5,912**
Present value of funded benefits	4,790	-	4,790	5,833	-	5,833
Fair value of plan assets	4,736	-	4,736	5,912	-	5,912
Deficit/(surplus) on funded benefits	**54**	**-**	**54**	**(78)**	**-**	**(78)**
Present value of unfunded benefits	102	150	252	118	180	298
Effect of ceiling on plan assets (including the impact of IFRIC 14)	-	-	-	-	-	-
NET LIABILITY RECOGNISED IN THE BALANCE SHEET	**156**	**150**	**306**	**40**	**180**	**220**

At 30.06.2015	Actuarial value of cumulative benefit obligations		Fair value of plan assets		Gross provisions under balance sheet assets		Balance sheet assets	
	In euro million	*%*	*In euro million*	*%*	*In euro million*	*%*	*In euro million*	*%*
United Kingdom	4,823	79%	5,153	87%	98	15%	(428)	99%
United States	414	7%	248	4%	166	25%	-	0%
Canada	331	5%	268	5%	65	10%	(3)	1%
Ireland	205	3%	156	3%	49	7%	-	0%
France	223	4%	21	0%	202	31%	-	0%
Other countries	136	2%	65	1%	73	11%	(2)	0%
TOTAL	**6,132**	**100%**	**5,912**	**100%**	**654**	**100%**	**(433)**	**100%**

The breakdown of pension assets between the different asset categories (bonds, shares, etc.) is as follows:

	30.06.2014		30.06.2015	
Breakdown of plan assets	**Pension benefits**	**Medical expenses and other employee benefits**	**Pension benefits**	**Medical expenses and other employee benefits**
Shares	22%	Not applicable	21%	Not applicable
Bonds	44%	Not applicable	42%	Not applicable
Other money-market funds	0%	Not applicable	0%	Not applicable
Property assets	6%	Not applicable	6%	Not applicable
Other	28%	Not applicable	30%	Not applicable
TOTAL	**100%**	**NOT APPLICABLE**	**100%**	**NOT APPLICABLE**

The expected rate of return from assets corresponds to the discount rate, in accordance with the revised IAS 19 standard.

Contributions payable by the Group in financial year 2015/2016 in respect of funded benefits are estimated at €121 million.

Benefits payable in respect of defined-benefit plans over the next ten years are broken down as follows:

Benefits payable in the next 10 years *In euro million*	Pension commitments	Medical expenses and other employee benefits
2016	247	9
2017	257	9
2018	267	10
2019	268	10
2020	284	10
2021-2025	1,488	49

At 30.06.2014 and 30 June 2015, the main assumptions used for the measurement of pension obligations and other long-term employee benefits were as follows:

	30.06.2014		30.06.2015	
Actuarial assumptions in respect of commitments	**Pension benefits**	**Medical expenses and other employee benefits**	**Pension benefits**	**Medical expenses and other employee benefits**
Discount rate	4.13%	4.00%	3.63%	3.69%
Average rate of increase in annuities	3.36%	Not applicable	3.33%	Not applicable
Average salary increase	3.36%	3.10%	2.91%	3.16%
Expected increase in medical expenses				
♦ Initial rate	Not applicable	6.84%	Not applicable	6.58%
♦ Final rate	Not applicable	5.03%	Not applicable	5.01%

	30.06.2014		30.06.2015	
Actuarial assumptions in respect of benefit obligations for the year	**Pension benefits**	**Medical expenses and other employee benefits**	**Pension benefits**	**Medical expenses and other employee benefits**
Discount rate	4.38%	4.07%	4.13%	4.00%
Average rate of increase in annuities	3.28%	Not applicable	3.36%	Not applicable
Average salary increase	3.52%	3.10%	3.36%	3.10%
Expected increase in medical expenses				
♦ Initial rate	Not applicable	7.35%	Not applicable	6.84%
♦ Final rate	Not applicable	5.53%	Not applicable	5.03%

Actuarial assumptions at 30.06.2015 *(pensions and other commitments)* **By region**	**United Kingdom**	**United States**	**Canada**	**Euro zone countries**	**Other non-Euro zone countries**
Discount rate	3.72%	4.45%	3.72%	1.94%	3.33%
Average rate of increase in annuities	3.53%	Not applicable	1.25%	1.32%	1.75%
Average salary increase	2.21%	3.75%	3.03%	2.98%	3.89%
Expected increase in medical expenses					
♦ Initial rate	5.50%	7.13%	5.85%	4.63%	Not applicable
♦ Final rate	5.50%	4.75%	4.60%	4.63%	Not applicable

The obligation period-related discount rates used within the euro zone are as follows:

- short-term rate (3-5 years): 0.75% ;
- medium-term rate (5-10 years): 1% ;
- long-term rate (more than 10 years): 1.25% to 2.5%.

Discount rates are determined by reference to the yield at the balance sheet 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 from assets corresponds to the discount rate, in accordance with the revised IAS 19 standard.

The sensitivity of the debt to changes in the discount rate is shown in the table below:

In euro million	Pension benefits	Medical expenses and other employee benefits	Total
Commitments at 30 June 2015	5,952	180	6,132
Commitments at 30 June 2015 with a 0.5% drop in the discount rate	6,495	193	6,688
Commitments at 30 June 2015 with a 0.5% rise in the discount rate	5,473	170	5,643

The impact of a change in the rate of increase in medical expenses would be as follows:

In respect of post-employment medical coverage *In euro million*	With current rate	Effect of a change	
		1% increase	1% decrease
On the present value of the benefit obligations at 30 June 2015	148	21	(16)
Charge for the period	7	1	(1)

The experience gains or losses on the benefit obligations and plan assets are set out below:

	30.06.2015	
In euro million	Pension benefits	Medical expenses and other employee benefits
Amount of experience losses or (gains) on benefit obligations	(4)	2
Percentage compared with amount of benefit obligations	-0.07%	1.08%
Amount of financial assumption losses or (gains) on benefit obligations	452	13
Percentage compared with amount of benefit obligations	7.59%	7.33%
Amount of demographic assumption losses or (gains) on benefit obligations	17	2
Percentage compared with amount of benefit obligations	0.28%	1.14%
Amount of experience losses or (gains) on plan assets	(495)	-
Percentage compared with amount of plan assets	-8.38%	0.00%
Average duration	17.11	12.92

Note 4.8 - Financial liabilities

IAS 32 and IAS 39 relating to financial instruments have been applied with effect from 1 July 2004. IFRS 7 has been applied with effect from 1 July 2007. The amendment to IFRS 7 approved by the European Union on 22 November 2011 has been applied with effect 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 (Cash flow statements), 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.

Net financial debt, as defined and used by the Group, corresponds to total gross debt (translated at the closing rate), including fair value and net foreign currency assets hedging derivatives (hedging of net investments and similar), less cash and cash equivalents.

1. Breakdown of net financial debt by nature and maturity

	30.06.2014			30.06.2015		
In euro million	Current	Non-current	Total	Current	Non-current	Total
Bonds	**929**	**6,844**	**7,773**	**1,514**	**6,958**	**8,473**
Syndicated loan	-	346	346	-	-	-
Commercial paper	191	-	191	459	-	459
Other loans and long-term debts	99	483	582	79	500	580
Other financial liabilities	**290**	**830**	**1,119**	**538**	**500**	**1,039**
GROSS FINANCIAL DEBT	**1,219**	**7,673**	**8,893**	**2,052**	**7,459**	**9,511**
Fair value hedge derivatives – assets	-	(56)	(56)	(15)	(51)	(66)
Fair value hedge derivatives – liabilities	-	1	1	-	-	-
Fair value hedge derivatives	**-**	**(54)**	**(54)**	**(15)**	**(51)**	**(66)**
Net investment hedge derivatives – assets	(1)	(7)	(8)	-	-	-
Net investment hedge derivatives – liabilities	-	-	-	-	-	-
Net investment hedge derivatives	**(1)**	**(7)**	**(8)**	**-**	**-**	**-**
Net asset hedging derivative instruments – assets	-	-	-	-	-	-
Net asset hedging derivative instruments – liabilities	-	-	-	121	-	121
Net asset hedging derivative instruments	**-**	**-**	**-**	**121**	**-**	**121**
FINANCIAL DEBT AFTER HEDGING	**1,218**	**7,612**	**8,830**	**2,159**	**7,408**	**9,566**
Cash and cash equivalents	**(477)**	**-**	**(477)**	**(545)**	**-**	**(545)**
NET FINANCIAL DEBT	**741**	**7,612**	**8,353**	**1,614**	**7,408**	**9,021**

2. Breakdown of debt by currency before and after foreign exchange hedging instruments at 30 June 2014 and 30 June 2015

At 30.06.2014 *In euro million*	Debt before hedging	Amount hedged	Debt after hedging	Cash	Net debt after hedging	% debt after hedging	% net debt after hedging
EUR	4,778	(335)	4,442	(90)	4,353	50%	52%
USD	4,053	1,001	5,054	(48)	5,006	57%	60%
GBP	2	(256)	(254)	(41)	(295)	-3%	-4%
SEK	10	(203)	(193)	(58)	(251)	-2%	-3%
Other currencies	50	(269)	(219)	(240)	(460)	-2%	-6%
FINANCIAL DEBT BY CURRENCY	**8,893**	**(63)**	**8,830**	**(477)**	**8,353**	**100%**	**100%**

At 30.06.2015 *In euro million*	Debt before hedging	Amount hedged	Debt after hedging	Cash	Net debt after hedging	% debt after hedging	% net debt after hedging
EUR	4,656	(394)	4,263	(69)	4,194	45%	46%
USD	4,790	944	5,734	(51)	5,683	60%	63%
GBP	2	(275)	(274)	(26)	(299)	-3%	-3%
SEK	9	(227)	(218)	(31)	(249)	-2%	-3%
Other currencies	54	6	60	(368)	(307)	1%	-3%
FINANCIAL DEBT BY CURRENCY	**9,511**	**55**	**9,566**	**(545)**	**9,021**	**100%**	**100%**

3. Breakdown of debt by currency and type of rate hedging at 30 June 2014 and 30 June 2015

At 30.06.2014 *In euro million*	Debt after hedging by currency	Fixed-rate debt*	Capped floating-rate debt	Floating-rate debt	% (fixed + capped rate debt debt)/ debt after hedging	Cash	% (fixed debt + capped floating-rate debt)/net debt
EUR	4,442	3,233	-	1,209	73%	(90)	74%
USD	5,054	4,263	-	791	84%	(48)	85%
GBP	(254)	-	-	(254)	N.M.	(41)	N.M.
SEK	(193)	-	-	(193)	N.M.	(58)	N.M.
Other	(219)	-	-	(219)	N.M.	(240)	N.M.
TOTAL	**8,830**	**7,497**	**-**	**1,333**	**85%**	**(477)**	**90%**

* *Hedges for accounting purposes and other derivatives.*

At 30.06.2015 *In euro million*	Debt after hedging by currency	Fixed-rate debt*	Capped floating-rate debt	Floating-rate debt	% (fixed + capped rate debt debt)/ debt after hedging	Cash	% (fixed + capped floating-rate debt)/ net debt
EUR	4,263	3,584	-	678	84%	(69)	85%
USD	5,734	5,015	-	719	87%	(51)	88%
GBP	(274)	-	-	(274)	N.M.	(26)	N.M.
SEK	(218)	-	-	(218)	N.M.	(31)	N.M.
Other	60	-	-	60	N.M.	(368)	N.M.
TOTAL	**9,566**	**8,599**	**-**	**967**	**90%**	**(545)**	**95%**

* *Hedges for accounting purposes and other derivatives.*

4. Breakdown of fixed-rate/floating-rate debt before and after interest rate hedging instruments at 30 June 2014 and 30 June 2015

	30.06.2014				30.06.2015			
In euro million	Debt before hedging		Debt after hedging		Debt before hedging		Debt after hedging	
Fixed rate debt	7,456	84%	7,497	85%	8,118	85%	8,599	90%
Capped floating-rate debt	-	-	-	-	-	-	-	-
Floating-rate debt	1,374	16%	1,333	15%	1,448	15%	967	10%
FINANCIAL DEBT AFTER HEDGING BY TYPE OF RATE	**8,830**	**100%**	**8,830**	**100%**	**9,566**	**100%**	**9,566**	**100%**

At 30 June 2015, before taking account of any hedges, the Group's gross debt was 85% fixed-rate and 15% floating-rate. After hedging, the floating rate portion was 10%.

5. Schedule of financial liabilities at 30 June 2014 and 30 June 2015

The following table shows the maturity of future financial liability-related cash flows (nominal and interest). Variable interest flows have been estimated on the basis of rates at 30 June 2014 and 30 June 2015.

At 30.06.2014 *In euro million*	Balance sheet value	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
Interest		(2,375)	(88)	(274)	(301)	(250)	(171)	(168)	(1,122)
Nominal value		(8,790)	(220)	(869)	(1,380)	(1,663)	(368)	(357)	(3,934)
GROSS FINANCIAL DEBT	**(8,893)**	**(11,164)**	**(308)**	**(1,143)**	**(1,681)**	**(1,913)**	**(539)**	**(525)**	**(5,056)**
Cross currency swaps	-	-	-	-	-	-	-	-	-
♦ Payable flows	-	-	-	-	-	-	-	-	-
♦ Flows receivable	-	-	-	-	-	-	-	-	-
Derivative instruments – liabilities	(114)	(155)	(32)	(26)	(32)	(18)	(17)	(17)	(12)
DERIVATIVE INSTRUMENTS LIABILITIES	**(114)**	**(155)**	**(32)**	**(26)**	**(32)**	**(18)**	**(17)**	**(17)**	**(12)**
TOTAL FINANCIAL LIABILITIES	**(9,007)**	**(11,319)**	**(340)**	**(1,169)**	**(1,713)**	**(1,931)**	**(556)**	**(542)**	**(5,068)**

At 30.06.2015 *In euro million*	Balance sheet value	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
Interest		(2,526)	(119)	(229)	(299)	(215)	(214)	(214)	(1,235)
Nominal value		(9,398)	(683)	(1,239)	(1,803)	(371)	(14)	(864)	(4,425)
GROSS FINANCIAL DEBT	**(9,511)**	**(11,924)**	**(803)**	**(1,468)**	**(2,103)**	**(586)**	**(228)**	**(1,078)**	**(5,660)**
Cross currency swaps	(121)	(717)	(1)	(716)	-	-	-	-	-
♦ Payable flows	-	594	-	594	-	-	-	-	-
♦ Flows receivable	-	-	-	-	-	-	-	-	-
Derivative instruments – liabilities	(147)	(154)	(57)	(24)	(21)	(20)	(20)	(20)	7
DERIVATIVE INSTRUMENTS LIABILITIES	**(267)**	**(277)**	**(58)**	**(145)**	**(21)**	**(20)**	**(20)**	**(20)**	**7**
TOTAL FINANCIAL LIABILITIES	**(9,779)**	**(12,201)**	**(860)**	**(1,613)**	**(2,124)**	**(606)**	**(247)**	**(1,097)**	**(5,653)**

6. Syndicated loan

The undrawn amount of the multi-currency revolving credit facility was €2,500 million at 30 June 2015.

7. Bonds

Nominal amount (in million)	Interest rate	Issue date	Maturity	Carrying amount at 30.06.2015 In euro million
USD 201	Spread + 3-month LIBOR	21.12.2010	21.12.2015	180
EUR 1,200	4.88%	18.03.2010	18.03.2016	1,226
USD 850	2.95%	12.01.2012	15.01.2017	769
EUR 1,000	5.00%	15.03.2011	15.03.2017	1,011
EUR 850	2.00%	20.03.2014	22.06.2020	844
USD 1,000	5.75%	07.04.2011	07.04.2021	915
USD 1,500	4.45%	25.10.2011	15.01.2022	1,379
USD 800	4.25%	12.01.2012	15.07.2022	729
EUR 650	2.13%	29.09.2014	27.09.2024	656
USD 850	5.50%	12.01.2012	15.01.2042	764
TOTAL BONDS				**8,473**

8. Offsetting financial assets and financial liabilities

The table below shows the amounts of financial assets and financial liabilities before and after offsetting. These disclosures are required by an amendment to IFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities), applicable since 1 January 2013.

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 presented 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 30.06.2014 *In euro million*	Gross financial assets	Amounts offset in the balance sheet	Net amount 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	623	(146)	477	-	-	-
Liabilities and shareholders' equity						
Bank debt	1,265	(146)	1,119	-	-	-

At 30.06.2015 *In euro million*	Gross financial assets	Amounts offset in the balance sheet	Net amount 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	710	(165)	545	-	-	-
Liabilities and shareholders' equity						
Bank debt	1,203	(165)	1,039	-	-	-

Note 4.9 - Financial instruments

1. Fair value of financial instruments

In euro million	Measurement level	Breakdown by accounting classification: Fair value – profit	Fair value shareholders' equity	Loans and receivables	Liabilities at amortised cost	30.06.2014: Balance sheet value	Fair value
Assets							
Available-for-sale financial assets	Level 3	-	19	-	-	19	19
Guarantees, deposits, investment-related receivables		-	-	63	-	63	63
Other non-current financial assets	Level 2	267	-	-	-	267	267
Trade receivables and other operating receivables		-	-	1,051	-	1,051	1,051
Other current assets		-	-	194	-	194	194
Derivative instruments – assets	Level 2	89	-	-	-	89	89
Cash and cash equivalents	Level 1	477	-	-	-	477	477
Liabilities and shareholders' equity							
Bonds		-	-	-	7,773	7,773	8,346
Bank debt		-	-	-	1,119	1,119	1,119
Finance lease obligations		-	-	-	45	45	45
Derivative instruments – liabilities	Level 2	114	-	-	-	114	114

In euro million	Measurement level	Breakdown by accounting classification: Fair value – profit	Fair value shareholders' equity	Loans and receivables	Liabilities at amortised cost	30.06.2015: Balance sheet value	Fair value
Assets							
Available-for-sale financial assets	Level 3	-	19	-	-	19	19
Guarantees, deposits, investment-related receivables		-	-	56	-	56	56
Other non-current financial assets	Level 2	438	-	-	-	438	438
Trade receivables and other operating receivables		-	-	1,152	-	1,152	1,152
Other current assets		-	-	260	-	260	260
Derivative instruments – assets	Level 2	102	-	-	-	102	102
Cash and cash equivalents	Level 1	545	-	-	-	545	545
Liabilities and shareholders' equity							
Bonds		-	-	-	8,473	8,473	8,900
Bank debt		-	-	-	1,039	1,039	1,039
Finance lease obligations		-	-	-	40	40	40
Derivative instruments – liabilities	Level 2	267	-	-	-	267	267

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 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 balance sheet 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 2015, the impact was not significant.

2. Risk management

Management and monitoring of financial risks is performed by the Financing and Treasury Department, which has eight staff members. 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 the General 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 2015, the Group's cash and cash equivalents totalled €545 million (compared with €477 million at 30 June 2014). An additional €2,500 million of medium-term credit facilities with banks was confirmed and remained undrawn at this date. Group funding is provided in the form of long-term debt (syndicated loans, bonds, etc.) and short-term financing (commercial paper, bank overdrafts), as well as securitisation and factoring programmes, which provide adequate financial resources to ensure the continuity of its business. Short-term financial debt after hedging was €2,159 million (compared with €1,218 million at 30 June 2014).

While the Group has not identified any other significant short-term cash requirement, it cannot be fully guaranteed that it will be able to continue to get the funding and refinancing needed for its day-to-day operations and investments on satisfactory terms, given the uncertain economic climate.

Credit ratings sought by Pernod Ricard from rating agencies on its long- and short-term debt are respectively Baa3/P3 from Moody's and BBB-/A3 from Standard & Poor's.

The Group's bank and bond debt contracts include covenants. Breaches of these covenants could force the Group to make accelerated payments. At 30 June 2015, the Group was in compliance with the covenants under the terms of its syndicated loan: solvency ratio (total net debt/consolidated EBITDA) of 5.25 or less.

Furthermore, while the vast majority of the Group's cash surplus is placed with branches 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 limits the Group's ability to use cash (prohibition on investment with Pernod Ricard Finance), and in some cases, the possibility of paying dividends (authorisation from the relevant authorities is required, particularly in Cuba and Venezuela).

Specific terms of financing agreements and schedule of financial liabilities are disclosed in the *Significant contracts* section of the management report and in the 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 euro, 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 and *via* the implementation of part of the debt 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 costs published in euro in the consolidated financial statements, and this could affect the Group's reported results.

Operational currency risk:

The Group's international operations expose it to currency risks bearing on transactions carried out by affiliates in a currency other than their operating currency (transaction accounting risk).

In all cases, it is Group policy to invoice end customers in the functional currency of the distributing entity. Exposure to exchange rate 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 2015, the Pernod Ricard group's debt comprised floating-rate debt (mainly the syndicated loan and other bank loans) and fixed-rate debt (mainly bonds), in addition to a hedging portfolio including swaps in EUR and USD.

The Group cannot guarantee that these hedges will prove sufficient, or that it will be able to maintain them on acceptable terms.

Schedule of floating-rate debt and hedging in EUR *(notional value in millions of euros)*

At 30.06.2015 *In euro million*	< 1 year	> 1 year and < 5 years	> 5 years	Total
Total assets (cash)	69	-	-	69
Total floating-rate liabilities	(548)	(424)	-	(972)
NET FLOATING-RATE DEBT BEFORE HEDGING	**(479)**	**(424)**	-	**(903)**
Derivative instruments	(717)	478	533	294
NET FLOATING-RATE DEBT AFTER HEDGING	**(1,197)**	**54**	**533**	**(610)**

Schedule of floating-rate debt and hedging in USD *(notional value in millions of euros)*

At 30.06.2015 *In euro million*	< 1 year	> 1 year and < 5 years	> 5 years	Total
Total assets (cash)	51	-	-	51
Total floating-rate liabilities	(265)	(43)	(48)	(356)
NET FLOATING-RATE DEBT BEFORE HEDGING	**(213)**	**(43)**	**(48)**	**(305)**
Derivative instruments	1,430	(363)	(1,430)	(363)
NET FLOATING-RATE DEBT AFTER HEDGING	**1,217**	**(407)**	**(1,478)**	**(668)**

Analysis of the sensitivity of financial instruments to interest rate risks (impact on the income statement)

A 50 bp increase or decrease in (USD and EUR) interest rates would increase or reduce the cost of net financial debt by €4 million.

Analysis of the sensitivity of financial instruments to interest rate risks (impact on equity)

A relative fluctuation of +/-50 bp in interest rates (USD and EUR) would generate an equity gain or loss of approximately €46 million as a result of changes in the fair value of the derivatives documented as cash flow hedges (swaps).

Analysis of the sensitivity of financial instruments used to hedge risks related to farm raw materials (impact on equity)

At 30 June 2015, 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 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 climate.

Note 4.10 - Interest rate, foreign exchange and commodity derivatives

In application of the amended version of IAS 39 (Financial Instruments: Recognition and Measurement), all derivative instruments must be recognised in the balance sheet at fair value, determined on the basis of valuation models recognised on the market or of external listings 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 shareholders' 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 component of the derivative is recognised in shareholders' equity and the change in value of the "ineffective" component is recognised in profit and loss.

		Notional amount of contracts				Fair value	
Type of hedge at 30.06.2014 *In euro million*	**Description of financial instrument**	**< 1 year**	**> 1 year and < 5 years**	**> 5 years**	**Total**	**Assets**	**Liabilities and shareholders' equity**
Fair value hedge						**56**	**1**
Interest rate risk hedges	Swaps	-	856	1,171	2,028	56	1
Interest rate and currency hedges	Cross currency swaps	-	-	-	-	-	-
Hedge of a net investment						**8**	**-**
Currency risk hedges	Currency swaps	-	-	-	-	1	-
Interest rate and currency hedges	Cross currency swaps	-	580	-	580	7	-
DERIVATIVE INSTRUMENTS INCLUDED IN NET DEBT						**64**	**1**
Cash flow hedges						**19**	**72**
Interest rate risk hedges	Swaps	-	1,245	1,232	2,477	-	66
Hedging of currency risk on intragroup financing and operational hedging	Currency swaps	483	97	-	580	19	5
Commodity risk hedges	Forward	7	2		9	-	-
Outside hedge accounting						**6**	**40**
Hedging of currency risk on intragroup financing and operational hedging	Currency swaps and forwards	-	-	-	-	3	7
Interest rate risk hedges	Swaps	165	659	-	824	3	33
TOTAL DERIVATIVE INSTRUMENTS						**89**	**114**
TOTAL NON-CURRENT						**63**	**85**
TOTAL CURRENT (LESS THAN ONE YEAR)						**26**	**29**

Type of hedge at 30.06.2015 *In euro million*	Description of financial instrument	Notional amount of contracts < 1 year	> 1 year and < 5 years	> 5 years	Total	Fair value Assets	Liabilities and shareholders' equity
Fair value hedge						**66**	**-**
Interest rate risk hedges	Swaps	600	313	1,430	2,343	66	-
Interest rate and currency hedges	Cross currency swaps	-	-	-	-	-	-
Hedge of a net investment						**-**	**-**
Currency risk hedges	NDF & FX options	-	-	-	-	-	-
Interest rate and currency hedges	Cross currency swaps	-	-	-	-	-	-
Net asset hedging		-	-	-	-	-	**121**
Interest rate and currency hedges	Cross currency swaps	580	-	-	-	-	121
DERIVATIVE INSTRUMENTS INCLUDED IN NET DEBT						**66**	**121**
Cash flow hedges						**20**	**109**
Interest rate risk hedges	Swaps	268	894	1,394	2,556	-	92
Hedging of currency risk on intragroup financing and operational hedging	Currency swaps	364	5	-	369	20	17
Commodity risk hedges	Forward	2	-		2	0	-
Outside hedge accounting						**16**	**38**
Hedging of currency risk on intragroup financing and operational hedging	Currency swaps and forwards	-	-	-	-	16	24
Interest rate risk hedges	Swaps	1,162	-	-	1,162	-	14
TOTAL DERIVATIVE INSTRUMENTS						**101**	**267**
TOTAL NON-CURRENT						**52**	**87**
TOTAL CURRENT (LESS THAN ONE YEAR)						**50**	**181**

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 euro at year-end rates.

Estimated values are based on information available on the financial markets and valuation methods appropriate to the type of financial instrument concerned. These valuation methods yielded results consistent with the valuations provided by bank counterparties.

Note 4.11 - Other current liabilities

Other current liabilities are broken down as follows:

In euro million	30.06.2014	30.06.2015
Taxes and social charges	576	604
Other operating payables	302	311
Other payables	9	5
TOTAL	**887**	**920**

Most other operating payables are due within one year.

NOTE 5 Notes to the consolidated cash flow statement

1. Working capital requirements

Working capital requirements increased by €193 million. The change breaks down as follows:

- increase in inventory: +€222 million;
- increase in trade receivables: +€56 million;
- increase in operating and other payables: €(85) million.

The increase in inventory relates to the build-up of ageing inventories to meet growing demand.

2. Tax paid/received

The amount of tax paid included a payment of €182 million, inclusive of interest, fully provisioned, for the settlement of a tax dispute with the British authorities.

3. Capital expenditure

Capital expenditure related mainly to the construction of new warehouses or the renewal of machinery and equipment in the production affiliates.

4. Bond issues/repayment of long-term debt

The Group made repayments net of drawdowns from the syndicated loan of €379 million and an €800 million bond.

In addition, it conducted an €650 million bond issue in September 2014.

NOTE 6 Additional information

Note 6.1 - Shareholders' equity

1. Share capital

Pernod Ricard's share capital changed as follows between 1 July 2013 and 30 June 2015:

	Number of shares	Amount *In euro million*
Share capital at 30 June 2013	265,421,592	411
Share capital at 30 June 2014	265,421,592	411
Share capital at 30 June 2015	265,421,592	411

All Pernod Ricard shares are issued and fully paid and have a nominal amount of €1.55. Only one category of ordinary Pernod Ricard shares exists. These shares obtain double voting rights if they have been nominally registered for an uninterrupted period of ten years.

2. Treasury shares

Treasury shares are recognised on acquisition as a deduction from shareholders' 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 sale is recognised as a change in shareholders' equity and has no impact on profit and loss for the year.

At 30 June 2015, Pernod Ricard and its controlled affiliates held 1,139,987 Pernod Ricard shares for a value of €92 million. These treasury shares are presented, at their acquisition cost, as a deduction from shareholders' 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) that may be granted if options are exercised under the stock option plans or, in the case of bonus shares, if performance targets are met.

3. Interim dividend

The Board of Directors' meeting of 24 June 2015 decided to pay an interim dividend of €0.82 per share in respect of 2014/2015, for a total of €218 million. This interim dividend was paid on 8 July 2015 and recognised under Other operating payables in the balance sheet at 30 June 2015.

4. Share capital management

The Group manages its share capital in such a way as to optimise its cost of capital and profitability for its shareholders, provide security for all its counterparts and maintain a high rating. In this context, the Group may adjust its payment of dividends to shareholders, repay part of its share capital, buy back its own shares or 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 AMAFI Code of Conduct, which was approved by the AMF in its decision of 24 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 the IFRS 2 standard to transactions whose award and settlement are share-based and to transactions whose award is share-based but which are settled in cash.

In application of this standard, stock options granted to employees are measured at fair value. The amount of such fair value is recognised in profit and loss over the vesting period of the rights and a corresponding double entry is recognised as an increase in shareholders' equity. Share appreciation rights, which will be settled in cash, are measured at fair value and recognised in profit and loss with a corresponding double entry to the liability incurred. This liability is remeasured at each balance sheet date until settlement.

The fair value of options and rights is calculated using the binomial valuation model 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

All of the plans are equity-settled, except for the plans granted on 14 June 2006, 18 January 2007 and 21 June 2007, which also included awards of share appreciation rights (SARs) to Group employees. The SARs are cash-settled options. Moreover, with respect to plans granted since 2007, a performance-based share plan with performance and continuous service conditions was also granted. The 6 November 2014 plan is composed exclusively of performance-based shares.

On the exercise of their rights, the beneficiaries of the SARs will receive a cash payment based on the Pernod Ricard share price equal to the difference between the Pernod Ricard share price at the date of the exercise and the exercise price set at the date of grant.

During the 2014/2015 financial year, the plans granted on 17 November 2004 and 21 June 2007 reached maturity.

Information relating to stock option and performance-based share plans

Stock option and performance-based share plans are granted to managers with high levels of responsibility, key management personnel for the Group and high-potential managers.

During the 2014/2015 financial year, two allocation plans were launched on 6 November 2014:

- a performance-based share plan, including a performance criterion based on the average level of profit from recurring operations achieved compared to the budget, measured over two consecutive years including the year in which the shares were granted and dependent on a continuous service condition upon vesting;
- a performance-based share plan, including several levels of performance criteria, with the first based on the average level of profit from recurring operations achieved compared to the budget, measured over two years including the year in which the shares were granted, and the second based on the overall performance of the Pernod Ricard shares compared to the overall performance of the DJ Eurostoxx Food & Beverage 600 index over the period from 6 November 2014 to 6 November 2017 inclusive (three years) and a continuous service condition upon vesting.

	Plan dated 17.11.2004	Plan dated 11.08.2005	Plan dated 14.06.2006	Plan dated 14.06.2006	Plan dated 18.01.2007	Plan dated 21.06.2007
Type of options/shares	Purchase	Purchase	Purchase	SARs	SARs	Purchase
Performance conditions	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional
Number of beneficiaries	459	485	555	49	1	515
Acquisition of options/vesting date of shares	18.11.2008	12.08.2009	15.06.2010	15.06.2009	18.01.2010	22.06.2011
Exercisable from	18.11.2008	12.08.2009	15.06.2010	15.06.2009	18.01.2010	22.06.2011
Expiry date	17.11.2014	11.08.2015	14.06.2016	14.06.2016	18.01.2017	21.06.2015
Subscription or purchase price in euros at 30.06.2015	€42.30	€52.59	€58.41	€58.41	N/A	€74.73
Outstanding options and shares at 30.06.2015	0	32,081	423,456	59,552	0	0
Stock option/share expense 2014/2015 *(in euro thousand)*	0	0	0	1,422	0	0

	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 18.06.2008	Plan dated 18.06.2008	Plan dated 18.06.2008
Type of options/shares	SARs	Purchase	Free	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional	Unconditional	Conditional	Conditional
Number of beneficiaries	56	13	731	598	13	804
Acquisition of options/vesting date of shares	22.06.2010	22.06.2011	21.06.2009 (FRA) 21.06.2011 (ROW)	19.06.2012	19.06.2012	19.06.2010 (FRA) 19.06.2012 (ROW)
Exercisable from	22.06.2010	22.06.2011	22.06.2011	19.06.2012	19.06.2012	19.06.2012 (FRA and ROW)
Expiry date	21.06.2015	21.06.2015	N/A	18.06.2016	18.06.2016	N/A
Subscription or purchase price in euros at 30.06.2015	€74.73	€74.73	N/A	€66.16	€66.16	N/A
Outstanding options and shares at 30.06.2015	0	0	0	435,698	80,363	0
Stock option/share expense 2014/2015 *(in euro thousand)*	597	0	0	0	0	0

	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 24.06.2010
Type of options/shares	Purchase	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional	Conditional
Number of beneficiaries	705	133	133	980
Acquisition of options/vesting date of shares	24.06.2014	24.06.2014	24.06.2014	25.06.2013 (FRA) 25.06.2014 (ROW)
Exercisable from	25.06.2014	25.06.2014	25.06.2014	25.06.2015 (FRA) 25.06.2014 (ROW)
Expiry date	24.06.2018	24.06.2018	24.06.2018	N/A
Subscription or purchase price in euros at 30.06.2015	€64.00	€64.00	€64.00	N/A
Outstanding options and shares at 30.06.2015	298,378	103,845	103,846	0
Stock option/share expense 2014/2015 *(in euro thousand)*	0	0	0	0

	Plan dated 15.09.2010	Plan dated 15.06.2011	Plan dated 15.06.2011	Plan dated 15.06.2011	Plan dated 15.06.2011
Type of options/shares	Purchase	Purchase	Purchase	Purchase	Free
Performance conditions	Conditional	Unconditional	Conditional	Conditional	Conditional
Number of beneficiaries	1	713	144	144	1,029
Acquisition of options/vesting date of shares	15.09.2014	15.06.2015	15.06.2015	15.06.2015	16.06.2014 (FRA) 16.06.2015 (ROW)
Exercisable from	16.09.2014	16.06.2015	16.06.2015	16.06.2015	16.06.2016 (FRA) 16.06.2015 (ROW)
Expiry date	15.09.2018	15.06.2019	15.06.2019	15.06.2019	N/A
Subscription or purchase price in euros at 30.06.2015	€64.00	€68.54	€68.54	€68.54	N/A
Outstanding options and shares at 30.06.2015	67,500	518,097	161,339	161,339	0
Stock option/share expense 2014/2015 *(in euro thousand)*	30	2,061	413	422	4,390

	Plan dated 27.06.2012	Plan dated 27.06.2012	Plan dated 27.06.2012	Plan dated 27.06.2012	Plan dated 27.06.2012
Type of options/shares	Purchase	Purchase	Purchase	Purchase	Free
Performance conditions	Conditional	Conditional	Conditional	Conditional	Conditional
Number of beneficiaries	158	158	1	1	1,059
Acquisition of options/vesting date of shares	27.06.2016	27.06.2016	27.06.2016	27.06.2016	28.06.2015 (FRA) 28.06.2016 (ROW)
Exercisable from	28.06.2016	28.06.2016	28.06.2016	28.06.2016	28.06.2017 (FRA) 28.06.2016 (ROW)
Expiry date	27.06.2020	27.06.2020	27.06.2020	27.06.2020	N/A
Subscription or purchase price in euros at 30.06.2015	€78.93	€78.93	€78.93	€78.93	N/A
Outstanding options and shares at 30.06.2015	0	191,650	0	11,400	310,650
Stock option/share expense 2014/2015 *(in euro thousand)*	704	735	18	19	2,572

	Plan dated 06.11.2013	Plan dated 06.11.2013	Plan dated 06.11.2013	Plan dated 06.11.2014	Plan dated 06.11.2014
Type of options/shares	Purchase	Free	Free	Free	Free
Performance conditions	Conditional	Conditional	Conditional	Conditional	Conditional
Number of beneficiaries	168	2	1,087	1,005	15
Acquisition of options/vesting date of shares	06.11.2017	07.11.2016	07.11.2016 (FRA) 07.11.2017 (ROW)	07.11.2018	07.11.2018
Exercisable from	07.11.2017	07.11.2018	07.11.2018 (FRA) 07.11.2017 (ROW)	07.11.2018	07.11.2018
Expiry date	06.11.2021	N/A	N/A	N/A	N/A
Subscription or purchase price in euros at 30.06.2015	€88.11	N/A	N/A	N/A	N/A
Outstanding options and shares at 30.06.2015	348,640	10,920	350,928	518,070	53,600
Stock option/share expense 2014/2015 *(in euro thousand)*	1,299	154	6,218	6,442	347

FRA: French tax residents; ROW: non-French tax residents.

Other stock option plans that have not yet expired are detailed in the "Management report" section of the Registration Document.

Regarding stock options already vested, the total number of options outstanding is 2,385,942, for which the average remaining life is two years and six months.

The Group recognised an expense of €5.7 million in operating profit in respect of the nine stock option plans in operation at 30 June 2015, an expense of €20.1 million in respect of the six performance-based share plans, and an expense of €2 million in respect of the SARs programmes. A liability of €2.7 million was recognised in other current liabilities at 30 June 2015 in respect of the SARs programmes.

Annual expenses *In euro million*	30.06.2014	30.06.2015
Stock options (equity settled) – through a double entry to equity	8.3	5.7
SARs (cash settled) – through a double entry to other current liabilities	0	2.0
Performance-based shares (equity settled) – through a double entry to equity	28.7	20.1
TOTAL ANNUAL EXPENSES	**37.0**	**27.8**

Changes made to outstanding stock options/shares during the year are described below:

	Plan dated 17.11.2004	Plan dated 11.08.2005	Plan dated 14.06.2006	Plan dated 14.06.2006	Plan dated 18.01.2007	Plan dated 21.06.2007
Type of options/shares	Purchase	Purchase	Purchase	SARs	SARs	Purchase
Performance conditions	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional
Outstanding options/shares at 30.06.2014	**228,767**	**272,907**	**890,715**	**89,931**	**0**	**458,039**
Granted between 01.07.2014 and 30.06.2015	0	0	0	0	0	0
Cancelled between 01.07.2014 and 30.06.2015	0	450	913	0	0	0
Exercised between 01.07.2014 and 30.06.2015	228,308	240,376	466,346	30,379	0	456,042
Expired between 01.07.2014 and 30.06.2015	459	0	0	0	0	1,997
OUTSTANDING OPTIONS/SHARES AT 30.06.2015	**0**	**32,081**	**423,456**	**59,552**	**0**	**0**

	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 18.06.2008	Plan dated 18.06.2008	Plan dated 18.06.2008
Type of options/shares	SARs	Purchase	Free	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional	Unconditional	Conditional	Conditional
Outstanding options/shares at 30.06.2014	**45,520**	**78,246**	**0**	**613,497**	**95,011**	**0**
Granted between 01.07.2014 and 30.06.2015	0	0	0	0	0	0
Cancelled between 01.07. 2014 and 30.06.2015	0	0	0	0	0	0
Exercised between 01.07.2014 and 30.06.2015	45,520	78,246	0	177,799	14,648	0
Expired between 01.07.2014 and 30.06.2015	0	0	0	0	0	0
OUTSTANDING OPTIONS/SHARES AT 30.06.2015	**0**	**0**	**0**	**435,698**	**80,363**	**0**

	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 15.09.2010	Plan dated 15.06.2011
Type of options/shares	Purchase	Purchase	Free	Purchase	Purchase
Performance conditions	Unconditional	Conditional	Conditional	Conditional	Unconditional
Outstanding options/shares at 30.06.2014	**538,546**	**266,381**	**0**	**70,000**	**570,680**
Granted between 01.07.2014 and 30.06.2015	0	0	0	0	0
Cancelled between 01.07. 2014 and 30.06.2015	7,515	0	0	0	4,250
Exercised between 01.07.2014 and 30.06.2015	232,653	58,690	0	2,500	48,333
Expired between 01.07.2014 and 30.06.2015	0	0	0	0	0
OUTSTANDING OPTIONS/SHARES AT 30.06.2015	**298,378**	**207,691**	**0**	**67,500**	**518,097**

	Plan dated 15.06.2011	Plan dated 15.06.2011	Plan dated 27.06.2012	Plan dated 27.06.2012	Plan dated 27.06.2012
Type of options/shares	Purchase	Free	Purchase	Purchase	Free
Performance conditions	Conditional	Conditional	Conditional	Conditional	Conditional
Outstanding options/shares at 30.06.2014	**333,658**	**369,327**	**384,300**	**22,800**	**454,886**
Granted between 01.07.2014 and 30.06.2015	0	0	0	0	0
Cancelled between 01.07. 2014 and 30.06.2015	640	26,299	192,650	11,400	29,093
Exercised between 01.07.2014 and 30.06.2015	10,340	343,028	0	0	115,143
Expired between 01.07.2014 and 30.06.2015	0	0	0	0	0
OUTSTANDING OPTIONS/SHARES AT 30.06.2015	**322,678**	**0**	**191,650**	**11,400**	**310,650**

	Plan dated 06.11.2013	Plan dated 06.11.2013	Plan dated 06.11.2013	Plan dated 06.11.2014	Plan dated 06.11.2014
Type of options/shares	Purchase	Free	Free	Free	Free
Performance conditions	Conditional	Conditional	Conditional	Conditional	Conditional
Outstanding options/shares at 30.06.2014	**349,640**	**12,091**	**416,151**	**N/A**	**N/A**
Granted between 01.07.2014 and 30.06.2015	0	0	0	53,600	529,640
Cancelled between 01.07. 2014 and 30.06.2015	1,000	1,171	65,068	0	11,570
Exercised between 01.07.2014 and 30.06.2015	0	0	125	0	0
Expired between 01.07.2014 and 30.06.2015	0	0	0	0	0
OUTSTANDING OPTIONS/SHARES AT 30.06.2015	**348,640**	**10,920**	**350,958**	**53,600**	**518,070**

The average exercise price of options exercised during the 2014/2015 financial year was €62.07.

The assumptions used in calculating the fair values of the options, using the binomial or Monte Carlo models and the terms under which the options/shares were granted, are as follows:

The fair values shown above for SARs granted in June 2006 and June 2007 have been re-estimated at 30 June 2015 in accordance with IFRS 2.

	Plan dated 17.11.2004	Plan dated 11.08.2005	Plan dated 14.06.2006	Plan dated 14.06.2006	Plan dated 18.01.2007	Plan dated 21.06.2007
Type of options/shares	Purchase	Purchase	Purchase	SARs	SARs	Purchase
Performance conditions	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional	Unconditional
Initial share price *(in euro after adjustments)* [3]	44.15	55.22	56.83	103.60 [1]	103.60 [1]	73.98
Exercise price *(in euro after adjustments)*	42.3	52.59	58.41	58.41	N/A	74.73
Expected volatility [2]	30%	30%	30%	22%	22%	22%
Expected dividend yield [2]	2%	2%	2%	2%	2%	2%
Risk-free interest rate [2]	3.85%	3.25%	4.00%	4.50%	4.50%	4.50%
IFRS 2 FAIR VALUE AT 30.06.2015	**N/A**	**18.4**	**18.47**	**44.58 [4]**	**0 [4]**	**19.25**

	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 21.06.2007	Plan dated 18.06.2008	Plan dated 18.06.2008	Plan dated 18.06.2008
Type of options/shares	SARs	Purchase	Free	Purchase	Purchase	Free
Performance conditions	Unconditional	Conditional	Conditional	Unconditional	Conditional	Conditional
Initial share price *(in euro after adjustments)* [3]	103.60 [1]	73.98	73.98	63.29	63.29	63.29
Exercise price *(in euro after adjustments)*	74.73	74.73	N/A	66.16	66.16	N/A
Expected volatility [2]	22%	22%	N/A	21%	21%	N/A
Expected dividend yield [2]	2%	2%	2%	2%	2%	2%
Risk-free interest rate [2]	4.50%	4.50%	4.50%	4.83%	4.83%	4.83%
IFRS 2 FAIR VALUE AT 30.06.2015	**N/A**	**14.92**	**68.87 (FRA) 68.13 (ROW)**	**15.76**	**12.07**	**54.23 (FRA) 57.39 (ROW)**

	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 24.06.2010	Plan dated 15.09.2010	Plan dated 15.09.2010
Type of options/shares	Purchase	Purchase	Purchase	Free	Purchase	Purchase
Performance conditions	Unconditional	Conditional	Conditional	Conditional	Conditional	Conditional
Initial share price *(in euro after adjustments)* [3]	65.16	65.16	65.16	65.16	59.91	59.91
Exercise price *(in euro after adjustments)*	64	64	64	N/A	64	64
Expected volatility [2]	28%	28%	28%	N/A	23%	23%
Expected dividend yield [2]	2%	2%	2%	2%	2%	2%
Risk-free interest rate [2]	3.41%	3.41%	3.41%	2.28%	2.93%	2.93%
IFRS 2 FAIR VALUE AT 30.06.2015	**18.39**	**12.45**	**13.04**	**60.15 (ROW) 59.27 (FRA)**	**8.02**	**8.23**

	Plan dated 15.06.2011	Plan dated 15.06.2011	Plan dated 15.06.2011	Plan dated 15.06.2011	Plan dated 27.06.2012	Plan dated 27.06.2012
Type of options/shares	Purchase	Purchase	Purchase	Free	Purchase	Purchase
Performance conditions	Unconditional	Conditional	Conditional	Conditional	Conditional	Conditional
Initial share price *(in euro after adjustments)* (3)	66.74	66.74	66.74	66.74	79.51	79.51
Exercise price *(in euro after adjustments)*	68.54	68.54	68.54	N/A	78.93	78.93
Expected volatility (2)	23%	23%	23%	N/A	27%	27%
Expected dividend yield (2)	2%	2%	2%	2%	2%	2%
Risk-free interest rate (2)	3.37%	3.37%	3.37%	3.12%	3.28%	3.28%
IFRS 2 FAIR VALUE AT 30.06.2015	**15.12**	**10.09**	**10.33**	**61.61 (ROW) 60.02 (FRA)**	**14.62**	**15.27**

	Plan dated 27.06.2012	Plan dated 06.11.2013	Plan dated 06.11.2013	Plan dated 06.11.2013	Plan dated 06.11.2014	Plan dated 06.11.2014
Type of options/shares	Free	Purchase	Free	Free	Free	Free
Performance conditions	Conditional	Conditional	Conditional	Conditional	Conditional	Conditional
Initial share price *(in euro after adjustments)* (3)	79.51	86.75	86.75	86.75	90.62	90.62
Exercise price *(in euro after adjustments)*	N/A	88.11	N/A	N/A	N/A	N/A
Expected volatility (2)	N/A	24%	24%	N/A	21%	N/A
Expected dividend yield (2)	2%	2%	2%	2%	2%	2%
Risk-free interest rate (2)	2.31%	2.25%	1.3%	1.3%	0.45%	0.45%
IFRS 2 FAIR VALUE AT 30.06.2015	**73.40 (ROW) 74.88 (FRA)**	**15.19**	**47.04**	**80.08 (ROW) 79.06 (FRA)**	**43.58**	**83.65**

FRA: French tax residents; ROW: non-French tax residents.

(1) Share price at 30.06.2015.

(2) Assumptions used for initial measurement.

(3) Share price at grant date after value adjustment.

(4) Restated fair value at 30.06.2015 for accounting purposes in 2014/2015.

The volatility assumption used for the 2010 and 2011 plans is based on the implied volatility of the Pernod Ricard share at the date the plans were granted.

For the 2012, 2013 and 2014 plans, with a view to smoothing this assumption over time, the Group again opted for a multi-criteria approach taking into consideration:

- historic volatility over a period equal to the duration of the options;
- implicit volatility calculated on the basis of options available in financial markets.

The possibility of exercising options before maturity was included in the measurement model for stock option plans (with or without a market performance-related element). It was assumed that 1% of options are exercised each year as a result of employees leaving the Company. Furthermore, assumptions reflecting the behaviour of beneficiaries are taken into account in estimating early exercise (before maturity). For the 2007 and 2008 plans it was assumed that 67% and 33% of options would be exercised once the share price reached 150% and 250% of the exercise price, respectively. For the 2010, 2011, 2012 and 2013 plans, it was assumed that 60%, 30% and 10% of options would be exercised once the share price reached 125%, 175% and 200% of the exercise price, respectively. This new assumption is based on an analysis of behaviour observed on plans awarded before 2010.

Two performance-based share plans were granted on 6 November 2014. In both cases, their fair value corresponds, amongst other things, to the market price of the shares at the grant date, less the loss of expected dividends during the vesting period (*i.e.* four years for all beneficiaries).

Lastly, the number of performance-based shares granted will depend on the average level of the Group profit from recurring operations for the years ended 30 June 2015 and 2016 compared with budgeted profit from recurring operations for each of the years, at constant exchange rates and scope of consolidation. The accounting expense for the plan under IFRS 2 will be adjusted for this condition at the end of the vesting period at the latest.

The fair value of one of the two plans also takes into account the following external performance conditions, cumulative to the internal condition described above: comparison between the overall performance of Pernod Ricard shares and the DJ Eurostoxx Food & Beverage 600 index. Performance-based shares, whose number will be determined by applying the internal condition, will be vested as from 7 November 2018 provided that the overall performance of the Pernod Ricard share is between 0 pts and +10 pts compared with the total performance of the Food & Beverage index (the number will be determined by linear progression based on the level of performance achieved). Vesting will be final if the continuous service condition is met at 6 November 2018.

Note 6.3 - Off-balance sheet commitments

In euro million	Total	< 1 year	> 1 year and < 5 years	> 5 years
Commitments given at 30 June 2014	**1,865**	**731**	**925**	**208**
Commitments given in relation to companies within the Group	-	-	-	-
Commitments to acquire equity interests	-	-	-	-
Commitments given in the context of specific operations	-	-	-	-
Other	-	-	-	-
Commitments given in relation to the financing of the Company	**44**	**36**	**0**	**8**
Financial guarantees given	43	36	0	8
Other	0	0	-	-
Commitments relating to the operating activities of the issuer	**1,821**	**696**	**925**	**201**
Firm and irrevocable commitments to purchase raw materials	1,256	413	766	77
Tax commitments	237	170	6	62
Operating lease agreements	291	83	146	62
Other	37	30	7	1

In euro million	Total	< 1 year	> 1 year and < 5 years	> 5 years
Commitments given at 30 June 2014	**2,466**	**267**	**2,176**	**22**
Commitments received in relation to companies within the Group	-	-	-	-
Commitments received in specific operations connected with competitors and markets	-	-	-	-
Other	-	-	-	-
Commitments received in relation to the financing of the Company	**2,429**	**253**	**2,166**	**11**
Credit lines received and not used	2,410	235	2,166	10
Financial guarantees received	19	18	-	1
Other	-	-	-	-
Commitments relating to the operating activities of the issuer	**37**	**15**	**10**	**12**
Contractual commitments related to business activity and business development	34	12	10	12
Other	2	2	-	-

In euro million	Total	< 1 year	> 1 year and < 5 years	> 5 years
Commitments given at 30 June 2015	**2,187**	**797**	**1,175**	**215**
Commitments given in relation to companies within the Group	-	-	-	-
Commitments to acquire equity interests	-	-	-	-
Commitments given in the context of specific operations	-	-	-	-
Other	-	-	-	-
Commitments given in relation to the financing of the Company	**38**	**31**	**0**	**6**
Financial guarantees given	37	31	0	6
Other	0	0	-	-
Commitments relating to the operating activities of the issuer	**2,150**	**766**	**1,175**	**208**
Firm and irrevocable commitments to purchase raw materials	1,564	522	971	71
Tax commitments	219	139	6	74
Operating lease agreements	332	79	189	64
Other	35	26	9	1

In euro million	Total	< 1 year	> 1 year and < 5 years	> 5 years
Commitments given at 30 June 2015	**2,955**	**371**	**2,538**	**45**
Commitments received in relation to companies within the Group	-	-	-	-
Commitments received in specific operations connected with competitors and markets	-	-	-	-
Other	-	-	-	-
Commitments received in relation to the financing of the Company	**2,911**	**363**	**2,526**	**21**
Credit lines received and not used	2,882	335	2,526	21
Financial guarantees received	29	28	-	1
Other	-	-	-	-
Commitments relating to the operating activities of the issuer	**44**	**8**	**12**	**24**
Contractual commitments related to business activity and business development	41	5	12	24
Other	3	2	1	-

1. Details of main financial commitments

The lines of bank financing mainly correspond to commitments linked to the Group's financing and financial investments, and in particular, to the nominal amount of the undrawn portion of the syndicated loan at 30 June 2015 (see Note 4.8 – *Financial liabilities*).

2. Contractual commitments

In the context of their cognac, wine, champagne and whiskies production operations, the Group's main affiliates have committed €1,452 million, under *eaux-de-vie*, grape, base wine and grain supply agreements.

Note 6.4 - Contingent liabilities

In February 2015, Pernod Ricard India received a notice of tax adjustment for the financial years 2006/2007 to 2010/2011 amounting to 6,732 million Indian rupees, inclusive of interest, *i.e.* €95 million. This notice primarily relates to the tax deductibility of advertising and promotional expenses. After consulting with its tax advisors, Pernod Ricard India disputes 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.

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 2015, for all litigation and risks in which it is involved, amounted to €508 million, compared to €714 million at 30 June 2014 (see Note 4.7 – *Provisions*). 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 Company's best 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 120 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 companies nationalised by the Castro regime. 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. In August 2006, the United States Patent and Trademark Office (USPTO) denied the renewal of the said Havana Club registration, following guidance from the OFAC. Cubaexport petitioned the Director of the USPTO to reverse this decision and also filed a claim against the OFAC challenging both the OFAC's decision and the law and regulations applied by the 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. This decision has no impact on the Group's financial statements. The USPTO must now decide whether or not it should cancel Cubaexport's registration. In the meantime, Pernod Ricard has announced the launch of a Cuban rum, produced using the same processes as the Havana Club range, and which will be distributed in the United States once the embargo is lifted. This product will be sold under the Havanista® trademark, registered with the USPTO since August 2011.
2. A competitor of the Group has petitioned the USPTO to cancel the Havana Club trademark, which is registered in the name of Cubaexport. In January 2004, the USPTO denied the petition and refused to cancel the trademark registration. As this decision was appealed, proceedings are now pending before the Federal District Court for the District of Columbia. These proceedings have been stayed pending the outcome of Cubaexport's petition to the USPTO.

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.

Stolichnaya

Allied Domecq International Holdings BV and Allied Domecq Spirits & Wine USA, Inc., together with SPI Spirits and other parties, are defendants in an action brought in the United States District Court for the Southern District of New York by entities that claim to represent the interests of the Russian Federation on matters relating to the ownership of the trademarks for vodka products in the United States. In the action, the plaintiffs challenged Allied Domecq International Holdings BV's then-ownership of the Stolichnaya trademark in the United States and sought damages and interest based on vodka sales by Allied Domecq in the United States and disgorgement of the related profits. Their claims concerning Allied Domecq International Holdings BV's then-ownership of the Stolichnaya trademark in the United States having been dismissed in March 2006, the plaintiffs subsequently filed an appeal for the portion of the decision dismissing their trademark ownership, trademark infringement and fraud claims (as well as the dismissal of certain claims brought only against the SPI Group entities).

In October 2010, the Court of Appeals (i) affirmed the dismissal of the plaintiffs' fraud and unjust enrichment claims and (ii) reinstated the plaintiffs' claims for trademark infringement, misappropriation and unfair competition related to the use of the Stolichnaya trademarks. The Court of Appeals has remanded the case to the District Court for further proceedings.

The plaintiffs filed their Third Amended Complaint in February 2011, alleging trademark infringement (and related claims) and misappropriation against Allied Domecq, the SPI Group entities and newly-added defendants William Grant & Sons USA and William Grant & Sons, Inc., (the current distributors of Stolichnaya vodka in the United States). All defendants moved to dismiss the plaintiffs' Third Amended Complaint.

On 1 September 2011, the plaintiffs' trademark and unfair competition claims were dismissed with prejudice on the ground that plaintiffs lacked standing to bring these claims on behalf of the Russian Federation. Because he dismissed the federal trademark claims, the judge declined to exercise jurisdiction over the remaining common law misappropriation claim and thus he dismissed that claim without prejudice to the plaintiffs refiling that claim in a state court.

The District Court having entered judgment on 8 September 2011, the plaintiffs filed a notice of appeal in October 2011.

On 5 August 2013, the Court of Appeals confirmed that the plaintiffs lacked standing to bring claims in the name of the Russian Federation and dismissed their Third Amended Complaint. The plaintiffs' petition to the Supreme Court of the United States for a review of the case was denied on 24 February 2014.

On 4 February 2014, and probably in anticipation of the denial of the Supreme Court, the plaintiffs filed a new complaint before the United States District Court for the Southern District of New York. asserting many of the same claims as the previous action and some additional claims arising from the same alleged facts, including common law claims for trademark infringement and unfair competition. Plaintiffs attached to the complaint a purported assignment of the Russian Federation's alleged US trademark rights, and they asserted that the assignment rectified the lack of standing that was the basis for the courts' dismissal of the first action. Defendants filed a motion to dismiss the new action on a number of grounds, including that the assignment is ineffective to confer standing on the plaintiffs, the claims are untimely, and the claims are barred because of the dismissal of the plaintiffs' previous action.

On 25 August 2014, Judge Shira Scheindlin denied defendants' motion to dismiss plaintiffs' federal claims for trademark infringement but granted defendants' motion to dismiss plaintiffs' other claims. Defendants then filed a motion for reconsideration or to authorize an immediate appeal, and plaintiffs filed a cross-motion for reconsideration; Judge Scheindlin denied both motions. Judge Scheindlin, however, allowed defendants to renew their motion to dismiss on the ground that plaintiffs lack standing to pursue their claims. The parties had until 6 October 2014 to submit reports from Russian legal experts on issues relevant to the plaintiffs' standing.

On 24 November 2014, Judge Shira Scheindlin rejected the new complaint lodged by the plaintiffs on the ground that they lacked standing to pursue their claims. The Judge, based on the conclusion of Russian legal experts, ruled that the Russian Civil Code was preventing the plaintiffs from holding intellectual property rights. The plaintiffs appealed against the decision.

On 26 January 2015, the plaintiffs and Allied Domecq signed a settlement agreement to end to their dispute. On 2 February 2015, the New York Court of Appeal ordered that Allied Domecq should withdraw from the proceedings.

Commercial disputes

Claim brought by the Republic of Colombia against Pernod Ricard, Seagram and Diageo

In October 2004, the Republic of Colombia, as well as several Colombian regional departments, brought a lawsuit before the United States District Court for the Eastern District of New York against Pernod Ricard SA, Pernod Ricard USA LLC, Diageo Plc, Diageo North America Inc., United Distillers Manufacturing Inc., IDV North America Inc. and Seagram Export Sales Company Inc.

The plaintiffs' claims are that these companies have committed an act of unfair competition against the Colombian government and its regional departments (which hold a constitutional monopoly on the production and distribution of spirits) by selling their products through illegal distribution channels and by receiving payments from companies involved in money laundering. Pernod Ricard contests these claims.

The defendants moved to dismiss the lawsuit on a variety of grounds, including that the Court is not competent to hear this dispute, that Colombia is a more convenient forum, and that the complaint fails to state a legal claim. In June 2007, the District Court granted in part and denied in part the defendants' motions to dismiss.

In January 2008, the United States Court of Appeals for the Second Circuit refused to review the District Court's decision.

After a period of discovery regarding the plaintiffs' claims that were not dismissed, Pernod Ricard, in March 2011, filed a new motion to dismiss based on recent case law regarding the extraterritorial application of "RICO". The discovery has been stayed in its entirety until the Court rules on this motion.

In September 2009, Pernod Ricard and Diageo, in exchange for a payment of US$10 million made to each of Diageo and Pernod Ricard, released Vivendi SA and Vivendi I Corp. from any obligation to indemnify Pernod Ricard and Diageo for certain Colombia litigation losses based on conduct of Seagram that pre-dates its acquisition by Pernod Ricard and Diageo.

On 8 November 2012, the plaintiffs voluntarily dismissed all their remaining claims without prejudice, and the Court so ordered. Pernod Ricard will continue to work with the Colombian Regional Departments in a cooperative effort to fight against smuggling and counterfeit products and to promote competitive markets that benefit consumers and producers alike.

Tax disputes

The Group's companies are regularly audited by the tax authorities in the countries in which they are registered.

The estimation of the risk concerning each 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 Indian Customs 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. Regarding the subsequent period up to December 2010, the Company has deposited almost the entire differential duty as determined by customs, although the values adopted by them are being disputed as being on the high side. The Company continues to actively work with the authorities to resolve pending issues.

Regarding the period subsequent to 2011, discussions are ongoing with the competent authorities.

Moreover, in February 2015, Pernod Ricard India received a notice of tax adjustment for the financial years 2006/2007 to 2010/2011 mainly relating to the tax deductibility of advertising and promotional expenses (see Note 6.4 – *Contingent liabilities*).

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*), when it is likely that a current liability stemming from a past event will require the payment of an amount which can be reliably estimated. The amount of the provision is the best estimate of the outflow of resources required to extinguish this liability.

Note 6.6 - Related parties

Transactions with associates and joint ventures were immaterial in the year ended 30 June 2015.

The remuneration paid to Company Directors and Executive Committee (COMEX) members in return for their services to the Group is detailed below:

In euro million	30.06.2014	30.06.2015
Board of Directors (1)	1	1
Group Executive Committee		
♦ Short-term benefits	15	13
♦ Post-employment benefits	6	4
♦ Share-based payments (2)	3	3
TOTAL EXPENSES RECOGNISED FOR THE YEAR	**24**	**21**

(1) *Directors' fees.*

(2) *The cost of stock option plans is the fair value of the options granted to Group Executive Committee members, and is recognised in profit and loss over the vesting period of the options for plans from 15.09.2010 to 06.11.2013. Please note, stock options were not allocated during the 2014/2015 financial year.*

Note 6.7 - Post-balance sheet events

There is no post-balance sheet event likely to have a significant impact on the Group's financial statements.

NOTE 7 Scope of consolidation

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 govern 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 shareholders' 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 shareholders' 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 - Scope of consolidation

The main changes to the Group's scope of consolidation at 30 June 2015 are presented above in Note 1.2 – *Significant events during the financial year.*

Note 7.2 - List of main consolidated companies

Incorporated bodies	Country	% held at 30.06.2014	% held at 30.06.2015	Consolidation method**
Pernod Ricard SA	France	Parent Company	Parent Company	
Pernod Ricard Finance SA	France	100	100	F.C.
Ricard SA	France	100	100	F.C.
Pernod SA	France	100	100	F.C.
Société des Produits d'Armagnac SA	France	100	100	F.C.
Société Lillet Frères	France	100	100	F.C.
Spirits Partners SAS	France	100	100	F.C.
Pernod Ricard Europe, Middle East and Africa	France	100	100	F.C.
La Casa dels Licors SL	Andorra	100	100	F.C.
Yerevan Brandy Company	Armenia	100	100	F.C.
Pernod Ricard Austria GmbH	Austria	100	100	F.C.
Pernod Ricard Belgium SA	Belgium	100	100	F.C.
Pernod Ricard Bulgaria EOOD	Bulgaria	100	100	F.C.
Jan Becher – Karlovarska Becherovka, A/S	Czech Republic	100	100	F.C.
Pernod Ricard Denmark A/S	Denmark	100	100	F.C.
Pernod Ricard Finland OY	Finland	100	100	F.C.
Tinville SAS	France	100	100	F.C.
Pernod Ricard Deutschland GmbH	Germany	100	100	F.C.
Pernod Ricard Hellas ABEE	Greece	100	100	F.C.
Pernod Ricard Hungary Ltd	Hungary	100	100	F.C.
Comrie Ltd	Ireland	100	100	F.C.
Pernod Ricard Italia SPA	Italy	100	100	F.C.
Pernod Ricard Kazakhstan	Kazakhstan	100	100	F.C.
Pernod Ricard Nederland BV	Netherlands	100	100	F.C.
AS Premium Brands Norway	Norway	100	100	F.C.
Pernod Ricard Norway AS	Norway	100	100	F.C.
Pernod Ricard Portugal – Distribuição, SA	Portugal	100	100	F.C.

Incorporated bodies	Country	% held at 30.06.2014	% held at 30.06.2015	Consolidation method**
Pernod Ricard Romania SRL	Romania	100	100	F.C.
Pernod Ricard Rouss CJSC	Russia	100	100	F.C.
Pernod Ricard Slovenija d.o.o.	Slovenia	100	100	F.C.
Pernod Ricard South Africa PTY Ltd	South Africa	100	100	F.C.
Pernod Ricard España	Spain	100	100	F.C.
Pernod Ricard Sweden AB	Sweden	100	100	F.C.
Pernod Ricard Swiss SA	Switzerland	100	100	F.C.
Allied Domecq Istanbul Ic ve Dis Ticaret Ltd. Sti.	Turkey	100	100	F.C.
Pernod Ricard Ukraine	Ukraine	100	100	F.C.
Pernod Ricard UK Ltd	United Kingdom	100	100	F.C.
World Brands Duty Free Ltd	United Kingdom	100	100	F.C.
Pernod Ricard Argentina SRL	Argentina	100	100	F.C.
Pernod Ricard Brasil Indústria e Comércio ltda.	Brazil	100	100	F.C.
Corby Spirit and Wine Limited*	Canada	45.76	45.76	F.C.
Hiram Walker & Sons Limited	Canada	100	100	F.C.
Pernod Ricard Canada Ltée	Canada	100	100	F.C.
Pernod Ricard Chile SA	Chile	100	100	F.C.
Pernod Ricard Colombia SA	Colombia	100	100	F.C.
Pernod Ricard Dominicana, SA	Dominican Republic	100	100	F.C.
Pernod Ricard Central and South America	France	100	100	F.C.
Pernod Ricard North America SAS	France	100	100	F.C.
Industrias Vinicolas Pedro Domecq SA de CV	Mexico	100	100	F.C.
Pernod Ricard Mexico SA de CV	Mexico	100	100	F.C.
Pernod Ricard Peru SA	Peru	100	100	F.C.
Pernod Ricard Americas Travel Retail LLC	United States	100	100	F.C.
Austin, Nichols & Co., Inc.	United States	100	100	F.C.
Pernod Ricard USA, LLC	United States	100	100	F.C.
Pernod Ricard USA Bottling, LLC	United States	100	100	F.C.
Avión Spirits, LLC	United States	20	84.3	F.C.
Pernod Ricard Uruguay SA	Uruguay	100	100	F.C.
Pramsur SA	Uruguay	100	100	F.C.
Pernod Ricard Venezuela CA	Venezuela	100	100	F.C.
Pernod Ricard Margarita CA	Venezuela	100	100	F.C.
Pernod Ricard Asia SAS	France	100	100	F.C.
Pernod Ricard (China) Trading Co., Ltd	China	100	100	F.C.
Allied Domecq Spirits & Wine (China) Ltd.	Hong Kong	100	100	F.C.
Pernod Ricard Asia Duty Free Ltd	Hong Kong	100	100	F.C.
Pernod Ricard Hong Kong Ltd	Hong Kong	100	100	F.C.
Pernod Ricard India Private Limited	India	100	100	F.C.
Pernod Ricard Japan KK	Japan	100	100	F.C.
Pernod Ricard Korea Imperial Company Ltd	South Korea	100	100	F.C.
Pernod Ricard Korea Ltd	South Korea	100	100	F.C.
Pernod Ricard Malaysia SDN BHD	Malaysia	100	100	F.C.
Peri Mauritius	Mauritius	100	100	F.C.
Pernod Ricard Singapore PTE Ltd	Singapore	100	100	F.C.
Pernod Ricard Taiwan Ltd	Taiwan	100	100	F.C.
Pernod Ricard Thailand Ltd	Thailand	100	100	F.C.
Pernod Ricard Vietnam Company Limited	Vietnam	100	100	F.C.
The Absolut Company AB	Sweden	100	100	F.C.

Incorporated bodies	Country	% held at 30.06.2014	% held at 30.06.2015	Consolidation method**
Distilled Innovation AB	Sweden	100	100	F.C.
Havana Club International SA	Cuba	50	50	F.C.
Chivas Brothers (Americas) Ltd	United Kingdom	100	100	F.C.
Chivas Brothers (Europe) Ltd	United Kingdom	100	100	F.C.
Chivas Brothers (Holdings) Ltd	United Kingdom	100	100	F.C.
Chivas Brothers (Japan) Ltd	United Kingdom	100	100	F.C.
Chivas Brothers Ltd	United Kingdom	100	100	F.C.
Chivas Brothers Pernod Ricard	United Kingdom	100	100	F.C.
Chivas Holdings (IP) Limited	United Kingdom	100	100	F.C.
V&S Plymouth Limited	United Kingdom	100	100	F.C.
Irish Distillers Ltd	Ireland	100	100	F.C.
Edward Dillon (Bonders) Ltd	United Kingdom	100	100	F.C.
Watercourse Distillery Ltd	Ireland	100	100	F.C.
Dillon Bass Ltd	United Kingdom	74	74	F.C.
Agros Holding SA	Poland	100	100	F.C.
Wyborowa SA	Poland	100	100	F.C.
Augier Robin Briand & Cie	France	100	100	F.C.
Martell & Co SA	France	100	100	F.C.
Martell Mumm Perrier-Jouët	France	100	100	F.C.
Domaines Jean Martell	France	100	100	F.C.
Le Maine au Bois	France	100	100	F.C.
Champagne Perrier-Jouët	France	100	100	F.C.
Financière Moulins de Champagne	France	100	100	F.C.
G.H. Mumm & Cie SVCS	France	100	100	F.C.
Mumm Perrier-Jouët Vignobles et Recherches	France	100	100	F.C.
Théodore Legras	France	99.5	99.5	F.C.
Pernod Ricard Winemakers Spain, SA	Spain	98.46	98.46	F.C.
Pernod Ricard Winemakers Pty Ltd	Australia	100	100	F.C.
Pernod Ricard Winemakers New Zealand Limited	New Zealand	100	100	F.C.
Pernod Ricard Kenwood Holding LLC	United States	100	100	F.C.
Lina 3	France	100	100	F.C.
Lina 5	France	100	100	F.C.
Pernod Ricard Pacific Holdings Pty Ltd	Australia	100	100	F.C.
Allied Domecq International Holdings BV	Netherlands	100	100	F.C.
Allied Domecq (Holdings) Limited	United Kingdom	100	100	F.C.
Allied Domecq Pensions Limited	United Kingdom	100	100	F.C.
Allied Domecq Financial Services Limited	United Kingdom	100	100	F.C.
Allied Domecq Limited	United Kingdom	100	100	F.C.
Allied Domecq Medical Expenses Trust Limited	United Kingdom	100	100	F.C.
Allied Domecq Overseas (Europe) Limited	United Kingdom	100	100	F.C.
Pernod Ricard UK Holdings Limited	United Kingdom	100	100	F.C.
Allied Domecq Spirits & Wine Limited	United Kingdom	100	100	F.C.
Goal Acquisitions (Holdings) Ltd	United Kingdom	100	100	F.C.
Goal Acquisitions Ltd	United Kingdom	100	100	F.C.
PR Goal 3 Ltd	United Kingdom	100	100	F.C.

* *Corby Distilleries Limited is consolidated using the full consolidation method because of the Group's majority controlling interest in this listed company.*

** *"F.C." for fully consolidated companies.*

Concordance table of the Notes to the consolidated financial statements 2015 and 2014

	Year 2015	Year 2014
Accounting principles and significant events	**Note 1**	**Note 1**
Accounting principles	Note 1.1	Note 1.1
Principles and accounting standards governing the preparation of the annual consolidated financial statements	1.1 - 1.	1.1 - 1.
Changes in accounting standards	1.1 - 2.	1.1 - 2.
Measurement basis	1.1 - 3.	1.1 - 4.
Principal uncertainties arising from the use of estimates and judgements by Management	1.1 - 4.	1.1 - 5.
Business combinations	1.1 - 5.	1.1 - 6.
Foreign currency translation	1.1 - 6.	1.1 - 10.
Assets held for sale and discontinued operations	1.1 - 7.	1.1 - 12.
Highlights of the financial year	Note 1.2	Note 1.2
Segment reporting	**Note 2**	**1.1 - 19./1.1 - 20./ Note 2**
Notes on the income statement	**Note 3**	**Note 3**
Financial income (expense)	Note 3.1	Note 3.1
Other operating income and expenses	Note 3.2	1.1 - 20./Note 3.2
Income tax	Note 3.3	1.1 - 21./Note 3.3
Earnings per share	Note 3.4	1.1 - 23./Note 3.4
Expenses by type	Note 3.5	Note 3.5
Notes on the balance sheet	**Note 4**	**Note 4**
Intangible assets and goodwill	Note 4.1	1.1 - 7./1.1 - 9./ 1.1 - 11./Note 4.1
Property, plant and equipment	Note 4.2	1.1 - 8./1.1 - 14./ Note 4.2
Financial assets	Note 4.3	1.1 - 16./Note 4.3
Inventories and work in progress	Note 4.4	1.1 - 13./Note 4.4
Breakdown of trade receivables and other current receivables	Note 4.5	1.1 - 16./Note 4.5
Other current assets	Note 4.6	Note 4.6
Provisions	Note 4.7	1.1 - 18./Note 4.7
Financial liabilities	Note 4.8	1.1 - 15./1.1 - 16./ Note 4.8
Financial instruments	Note 4.9	Note 4.9
Interest rate, foreign exchange and commodity derivatives	Note 4.10	1.1 - 15./Note 4.10
Other current liabilities	Note 4.11	Note 4.11
Notes to the consolidated cash flow statement	**Note 5**	**Note 5**

	Year 2015	Year 2014
Additional information	**Note 6**	**Note 6**
Shareholders' equity	Note 6.1	Note 6.1
Share capital	6.1 - 1	6.1 - 1
Treasury shares	6.1 - 2	1.1 - 17./6.1 - 2
Interim dividend	6.1 - 3	6.1 - 3
Share capital management	6.1 - 4	6.1 - 4
Liquidity agreement	6.1 - 5	6.1 - 5
Share-based payment	Note 6.2	1.1 - 22./Note 6.2
Off-balance sheet commitments	Note 6.3	Note 6.3
Contingent liabilities	Note 6.4	Note 6.4
Disputes	Note 6.5	Note 6.5
Related parties	Note 6.6	Note 6.6
Post-balance sheet events	Note 6.7	Note 6.7
Scope of consolidation	**Note 7**	**1.1 - 3./Note 7**
Scope of consolidation	Note 7.1	Note 7.1
List of main consolidated companies	Note 7.2	Note 7.2

Statutory Auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the financial year ended 30 June 2015, on:

- the audit of the accompanying consolidated financial statements of Pernod Ricard;
- the basis of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and information disclosed in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements for the year give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of entities in accordance with IFRS as adopted by the European Union.

II – Basis of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- goodwill and brands with indefinite useful lives are subject to an impairment test at least once a year and whenever there is an indication that their value may have been impaired, in accordance with the principles and methods detailed in Notes 1.1.4 and 4.1 to the consolidated financial statements. We assessed the data and assumptions on which the estimates are based, particularly the cash flow forecasts used, reviewed the calculations performed by the Company, evaluated the principles and methods used to determine fair values, compared the accounting estimates made in prior years with corresponding outcomes and verified that Note 4.1 to the consolidated financial statements gives appropriate information;
- the Company has recorded provisions for pensions and other post-employment benefits, deferred tax liabilities and others contingencies, as described in Notes 1.1.4, 3.3 and 4.7 to the consolidated financial statements. We have assessed the basis on which these provisions were recognised and reviewed the disclosures concerning risks in Notes 3.3 and 4.7 to the consolidated financial statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to our opinion expressed in the first part of this report.

III – Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, 11 September 2015

The Statutory Auditors,

MAZARS		DELOITTE & ASSOCIES
Isabelle Sapet	Erwan Candau	David Dupont-Noel

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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Pernod Ricard SA financial statements

Pernod Ricard SA income statement

For the financial years ended 30 June 2014 and 30 June 2015

In euro thousand	30.06.2014	30.06.2015
Royalties	32,514	33,959
Other income	65,185	72,399
Reversals of financial provisions and expense transfers	7,026	5,855
OPERATING INCOME	**104,725**	**112,213**
Purchases of goods and supplies not for stock and external services	(112,310)	(114,373)
Duties and taxes	(6,163)	(5,223)
Payroll expenses	(81,220)	(80,669)
Depreciation, amortisation and provision charges	(13,846)	(15,203)
Other expenses	(11,247)	(10,077)
OPERATING EXPENSES	**(224,786)**	**(225,544)**
Operating profit (loss)	**(120,061)**	**(113,331)**
Income from investments	622,074	1,949,504
Interest and related income	150,353	386,555
Reversals of financial provisions and expense transfers	201,120	210,839
Foreign exchange gains	153,028	37,489
FINANCIAL INCOME	**1,126,575**	**2,584,387**
Provision charges	(205,790)	(285,852)
Interest and related expenses	(442,304)	(678,878)
Foreign exchange losses	(13,646)	(18,833)
FINANCIAL EXPENSES	**(661,740)**	**(983,563)**
Interest (expense) income	**464,835**	**1,600,825**
Profit (loss) from continuing operations	**344,774**	**1,487,493**
Exceptional items	**(49,904)**	**(16,144)**
Net profit (loss) before tax	**294,870**	**1,471,350**
Corporate income tax	167,808	143,419
PROFIT FOR THE FINANCIAL YEAR	**462,678**	**1,614,769**

Pernod Ricard SA balance sheet

For the financial years ended 30 June 2014 and 30 June 2015

Assets

In euro thousand	Net value 30.06.2014	Gross value 30.06.2015	Depreciation, amortisation & provisions	Net value 30.06.2015	Notes
Concessions, patents and licences	33,080	33,193	(88)	33,106	
Other intangible assets	6,212	27,580	(21,074)	6,506	
Advances and down-payments	4,833	3,738	-	3,738	
Intangible assets	**44,125**	**64,511**	**(21,161)**	**43,350**	**2**
Land	587	587	-	587	
Buildings	317	504	(197)	307	
Machinery & equipment	132	319	(198)	121	
Other property, plant and equipment	4,399	13,970	(8,795)	5,175	
Advances and down-payments	1,873	4,381	-	4,381	
Property, plant and equipment	**7,308**	**19,761**	**(9,190)**	**10,571**	
Investments	12,819,728	12,831,057	(48,300)	12,782,758	3
Loans and advances to affiliates and associates	48,562	60,746	-	60,746	3 and 4
Other financial assets	9,643	18,495	-	18,495	3 and 4
Financial assets	**12,877,933**	**12,910,298**	**(48,300)**	**12,861,999**	**3**
TOTAL FIXED ASSETS	**12,929,366**	**12,994,569**	**(78,651)**	**12,915,918**	
Advances and supplier prepayments	**50**	**130**	**-**	**130**	**4**
Trade receivables	33,940	44,837	(1,830)	43,007	
Other receivables	1,189,141	1,736,648	(3,171)	1,733,478	
Receivables	**1,223,081**	**1,781,485**	**(5,001)**	**1,776,485**	**4**
Marketable securities	**109,733**	**81,066**	**-**	**81,066**	**5**
Cash	**15,755**	**599,226**	**-**	**599,226**	
Prepaid expenses	**28,869**	**29,653**	**-**	**29,653**	**6**
TOTAL CURRENT ASSETS	**1,377,488**	**2,491,560**	**(5,001)**	**2,486,559**	
Bond redemption premiums	**23,568**	**21,775**	**-**	**21,775**	**6**
Currency translation adjustment – Assets	**93,720**	**755,849**	**-**	**755,849**	**6**
TOTAL ASSETS	**14,424,142**	**16,263,754**	**(83,652)**	**16,180,101**	

Liabilities and shareholders' equity

In euro thousand	30.06.2014	30.06.2015	Notes
Capital	**411,403**	**411,403**	**7**
Share premiums	**3,039,030**	**3,039,030**	
Legal reserves	41,140	41,140	
Regulated reserves	179,559	179,559	
Other reserves	195,013	195,013	
Reserve	**415,712**	**415,712**	
Retained earnings	**454,410**	**484,264**	
Profit for the financial year	**462,678**	**1,614,769**	
Interim dividends	**(217,646)**	**(217,646)**	
TOTAL SHAREHOLDERS' EQUITY	**4,565,587**	**5,747,532**	**8**
Provisions for risks and charges	**477,109**	**528,944**	**9**
Bonds	7,788,205	8,473,864	4 and 13
Bank debt	169,619	152,552	4 and 14
Other debt	591,215	-	4
Debt	**8,549,039**	**8,626,416**	
Trade payables	49,948	60,143	
Taxes and social security contributions	36,641	29,747	
Amounts due on non-current assets and related accounts	7	-	
Other debts	425,842	239,157	
Trade and other accounts payable	**512,438**	**329,047**	**4**
Deferred income	**25,349**	**8,642**	**4 and 11**
TOTAL LIABILITIES	**9,563,935**	**8,964,106**	
Currency translation adjustment – Liabilities	**294,620**	**939,520**	**11**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**14,424,142**	**16,180,101**	

Pernod Ricard SA cash flow statement

For the financial years ended 30 June 2014 and 30 June 2015

In euro thousand	30.06.2014	30.06.2015
Operating activities		
Net profit	462,678	1,614,769
Net depreciation, amortisation and provision charges	(35,337)	42,160
Changes in provisions	134,860	53,160
Net (gain)/loss on disposal of assets and other items	3,682	-
Cash flow	**565,883**	**1,710,089**
Decrease/(increase) in working capital requirements	770,906	(257,113)
Change in net debt from operating activities	**1,336,789**	**1,452,976**
Investing activities		
Capital expenditure	(5,749)	(7,661)
Purchases of financial assets (net of disposals)	(676,596)	(21,057)
Change in net debt from investing activities	**(682,345)**	**(28,718)**
Financing activities		
Long-term and medium-term bond issue	131,731	692,083
Loans and medium- and long-term debt	(150,000)	(590,860)
Other changes in shareholders' equity	(53,843)	-
Dividends paid	(431,763)	(432,824)
Change in net debt from financing activities	**(503,875)**	**(331,601)**
Change in short-term net debt	**150,568**	**1,092,657**
Short-term net debt at the beginning of year	(219,982)	(69,414)
Short-term net debt at the end of the year	(69,414)	1,023,243

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:

In euro thousand	30.06.2014	30.06.2015
Loans and long-term debts	(19,619)	(2,552)
Bonds	(130,181)	(125,549)
Net balance on current account with Pernod Ricard Finance	(45,102)	471,052
Marketable securities	109,733	81,066
Cash	15,755	599,226
SHORT-TERM NET DEBT AT THE END OF YEAR	**(69,414)**	**1,023,243**
Bonds	(7,658,025)	(8,348,315)
Loans and long-term debts	(150,000)	(128,225)
Pernod Ricard Finance loan	(590,860)	-
MEDIUM- AND LONG-TERM NET DEBT AT THE END OF THE YEAR	**(8,398,885)**	**(8,476,540)**
TOTAL NET DEBT AT THE END OF THE YEAR	**(8,468,299)**	**(7,453,297)**

Analysis of Pernod Ricard SA results

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 involves billing of royalties for the operation of brands owned by Pernod Ricard SA, rebilling for research services relating to product innovation and the receipt of dividends.

Highlights of the financial year

Bond redemption and new issue

On 15 June 2009, Pernod Ricard SA issued €800 million in bonds, bearing interest at a fixed rate of 7%. It was redeemed on 15 January 2015.

On 29 September 2014, Pernod Ricard SA issued €650 million in bonds with a fixed interest rate of 2.125% and a maturity date of 27 September 2024.

Income statement and balance sheet at 30 June 2015

Analysis of the 2014/2015 income statement

Operating income of €112 million was up €7 million compared to 30 June 2014. This rise was mainly due to rebillings to affiliates.

Operating expenses were stable year-on-year for a total of €(226) million at 30 June 2015, compared with €(225) million for the previous financial year. The main changes were due to:

- a €1 million decrease in duties and taxes;
- a €1 million decrease in payroll expenses;
- a €(2) million increase in purchases of goods and supplies not for stock and external services;
- other expenses and depreciation allowances and provisions were stable.

An operating loss of €(113) million was recorded at 30 June 2015, up €7 million compared to 30 June 2014, due to an increase in rebillings of overheads to Group affiliates.

Interest income was €1,601 million at 30 June 2015, compared to €465 million at 30 June 2014. This increase of €1,136 million was mainly attributable to:

- the increase in dividends received from affiliates of €1,327 million;
- the €19 million decrease in expenses for transactions related to stock options and performance-based shares;
- a reduction in financial interest income of €(17) million;
- a decrease in other financial expenses of €(70) million, mainly due to the allocation of provisions on shares in Agros and Geo Sandeman.
- a loss from foreign exchange transactions in 2014/2015 of €(41) million compared with an income of €82 million in the previous year. This €(123) million difference was due to the rise in the value of the US dollar against the euro.

The operating result before tax amounted to a profit of €1,487 million.

At 30 June 2015, exceptional items amounted to a €(16) million expense mainly related to a €2 million reversal of provisions for risks and charges and €(19) million for other non-current charges.

Finally, the income tax item is made up of:

- a tax gain of €156 million related to the impact of tax consolidation;
- a charge of €(13) million related to the additional 3% tax on dividends.

As a result, net profit for the 2014/2015 financial year was €1,615 million.

Analysis of the 2014/2015 balance sheet

Assets

Total net fixed assets stood at €12,916 million at 30 June 2015, compared with €12,929 million at 30 June 2014. This decline of €(13) million was mainly attributable to:

- the decrease in investments due to a €(37) million increase in provisions for equity interests;
- the increase of the HCH loan and interest receivable from the HCI museum loan in the amount of €9 million;
- the increase in HCI dividends receivable in the amount of €3 million;

- a €9 million increase in treasury shares;
- a €3 million increase in capital investments in intangible assets and property, plant and equipment net of provisions over the financial year.

Current assets increased by €1,109 million during the year. The main movements include:

- the positive change of the cash item of €584 million resulting from the €582 million increase in financial instruments;
- a €544 million increase in other receivables due in particular to increases in the euro-denominated PR Finance loan for €253 million, the Austin Nichols receivable for €222 million and, in US dollar-denominated PR Finance loan for €104 million;
- a €9 million increase in trade receivables;
- a €1 million increase in prepaid expenses;
- a €(29) million decrease in Marketable securities, due mainly to the exercise of stock options.

Prepaid expenses and deferred charges amounting to €778 million mainly comprise currency translation adjustments, which increased due to the effects of the revaluations of the exchange rate for receivables and payables denominated primarily in US dollars.

Liabilities and shareholders' equity

Shareholders' equity amounted to €5,748 million at 30 June 2015, compared with €4,566 million at 30 June 2014. The main movements for the period were:

- profit for the financial year of €1,615 million;
- the payment of the balance of the dividend for 2013/2014 of €217 million;
- the payment of an interim dividend of €0.82 per share in 2014/2015, amounting to €218 million. This interim dividend was paid on 8 July 2015;

Provisions for risks and charges increased by €52 million. This change was attributable to:

- a €60 million increase in the provision for foreign exchange losses (US dollar fluctuations);
- the positive change in the provision for pensions and other long-term employee benefits of €28 million;
- a €(35) million reduction in other provisions for risks.

During the year, financial debt increased by €77 million following:

- the increase in bonds of €685 million (particularly due to the redemption of the bond issue for €(800) million, the issue of a new bond for €650 million and the revaluation of US dollar-denominated bonds for €823 million);
- a €(17) million reduction generated mainly by the negative change in cash instruments;
- the full repayment of the PR Finance loan for €(591) million.

The decrease in operating payables of €(183) million is due to:

- a €10 million increase in trade payables;
- a €(7) million reduction in taxes and social security contributions;
- a €(43) million reduction of the PR Finance current account;
- a €(143) million reduction in current tax pooling account;

Deferred income declined by €(17) million to stand at €9 million. This change was due to the redemptions of shares under a repurchase agreement.

Prepaid expenses and deferred charges amounting to €940 million mainly comprise currency translation adjustments, which increased due to the effects of the revaluations of the exchange rate for our receivables and payables denominated primarily in US dollars.

Notes to the Pernod Ricard SA financial statements

Contents

Pernod Ricard SA is a French public limited company *(Société Anonyme)*, subject to all laws governing commercial companies in France, and particularly to the provisions of the French Commercial Code (*Code de commerce*). The Company is headquartered at 12, place des États-Unis, 75016 Paris, France and is listed on the Paris Stock Market.

The balance sheet total for the financial year which ended 30 June 2015 was €16,180,101,440.86. The income statement records a profit for the year of €1,614,768,788.84. The financial year covered the 12-month period from 1 July 2014 to 30 June 2015.

NOTE 1 Accounting policies

The annual financial statements for 2014/2015 were prepared in accordance with the provisions of ANC regulation 2014-03 of 5 June 2014 relating to the new French General Accounting Standards. General accounting principles were applied, in accordance with the prudence principle, using certain assumptions whose objective is to provide a true and fair view of the Company. These assumptions are:

- going concern;
- consistency of accounting policies from one financial year to the next;
- accruals basis of accounting.

Balance sheet assets and liabilities are measured, depending on the specific items, at their historical cost, contribution cost or market value.

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 valued at acquisition cost.

2. Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost (purchase price plus ancillary costs but not including acquisition fees). Depreciation is calculated using the straight-line or reducing balance methods, on the basis of the estimated useful lives of the assets:

- buildings: between 20 and 50 years (straight-line);
- fixtures and fittings: 10 years (straight-line);
- machinery and equipment: 5 years (straight-line);
- office furniture and equipment: 10 years (straight-line) or 4 years (reducing balance).

3. Financial assets

The gross value of investments is composed of their acquisition cost, excluding ancillary costs, increased by the impact of legal revaluations where applicable.

If the value in use of the investments is lower than their net carrying amount, a provision for impairment is recognised for the difference.

Value in use is determined based on a multi-criteria analysis, taking into account the share of the affiliate shareholders' equity that the investment represents, the value based on dividend yield and the financial and economic potential of the affiliate, with particular reference being made to the market value of its net assets.

The treasury shares item includes the own shares held by Pernod Ricard SA which can be awarded to employees.

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 treasury shares acquired for the allocation of *stock* option plans from the time of acquisition.

A liability is recognised when it becomes probable that the rights to receive the securities concerned under the plans will be exercised. For other marketable securities, an impairment provision is taken when the cost price is higher than the market price.

6. 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 (Comité de réglementation comptable - CRC).

This accounting regulation provides that a liability is 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 balance sheet date for a provision to be recognised.

7. Pensions and other long-term employee benefits

Since the year that 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 2015, the provision for pensions and other long-term employee benefits was €125 million.

8. Translation of foreign currency denominated items

Payables, receivables and cash balances denominated in foreign currencies are translated into euro as follows:

- translation of all payables, receivables and cash balances denominated in foreign currencies at year-end rates;
- recognition of differences compared to the amounts at which these items were initially recognised as currency translation adjustment assets or liabilities in the balance sheet;
- recognition of a provision for any unrealised currency losses, after taking into account the effect of any offsetting foreign exchange hedge transactions.

9. Derivative 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.

10. 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 Tax Code.

Each company in the tax group calculates and accounts for its tax expenses as if it were taxed as a standalone entity.

The effects of tax consolidation are recognised in the Pernod Ricard SA financial statements.

NOTE 2 Intangible assets

1. Gross value

In euro thousand	At 01.07.2014	Acquisitions	Disposals	At 30.06.2015
Brands	32,560	-	-	32,560
Brand costs	579	54	-	633
Software	23,032	4,548	-	27,580
Advances and down payments on intangible assets	4,833	2,607	(3,702)	3,738
TOTAL	**61,004**	**7,209**	**(3,702)**	**64,511**

2. Amortisation

In euro thousand	At 01.07.2014	Allowances	Reversals	At 30.06.2015
Brands	-	-	-	-
Brand costs	(59)	(29)	-	(88)
Software	(16,820)	(4,254)	-	(21,074)
TOTAL	**(16,879)**	**(4,283)**	**-**	**(21,161)**

NOTE 3 Financial assets

1. Gross value

In euro thousand	At 01.07.2014	Acquisitions/ Entries	Capital transaction	Disposals	At 30.06.2015
Investments in consolidated entities	12,817,164	-	3	(631)	12,816,536
Investments in non-consolidated entities	9,500	631	-	-	10,131
Other investments	4,391	-	-	-	4,391
Advance on investment	-	-	-	-	-
Investments	**12,831,055**	**631**	**3**	**(631)**	**12,831,057**
Loans and advances to affiliates and associates	48,562	12,183	-	-	60,746
Loans	-	-	-	-	-
Guarantee deposits	2,662	95	-	-	2,757
Liquidity agreement	5,072	13	-	(499)	4,586
Own shares	1,909	9,243	-	-	11,152
TOTAL	**12,889,260**	**22,165**	**3**	**(1,130)**	**12,910,298**

The change in the Investments in consolidated entities item was mainly due to the reclassification of Lina 7 shares from “investments in consolidated entities” to “investments in non-consolidated entities” for €1 million.

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. The agreement complies with the AMAFI Code of Conduct, which was approved by the AMF in its decision of 24 March 2011. The amount of €5 million was allocated to the implementation of this liquidity agreement.

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 legal reserve, of an amount at least equal to the value of all the shares it owns.

2. Provisions

In euro thousand	At 01.07.2014	Allowances	Reversals	At 30.06.2015
Investments in consolidated entities (1)	(4,301)	(36,500)	331	(40,470)
Investments in non-consolidated entities (2)	(3,414)	(4,134)	3,330	(4,218)
Other investments	(3,612)	-	-	(3,612)
Advance on investment	-	-	-	-
Investments	**(11,327)**	**(40,634)**	**3,661**	**(48,300)**
Own shares	-	-	-	-
TOTAL	**(11,327)**	**(40,634)**	**3,661**	**(48,300)**

(1) Change due to the allocation of provisions for Agros shares in the amount of €37 million and the reclassification of Lina 7 shares to investments in non-consolidated entities.
(2) Change due to the allocation of provisions for Geo Sandeman shares and the reclassification of Lina 7 shares to investments in non-consolidated entities.

NOTE 4 Maturity of receivables and payables

1. Receivables

In euro thousand	Gross amount	Due in one year or less	Due in more than one year
Loans and advances to affiliates and associates	60,746	4,342	56,404
Loans	-	-	-
Other financial assets	18,495	15,738	2,757
Receivables and other financial assets	**79,241**	**20,080**	**59,161**
Current assets other than marketable securities and cash	1,781,615	71,527	1,710,088
Prepaid expenses	29,653	29,653	-
TOTAL	**1,890,509**	**121,260**	**1,769,249**

2. Liabilities

In euro thousand	Gross amount	Due in one year or less	Due in one to five years	Due in more than five years
Bonds	8,473,864	1,505,189	2,609,675	4,359,000
Bank debt	152,552	2,552	150,000	-
Other debt	-	-	-	-
Trade payables	60,143	60,143	-	-
Taxes and social charges	29,747	29,747	-	-
Amounts due on non-current assets and related accounts	-	-	-	-
Other payables	239,157	231,784	7,374	-
Deferred income	8,642	277	8,365	-
TOTAL	**8,964,106**	**1,829,692**	**2,775,414**	**4,359,000**

NOTE 5 Marketable securities

In euro thousand or in quantities	At 01.07.2014		Acquisitions (1)		Capital transaction		Reclassification		Exercises/ Disposals (2)		At 30.06.2015	
	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value
Pernod Ricard shares	-	-	-	-	-	-	-	-	-	-	-	-
♦ Gross value	1,561,298	109,733	242,679	21,710	-	-	(114,972)	(8,777)	(692,144)	(41,600)	996,861	81,066
♦ Impairment	-	-	-	-	-	-	-	-	-	-	-	-
NET VALUE	**1,561,298**	**109,733**	**242,679**	**21,710**	**-**	**-**	**(114,972)**	**(8,777)**	**(692,144)**	**(41,600)**	**996,861**	**81,066**

(1) Including €6 million for repurchase under the November 2014 performance-based share plan and €15 million in connection with the stock options plan of June 2012.

(2) Including €(9) million for exercised stock options (2004 plans), €(24) million for fully vested performance-based shares (2011 plans) and €(9) million for fully vested shares (2012 plan) during the period.

NOTE 6 Prepaid expenses and deferred charges

In euro thousand	At 01.07.2014	Increases	Decreases	At 30.06.2015
Prepaid expenses (1)	28,869	13,393	(12,609)	29,653
Bond redemption premiums	23,568	2,021	(3,814)	21,775
Currency translation adjustment – Assets (2)	93,720	755,849	(93,720)	755,849
TOTAL	**146,157**	**771,263**	**(110,143)**	**807,277**

(1) The increase in Prepaid expenses is mainly due to the implementation of four new repurchase agreements for the 2011 and 2012 plans.

(2) The €756 million asset arising from translation adjustments at 30 June 2015 is mainly due to the restatement of assets and liabilities at the closing euro/American dollar exchange rate on 30 June 2015.

NOTE 7 Composition of share capital

At 30 June 2015, the share capital comprised 265,421,592 shares with a par value of €1.55 per share. Total share capital thus amounted to €411,403,467.60.

NOTE 8 Shareholders' equity

In euro thousand	At 01.07.2014	Appropriation of profit	Changes in accounting policies	Distribution of dividends	Profit 2015	At 30.06.2015
Capital	411,403	-	-	-	-	411,403
Share premiums	3,039,030	-	-	-	-	3,039,030
Legal reserves	41,140	-	-	-	-	41,140
Regulated reserves	179,559	-	-	-	-	179,559
Other reserves	195,013	-	-	-	-	195,013
Retained earnings	454,410	462,678	-	(432,824)	-	484,264
Profit for the financial year	462,678	(462,678)	-		1,614,769	1,614,769
Interim dividends to be paid [(1)]	(217,646)	-	-	-	-	(217,646)
TOTAL	**4,565,587**	**-**	**-**	**(432,824)**	**1,614,769**	**5,747,532**

(1) The Board of Directors' meeting of 24 June 2015 decided to pay an interim dividend of €0.82 per share in respect of the 2014/2015 financial year, i.e. a total of €218 million. The interim dividend was paid on 8 July 2015.

NOTE 9 Provisions

In euro thousand	At 01.07.2014	Increases in the year	Reversals on use	Reversals of unused provisions	At 30.06.2015
Provisions for risks and charges					
Provision for currency losses	60,854	120,453	(60,854)		120,453
Other provisions for risks and charges [(1)]	318,873	136,636	(56,937)	(114,989)	283,582
Provisions for pensions and other long-term employee benefits	97,382	37,620	(10,094)		124,908
TOTAL 1	**477,109**	**294,709**	**(127,885)**	**(114,989)**	**528,944**
Provisions for depreciation and amortisation					
On financial assets [(2)]	11,327	37,304	-	(331)	48,300
On trade receivables	1,023	807	-	-	1,830
On other receivables	2,652	519	-	-	3,171
On marketable securities	-	-	-	-	-
TOTAL 2	**15,002**	**38,630**	**-**	**(331)**	**53,301**
OVERALL TOTAL	**492,111**	**333,339**	**(127,885)**	**(115,320)**	**582,245**

(1) Changes reflect €(14) million in provisions for stock options and the performance-based share plan, €(28) million in reversals of provisions for risks and restructuring and a €7 million provision for losses of affiliates in the tax consolidation group.

(2) Changes related to allocations for affiliate Agros and updating of the provision for Geo Sandeman shares.

Provisions for risks and charges

Provision for currency losses

The €121 million provision for currency losses at 30 June 2015 mainly consists of the unrealised currency loss for unhedged US dollar receivables and payables.

Other provisions for risks and charges

Other provisions for risks and charges correspond to:

- provisions for risks attached to:
  - stock options relating to the plans of November 2013 and November 2014, maturing in June 2017 and 2018, respectively, for €9 million,
  - performance-based shares relating to the plans of June 2012, November 2013 and November 2014, maturing in June 2016, 2017 and 2018, respectively, for €91 million,
  - losses on repurchase agreements relating to the June 2008 and June 2012 plans, maturing in June 2015 and June 2019 respectively, for €23 million;
- various other provisions amounting to €16 million;
- provisions for risks and charges relating to tax consolidation for €144 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 in 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 calculating a projected salary at 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, discount rate, expected return on plan assets) and assumptions concerning employees (mainly: average salary increase, rate of employee turnover, life expectancy).

At 30 June 2015, the total amount of benefit obligations was €125 million. These obligations are fully provisioned.

For information, the inflation rate used for the valuation at 30 June 2015 was 1.75% and the discount rate was 1.25%.

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.).

After applying the corridor method up to 30 June 2013, the Company has chosen to apply from the year ending on 30 June 2014 the option set out in recommendation 2013-02 and to recognise the full pension liability.

Components of the expense recognised for the financial year

The expense recognised concerning the benefit obligations described above incorporates:

- expenses corresponding to the acquisition of an additional year's rights;
- interest expense arising on the unwinding of 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;
- the income or expense corresponding to actuarial gains or losses of other long-term employee benefits;
- income or expense related to changes in existing plans or the creation of new plans;
- income or expense related to any plan curtailments or settlements.

NOTE 10 Transactions and balances with affiliates and associates and other invested entities

In euro thousand	Amount concerning			
Item	Affiliates and associates 30.06.2014	Other invested entities 30.06.2014	Affiliates and associates 30.06.2015	Other invested entities 30.06.2015
Investments	**12,817,249**	**13,805**	**12,817,252**	**13,805**
Loans and advances to affiliates and associates	**48,562**	**-**	**60,746**	**-**
Due in one year or less	8,806	-	11,787	-
Due in more than one year	39,756	-	48,958	-
Trade receivables	**34,963**	**-**	**44,837**	**-**
Due in one year or less	31,637	-	44,837	-
Due in more than one year	3,326	-	0	-
Other receivables	**1,151,903**	**-**	**1,714,612**	**-**
Due in one year or less	17,827	-	474,344	-
Due in more than one year	1,134,076	-	1,240,268	-
Other debt	**591,215**	**-**	**0**	**-**
Due in one year or less	355	-	0	-
Due in more than one year and less than five years	590,860	-	0	-
Trade payables	**2,022**	**-**	**9,209**	**-**
Due in one year or less	2,022	-	9,209	-
Due in more than one year and less than five years	-	-	-	-
Other payables	**202,383**	**-**	**15,574**	**-**
Due in one year or less	157,681	-	14,137	-
Due in more than one year and less than five years	44,702	-	1,437	-
Expenses from recurring operations	**33,920**	**-**	**26,383**	**-**
Group seconded personnel	13,800	-	13,408	-
Other Group management expenses	20,120	-	12,975	-
Operating income	**97,684**	**-**	**105,560**	**-**
Group royalties	32,514	-	33,959	-
Group management income	0	-	49	-
Transfer of Group expenses	65,170	-	71,552	-
Financial expenses	**44,773**	**-**	**20,793**	**-**
Financial income	**762,097**	**28**	**2,058,850**	**179**
Exceptional items	**5,160**	**(779)**	**234**	**-**

No significant transactions took place with related parties that were not carried out under normal market conditions.

NOTE 11 Deferred income and adjustment accounts

In euro thousand	At 01.07.2014	Increases	Decreases	At 30.06.2015
Deferred income (1)	25,349	-	(16,707)	8,642
Currency translation adjustment – Liabilities (2)	294,620	939,520	(294,620)	939,520
TOTAL	**319,969**	**939,520**	**(311,327)**	**948,162**

(1) Decrease related to the exercise of stock options on the 2005, 2006, 2007 and 2010 stock option plans during the period.

(2) The €940 million liability arising from currency translation adjustments at 30 June 2015 is mainly due to the restatement of assets and liabilities at the closing euro/US dollar exchange rate on 30 June 2015.

NOTE 12 Accrued income and expenses

Accrued income and expenses

In euro thousand	Amount
Amount of accrued income in the following balance sheet items	
Loans and advances to affiliates and associates	16,129
Trade receivables	707
Other receivables	2,778
Cash	597,975
TOTAL	**617,589**

Accrued expenses

In euro thousand	Amount
Amount of accrued expenses in the following balance sheet items	
Bank debt	126,830
Trade payables	34,498
Taxes and social charges	23,686
Other payables	1,455
TOTAL	**186,469**

NOTE 13 Bonds

	Amount *(in US dollar thousand)*	Amount *(in US dollar thousand)*	Maturity date	Accrued interest *(in US dollar thousand)*	Rate	Total *(in US dollar thousand)*
Bond of 29.09.2014		650,000	27.09.2024	10,407	Fixed	660,407
Bond of 20.03.2014		850,000	22.06.2020	418	Fixed	850,418
Bond of 18.03.2010		1,200,000	18.03.2016	16,783	Fixed	1,216,783
USD PANDIOS bond of 21.12.2010	201,000	179,641	21.12.2015	99	Variable	179,740
Bond of 15.03.2011		1,000,000	15.03.2017	14,754	Fixed	1,014,754
USD bond of 07.04.2011	1,000,000	893,735	07.04.2021	11,935	Fixed	905,670
USD bond of 25.10.2011	1,500,000	1,340,602	15.01.2022	27,521	Fixed	1,368,124
USD bond of 12.01.2012	850,000	759,675	15.01.2017	10,339	Fixed	770,013
USD bond of 12.01.2012	850,000	759,675	15.01.2042	19,275	Fixed	778,950
USD bond of 12.01.2012	800,000	714,988	15.07.2022	14,018	Fixed	729,006
TOTAL		**8,348,316**		**125,549**		**8,473,864**

On 15 June 2009, Pernod Ricard SA issued bonds with a total value of €800 million, bearing interest at a fixed rate of 7%. This issue was redeemed on 15 January 2015.

On 18 March 2010, Pernod Ricard SA issued bonds for a total amount of €1,200 million, with the following characteristics: remaining period to maturity at 30 June 2015 of 9 months (maturity date: 18 March 2016) and bearing fixed-rate interest of 4.875%.

On 21 December 2010, Pernod Ricard SA carried out a US$201 million bond issue. This bond has the following characteristics: remaining period to maturity at 30 June 2015 of 6 months (maturity date: 21 December 2015) and bearing variable-rate interest (3-month LIBOR + spread).

On 15 March 2011, Pernod Ricard SA issued bonds for a total amount of €1 billion, with the following characteristics: remaining period to maturity at 30. June 2015 of 1 year and 9 months (maturity date: 15.03.2017) and bearing interest at a fixed rate of 5%.

On 7 April 2011, Pernod Ricard SA carried out a US$1 billion bond issue. This bond has the following characteristics: remaining period to maturity at 30 June 2015 of 5 years and 9 months (maturity date: 7 April 2021) and bearing fixed-rate interest of 5.75%.

On 25 October 2011, Pernod Ricard SA carried out a US$1.5 billion bond issue. This bond has the following characteristics: remaining period to maturity at 30 June 2015 of 6 years and 6 months (maturity date: 15 January 2022) and bearing fixed-rate interest of 4.45%.

On 12 January 2012, Pernod Ricard SA carried out a US$2.5 billion bond issue. This bond issue has three tranches with the following characteristics:

- US$850 million with a remaining period to maturity at 30 June 2015 of 1 year and 6 months (maturity date: 15 January 2017) and bearing fixed-rate interest of 2.95%;
- US$800 million with a remaining period to maturity at 30 June 2015 of 7 years (maturity date: 15 July 2022) and bearing fixed-rate interest of 4.25%;
- US$850 million with a remaining period to maturity at 30 June 2015 of 26 years and 6 months (maturity date: 15 January 2042) and bearing fixed-rate interest of 5.5%.

On 20 March 2014, Pernod Ricard SA issued bonds for a total amount of €850 million with the following characteristics: remaining period to maturity at 30 June 2015 of 5 years (maturity date: 22 June 2020) and bearing fixed-rate interest of 2%.

On 29 September 2014, Pernod Ricard SA issued bonds for a total amount of €650 million with the following characteristics: remaining period to maturity at 30 June 2015 of 9 years and three months (maturity date: 27 September 2024) and bearing fixed-rate interest of 2.125%.

NOTE 14 Bank debt

Syndicated loan

On 25 April 2012, Pernod Ricard SA finalised a new, revolving 5-year multi-currency Credit Agreement for €2.5 billion. The new agreement enabled Vin&Sprit's syndicated loan to be refinanced in full.

At 30 June 2012, it had drawn down from this credit facility US$350 million, equivalent to €278 million.

Pernod Ricard SA's drawdown related to the syndicated loan was fully repaid during the 2012/2013 financial year, following three successive payments of US$50 million on 31 August 2012, US$250 million on 28 September 2012, and finally US$50 million on 30 November 2012.

On 23 October 2013, an amendment to the syndicated loan was signed, impacting its duration. Therefore, the maturity date (originally 2 April 2017) was extended by 18 months to 23 October 2018.

At 30 June 2015, no drawdowns had been made by Pernod Ricard SA.

NOTE 15 Breakdown of income tax

In euro thousand	Total	Profit (loss) from continuing operations	Exceptional items
Net profit/loss before income tax	1,471,349	1,487,493	(16,144)
Additional contribution	(13,041)		
Income tax prior to consolidation	0		
Net impact of tax consolidation	156,461		
PROFIT AFTER TAX	**1,614,769**	**1,487,493**	**(16,144)**

The French second amending finance law of 2012 introduced a contribution of 3% on dividends paid out to shareholders, applicable to amounts distributed that were paid after 17 August 2012. The contribution relating to the dividends approved at the Shareholders' Meeting of 6 November 2014 was thus €7 million and the contribution relating to the interim dividend approved at the Board of Directors' meeting on 24 June 2015 was €7 million.

Within the framework of tax consolidation, the tax loss carryforwards of the Pernod Ricard tax group amount to €(750 million), down €77 million over the financial year.

NOTE 16 Increases and decreases in future tax liabilities

Type of temporary differences

In euro thousand	Amount of tax
INCREASES	**NONE**
"Organic" local tax and other	158
Other provisions for risks and charges	-
Provisions for pensions and other long-term employee benefits	43,004
DECREASES IN FUTURE TAX LIABILITIES	**43,162**

The tax rate used is the rate in force in 2015, *i.e.* 34.43%.

NOTE 17 Remuneration

Remuneration paid to Executive Directors and members of the Board of Directors amounted to €4,381,055.

NOTE 18 Income

Operating income was €112 million over the 2014/2015 financial year compared to €105 million over the 2013/2014 financial year, and mainly comprised royalties of €34 million and rebilling of overheads of €72 million to Group affiliates.

NOTE 19 Financial income and expenses

In euro thousand	Amount at 30.06.2015
Income from investments	1,949,504
Income from other fixed asset securities and receivables	-
Interest and related income	386,555
Reversals of financial provisions and expense transfers	210,839
Foreign exchange gains	37,489
Net gains on sale of marketable securities	-
TOTAL FINANCIAL INCOME	**2,584,387**

In euro thousand	Amount at 30.06.2015
Depreciation, amortisation and provision charges	(285,852)
Interest and related expenses	(678,878)
Foreign exchange losses	(18,833)
Net expenses on marketable security disposals	-
TOTAL FINANCIAL EXPENSES	**(983,563)**

NOTE 20 Exceptional items

In euro thousand	Amount at 30.06.2015
Net profit on management operations	(23,910)
Net profit on capital operations	-
Charges and reversals of financial provisions and expense transfers	7,766
EXCEPTIONAL ITEMS	**(16,144)**

At 30 June 2015, exceptional items amounted to a €(16) million expense mainly related to a €2 million reversal of provisions for risks and charges and €(19) million for other non-current charges.

NOTE 21 Off-balance sheet commitments

Guarantees granted

Commitments made

In euro thousand	Amount
Guarantees on behalf of affiliates	459,054
Rent	23,397
TOTAL	**482,451**

Commitments made include guarantees, in particular those related to:

- bonds and commercial paper;
- the syndicated loan, for which borrowings drawn by affiliates of the Pernod Ricard group that had not been repaid at 30 June 2015 amounted to 0.

Derivative instruments

Hedging for Pernod Ricard SA	Nominal value *(in US dollar thousand)*	Fair value at 30.06.2015 *(in euro thousand)*	Nominal value *(in euro thousand)*	Fair value at 30.06.2015 *(in euro thousand)*
Interest rate swaps	950,000	29,551	600,000	14,441
Currency swaps	3,700,000	604,990	-	-
TOTAL	**4,650,000**	**634,541**	**600,000**	**14,441**

Interest rate swaps provide hedging for Pernod Ricard SA's external or internal debts that bear fixed-rate interest. At 30 June 2015 these broke down as follows:

USD interest rate hedge	Maturity	Net base *(in US dollar thousand)*
Interest rate swaps	April 2018	350,000
Interest rate swaps	July 2022	600,000

The fair value of financial instruments hedging US dollar-denominated fixed-rate debt at 30 June 2015 was €30 million.

EUR interest rate hedge	Maturity	Net base *(in euro thousand)*
Interest rate swaps	March 2016	600,000

The fair value of financial instruments hedging euro-denominated fixed-rate debt at 30 June 2015 was €14 million.

Currency hedge	Maturity	Base *(in US dollar thousand)*
Currency swap	April 2021	1,000,000
Currency swap	January 2022	1,500,000
Currency swap	December 2022	800,000
Currency swap	January 2017	400,000
Currency swaps		**3,700,000**
Financial assets		1,545,539
Financial liabilities		(5,294,098)
TOTAL		**(48,559)**

Payables and receivables denominated in foreign currencies are hedged by currency swaps. The Company had a residual US dollar position of US$(49) million at 30 June 2015.

The fair value of currency swaps at the end of the year was €605 million.

Other

Pernod Ricard SA guaranteed the contributions owed by Allied Domecq Holdings Ltd and its affiliates to the Allied Domecq pension funds.

Pernod Ricard SA, pursuant to Section 17 of the Companies (Amendment) Act, 1986 (Republic of Ireland), irrevocably guaranteed the liabilities of the following affiliates for the 2014/2015 financial year: Irish Distillers Group Ltd, Irish Distillers Ltd, Watercourse Distillery Ltd, Smithfield Holdings Ltd, Ermine Ltd, Proudlen Liqueurs Ltd, Ind Coope Holding Ltd, and The West Coast Cooler Co. Ltd.

Pernod Ricard SA guaranteed to Corby Distilleries Ltd the payment of liabilities which are due by the Group affiliates involved in the representation agreement for Group brands in Canada, signed on 29 September 2006.

Pernod Ricard SA gave the Directors of Goal Acquisitions (Holding) Limited a comfort letter in which the Group undertook to provide financial support to enable Goal Acquisitions (Holding) Limited to honour its short-term intra-Group liabilities.

NOTE 22 Average headcount at 30 June 2015

	Employees	Temporary employees (for all reasons)
Managers [(1)]	310	-
Supervisors and technicians	48	5
Employees	4	-
AVERAGE HEADCOUNT	**362**	**5**
Work-study contracts	11	-

(1) Including 111 expatriate employees.

NOTE 23 Affiliates and associates at 30 June 2015

In euro thousand	Capital	Shareholders' equity before appropriation of results	Interest in entity's share capital *(in %)*	Carrying amount of investment Gross	Carrying amount of investment Net	Loans	Guarantees	Net sales (excluding taxes and duties)	Net profit	Dividends received
Investments whose carrying amount exceeds 1% of Pernod Ricard SA's share capital										
AGROS (1) Ul. Chalubinskiego 8 00-613 Warsaw (Poland)	5,425	118,098	100	122,008	85,508	-	-	51	46	-
House of Campbell Limited (2) 111/113 Renfrew Road Paisley, PA3 4DY (Scotland)	10,496	89,446	100	40,538	40,538	-	-	-	51,608	-
Geo G Sandeman Sons & Co Ltd (3) 400 Capability Green Luton Bedfordshire LU13AE (England)	2	301	30	9,180	5,400	-	-	1,305	299	151
Pernod SA 120, avenue du Maréchal-Foch 94015 Créteil (France)	40,000	135,549	100	94,941	94,941	-	-	417,739	19,316	10,268
Pernod Ricard Asia SAS 12, place des États-Unis 75116 Paris (France)	4,512	41,017	100	42,457	42,457	-	-	-	(58,483)	20,000
Pernod Ricard Central and South America 12, place des États-Unis 75116 Paris (France)	52,198	44,601	100	131,040	131,040	-	-	-	10,412	-
Pernod Ricard Europe Middle East Africa 12, place des États-Unis 75116 Paris (France)	40,000	154,247	100	36,407	36,407	-	-	100,603	63,085	604,400
Pernod Ricard North America SAS 12, place des États-Unis 75116 Paris (France)	39,398	147,649	100	126,735	126,735	-	-	-	120,199	-
Pernod Ricard Finance SA 12, place des États-Unis 75116 Paris (France)	232,000	354,972	100	238,681	238,681	-	459,000	-	(1,661)	-
Pernod Ricard Pacific Holdings (4) 33 Exeter Terrace Devon Park SA 5008 (Australia)	148,027	112,636	100	151,789	151,789	-	-	-	-	-
Ricard SA 4 and 6, rue Berthelot 13014 Marseille (France)	54,000	134,432	100	67,227	67,227	-	-	523,739	47,829	51,800
Lina 3 12, place des États-Unis 75116 Paris (France)	819,730	14,089,606	100	11,690,953	11,690,953	-	-	-	137,585	1,120,000
Lina 5 12, place des États-Unis 75116 Paris (France)	30,640	191,071	100	30,631	30,631	-	-	-	155,872	115,000
Yerevan Brandy Company (5) 2, Admiral Isakov Avenue, Yerevan 375092, (Republic of Armenia)	20	145	100	27,856	27,856	-	-	43	6	-
TOTAL 1				**12,810,443**	**12,770,163**	-	**459,000**			**1,921,619**
Affiliates:										
French				4,590	1,198	-	-	-	-	-
Foreign				10,684	10,106	-	-	-	-	27,857
Associates:										
French				931	512	-	-	-	-	28
Foreign				4,410	779	-	-	-	-	-
TOTAL 2				**20,615**	**12,595**	-	-	-	-	**27,885**
TOTAL 1 + 2				**12,831,058**	**12,782,758**	-	**459,000**			**1,949,504**

(1) Information from the Agros financial statements at 30 June 2014.
(2) Information from Campbell's financial statements at 30 June 2014.
(3) Information from Geo G Sandeman Sons & Co Ltd's financial statements at 31 December 2014.
(4) Information from Pernod Ricard Pacific Holdings' financial statements at 30 June 2014.
(5) Information from Yerevan Brandy Company's financial statements at 30 June 2014.

Financial results over the last five financial years

In euro	30.06.2011	30.06.2012	30.06.2013	30.06.2014	30.06.2015
Financial position at year-end					
Share capital	410,318,795	411,231,438	411,403,468	411,403,468	411,403,468
Number of shares outstanding	264,721,803	265,310,605	265,421,592	265,421,592	265,421,592
Number of convertible bonds in issue	-	-	-	-	-
Number of bonus shares granted on 16 January 2007 (dividend rights from 1 July 2006)	-	-	-	-	-
Number of shares created by the capital increase of 14 May 2009	-	-	-	-	-
Number of bonus shares granted on 18 November 2009 (dividend rights from 1 July 2009)	-	-	-	-	-
Operating results					
Sales (excluding taxes and duties)	911,320	994,247	1,457,195	699,007	72,349,685
Profit before taxes, amortisation, depreciation and allowances to provisions	219,167,315	(29,548,724)	(6,575,949)	343,291,521	1,564,703,879
Corporate income tax	153,278,897	152,497,031	299,024,699	167,807,564	143,419,324
Profit after taxes, amortisation, depreciation and allowances to provisions	238,559,275	51,414,891	380,968,585	462,677,928	1,614,768,789
Dividends distributed (1)	378,185,009	415,866,359	431,763,486	432,824,096	-
Earnings per share					
Profit after taxes, but before amortisation, depreciation and allowances to provisions	1.41	0.46	1.10	1.93	6.44
Profit after taxes, amortisation, depreciation and allowances to provisions	0.90	0.19	1.44	1.74	6.08
Dividend paid per share (1)	1.44	1.58	1.64	1.63	-
Personnel					
Number of employees	164	198	327	349	362
Total payroll	26,922,176	30,118,294	50,668,738	53,399,561	51,445,974
Employee-related benefits paid during the year	17,444,761	20,388,936	28,795,172	27,819,911	29,223,152

(1) The amount of dividends for 2015 will be known with certainty after the Shareholders' Meeting of 6 November 2015 – Dividends relating to the financial year from 1 July 2014 to 30 June 2015.

Dividends distributed over the last five years

In euro

Year	Payment date	Net amount	Total dividend for the year
2010/2011	06.07.2011	0.67	-
	17.11.2011	0.77	1.44
2011/2012	04.07.2012	0.72	-
	19.11.2012	0.86	1.58
2012/2013	04.07.2013	0.79	-
	06.11.2013	0.85	1.64
2013/2014	08.07.2014	0.82	-
	17.11.2014	0.82	1.64
2014/2015	08.07.2015 (1)	0.82	-

(1) An interim dividend in respect of 2014/2015 was paid on 8 July 2015. The balance will be decided by the Shareholders' Meeting of 6 November 2015 called to approve the financial statements for the year ended 30 June 2015.

Inventory of marketable securities at 30 June 2015

In euro

French investments with a net carrying amount in excess of €100,000	Number of shares held	Net carrying amount
Lina 3	61,209,716	11,690,953,301
Lina 5	306,400	30,630,500
Pernod SA	2,580,000	94,940,630
Pernod Ricard Asia SAS	2,785,000	42,457,051
Pernod Ricard Central and South America	386,650	131,040,000
Pernod Ricard Europe Middle East 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
Ricard SA	1,750,000	67,227,093
Sopebsa	232,000	221,769
Résidence de Cavalières	205,950	974,350
SUBTOTAL	**103,833,216**	**12,460,267,522**
Other shareholdings in French companies	15,962	514,754
Investments in unlisted foreign companies	25,705,455	321,975,307
TOTAL MARKETABLE SECURITIES AT 30.06.2015	**129,554,633**	**12,782,757,583**

Statutory Auditors' report on the annual financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 30 June 2015, on:

- the audit of the accompanying annual financial statements of Pernod Ricard;
- the basis of our assessments;
- the specific verifications and disclosures required by law.

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 30 June 2015, and of the results of its operations for the financial year then ended in accordance with French accounting principles.

II. Basis of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the basis of our assessments, we hereby inform you that our assessments covered the appropriateness of the accounting principles adopted and the reasonableness of the significant estimates made, particularly:

- Investments were measured in accordance with the accounting policies described in Note 1.3 to the financial statements "Accounting policies – Financial assets". As part of our work, we reviewed the appropriateness of these accounting policies and assessed the methods adopted by the Company as well as the resulting measurements.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we expressed in the first part of this report.

III. Specific verifications and disclosures

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the annual financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to the compensation and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the annual financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Courbevoie and Neuilly-sur-Seine, 11 September 2015

The Statutory Auditors

MAZARS		DELOITTE & ASSOCIES
Isabelle Sapet	Erwan Candau	David Dupont-Noel

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory Auditors' special report on regulated agreements and commitments

Shareholders' Meeting held to approve the financial statements for the year ended 30 June 2015

To the Shareholders,

As Statutory Auditors of your Company, we hereby present our report on regulated agreements and commitments.

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 and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, 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 and commitments 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 engagement. These procedures consisted in cross-checking the information provided to us with the relevant source documents.

Agreements and commitments submitted to the approval of the shareholders' meeting

Agreements and commitments authorised during the past year and until the date of this report

Pursuant to Article L. 225-40 of the French Commercial Code, we have been advised of the following agreements and commitments previously authorised by your Board of Directors.

Commitments authorised for Mr. Alexandre Ricard, Chairman and Chief Executive Officer

Mr. Alexandre Ricard, in his capacity as Chairman and Chief Executive Officer of Pernod Ricard, benefits from the following commitments:

1. A 1-year non-compete clause, together with compensation corresponding to 12 months of remuneration (most recent annual fixed and variable remuneration decided by the Board of Directors).
2. A forced departure clause subject to performance conditions, together with a maximum compensation corresponding to 12 months of remuneration (most recent annual fixed and variable remuneration decided by the Board of Directors).

   The main terms and conditions of the forced departure clause are as follows:

   a. The compensation relating to the forced departure clause would be paid, subject to the satisfaction of performance conditions, in the event of forced departure relating to a change of Group control or strategy. In accordance with the Afep-Medef code, no compensation shall be paid in the event of a departure i) for the non-renewal of a term of office, ii) at the initiative of the executive officer, iii) if he changes functions within the Group or iv) if he can claim his pension in the near future.

   b. The compensation relating to the forced departure clause is subject to the following three performance criteria:

   - **Criteria 1: Annual bonus rates achieved over the term of the mandate(s)**: shall be considered as satisfied if the average amount of bonuses collected over the entire term of the mandate(s) is greater than or equal to 90% of the target variable remuneration;
   - **Criteria 2: Growth rate of current operating income over the term of the mandate(s)**: shall be considered as satisfied if the average growth of annual current operating income compared to the budget of each year over the term of the mandate(s) is greater than 95% (adjusted for foreign exchange and scope impacts);
   - **Criteria 3: Average growth rate of revenue over the term of the mandate(s)**: shall be considered as satisfied if the average growth rate of revenue over the term of the mandate(s) is greater than or equal to 3% (adjusted for foreign exchange and scope impacts).

   c. The amount of compensation likely to be collected under the forced departure clause shall be calculated according to the following scale:

   1) if 3 criteria are satisfied: 12 months of remuneration;
   2) if 2 out of 3 criteria are satisfied: 8 months of remuneration;
   3) if 1 out of 3 criteria is satisfied: 4 months of remuneration;
   4) if no criteria is satisfied: no compensation will be paid.

In accordance with the Afep-Medef Code, the maximum overall compensation under the non-compete clause (compensation of 12 months of remuneration) and under the forced departure clause (maximum compensation of 12 months of remuneration) (the total of the 2 compensations) may not exceed 24 months of remuneration.

3. The supplementary defined-benefit collective pension scheme and the collective healthcare and welfare schemes prevailing within the Company, under the same terms and conditions as those applicable to the category of employees to which he is assimilated for the setting of benefits and other additional items of compensation.

   The supplementary defined-benefit collective pension scheme provides, under certain circumstances, for the payment of a life annuity to the retired beneficiary and the payment of a reversionary annuity to the spouse and/or ex-spouse in the event of the beneficiary's death, calculated on the following basis:

   a) the beneficiary must have a minimum length of service of 10 years in the Group;

   b) the basis for calculating the annuity is the average of the beneficiary's final 3 years' compensation (gross + variable);

   c) annuities paid are proportional to the length of service, capped at 20 years;

   d) the amount of the supplementary annuity is calculated by applying the following coefficients to the above calculation basis (see (ii) above):

      - for the portion of the compensation between 8 and 12 times the French social security cap, a coefficient of 2% per year of service is applied (capped at 20 years, i.e. 40%),
      - for the portion of the compensation between 12 and 16 times the French social security cap, a coefficient of 1.5% per year of service is applied (capped at 20 years, i.e. 30%), and finally,
      - for the portion of the compensation exceeding 16 times the French social security cap, a coefficient of 1% per year of service is applied (capped at 20 years, i.e. 20%).

      The supplementary annuity is equal to the sum of the above three amounts;

   e) the annuity paid under this plan, added to those of other pensions, cannot exceed two thirds of the basic gross annual remuneration of the beneficiary.

All of the aforementioned regulated commitments concerning Mr. Alexandre Ricard were authorised by the Board of Directors on 11 February 2015 and 22 July 2015.

Agreements and commitments previously approved by the shareholders' meeting

Agreements and commitments that remained in force during the financial year

Pursuant to Article 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by Shareholders' Meetings of prior years, have remained in force during the year.

1. €2,500,000,000 Multicurrency Revolving Facility Agreement

The Board of Directors, meeting on 25 April 2012, authorised the signature of a loan agreement in English entitled "€2,500,000,000 Multicurrency Revolving Facility Agreement" with, amongst others, BNP Paribas and J.P. Morgan Ltd as Mandated Lead Arrangers and Bookrunners and BNP Paribas and J.P. Morgan Chase Bank N.A. 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 line of credit of a maximum principal amount of €2,500,000,000.

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.

The loan agreement was signed on 25 April 2012.

The Board of Directors, meeting on 23 October 2013, authorised the signature of an amendment to the loan agreement, primarily reducing the agreement margin and extending its maturity.

Pernod Ricard did not draw any amounts under this loan agreement during the financial year ended 30 June 2015 and, as such, no financial expense was born in this respect.

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; the amount of this commission is likely to vary in line with market conditions.

Accordingly, Pernod Ricard invoiced €858,711 to Pernod Ricard Finance in the financial statements for the year ended 30 June 2015.

This agreement provides Pernod Ricard, Pernod Ricard Finance and the Group with a multicurrency revolving credit facility for their financing needs.

Corporate officers involved:

- Mr. Pierre Pringuet, who was also Chairman of the Pernod Ricard Finance Board of Directors until 11 February 2015;
- Mr. Wolfgang Colberg, member of the Deutsche Bank AG Regional Board (party to the loan agreement).

2. Loan from Pernod Ricard to Havana Club Holding (HCH) in connection with the restructuring of HCH

In connection with the financial restructuring of HCH, the Board of Directors, meeting on 20 October 2010, authorised Pernod Ricard to grant HCH a loan for a maximum amount of between USD 50 million and USD 60 million. A loan of the same amount would also be granted to HCH by the Cuban partners.

The final loan amount was USD 53,839,374.

Financial income invoiced by Pernod Ricard to HCH in respect of this loan for the financial year ended 30 June 2015 totalled USD 7,230,244.19 (euro equivalent of €6,153,126.26).

This loan agreement provides HCH with the necessary resources for its financing needs.

Corporate officers involved:

- Mr. Pierre Pringuet, who was also a Director of Havana Club Holding until 11 February 2015.
- Mr. Alexandre Ricard, who was also a Director of Havana Club Holding until 11 February 2015.

3. Authorised commitments in favour of Mr. Pierre Pringuet, Chief Executive Officer

At the time of the renewal of Mr. Pierre Pringuet's term of office as Chief Executive Officer, the Board of Directors' meeting of 29 August 2012 had confirmed (under the same terms and conditions as those authorised by the Board on 12 February 2009) all of the commitments in his favour consisting of a two-year non-compete clause accompanied by compensation amounting to one year's gross remuneration (fixed and variable paid in respect of the twelve (12) months preceding the termination of the company mandate) and membership of the collective healthcare and welfare schemes and the supplementary defined-benefit collective pension scheme prevailing within the Company under the same terms and conditions as those applicable to Group executive officers. All these commitments were approved by the Shareholders' Meeting of 9 November 2012.

It should be noted that, under the Company's bylaws, Mr. Pierre Pringuet's term of office as Chief Executive Officer expired at the Board of Directors' meeting of 11 February 2015.

Under the regulations governing the supplementary pension scheme applicable within the Group, the gross annual annuity (calculated on the final three compensations, fixed and variable, prior to retirement) paid to Mr. Pierre Pringuet, in settlement of his pension, amounted to €415,264. This amount represents around 19.30% of the total average compensation of the last three years of activity. In respect of financial 2014/2015, the annuity paid, calculated on a time apportioned basis from 1 March 2015 to 30 June 2015, totalled €138,421.

Mr. Pierre Pringuet also waived, in a express and definitive manner, the payment of financial compensation under his non-compete clause, while retaining his non-compete obligation during the 24 months following his departure from Pernod Ricard as Chief Executive Officer.

Courbevoie and Neuilly-sur-Seine, 11 September 2015

The Statutory Auditors

MAZARS		DELOITTE & ASSOCIES
Isabelle Sapet	Erwan Candau	David Dupont-Noel

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, 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 and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

7

Combined (Ordinary and Extraordinary) Shareholders' Meeting

Items of the agenda presented to the Combined Shareholder's Meeting of 6 November 2015

Items on the agenda presented to the Ordinary Shareholders' Meeting

1. Approval of the Parent Company financial statements for the financial year ended 30 June 2015;
2. Approval of the consolidated financial statements for the financial year ended 30 June 2015;
3. Allocation of the net result for the financial year ended 30 June 2015 and setting of the dividend;
4. Approval of regulated agreements and commitments referred to in article L. 225-38 *et seq*. of the French Commercial Code;
5. Approval of the commitments referred to in article L. 225-42-1 of the French Commercial Code relating to Mr Alexandre Ricard;
6. Ratification of the co-option of Ms Veronica Vargas as a Director;
7. Renewal of the directorship of Ms Nicole Bouton;
8. Appointment of Ms Kory Sorenson as a Director;
9. Appointment of an alternate Statutory Auditor;
10. Setting of the annual amount of Directors' fees allocated to the members of the Board of Directors;
11. Advisory vote on the elements of compensation due or granted for the 2014/2015 financial year to Mr Alexandre Ricard, Chairman & CEO since 11 February 2015 and former Deputy Chief Executive Officer and Chief Operating Officer;
12. Advisory vote on the elements of compensation due or granted for the 2014/2015 financial year to Mr Pierre Pringuet, Chief Executive Officer until 11 February 2015;
13. Advisory vote on the elements of compensation due or granted for the 2014/2015 financial year to Ms Danièle Ricard, Chairwoman of the Board of Directors until 11 February 2015;
14. Authorisation to be granted to the Board of Directors to repurchase the shares of the Company.

Items on the agenda presented to the Extraordinary Shareholders' Meeting

15. Authorisation to be granted to the Board of Directors for the purpose of reducing the share capital by cancelling treasury shares, subject to the limit of 10% of the share capital;
16. Delegation of authority to be granted to the Board of Directors to decide on a share capital increase for a maximal nominal amount of €135 million, through the issue of ordinary shares and/or securities granting access to the Company's share capital, with maintenance of the preferential subscription right;
17. Delegation of authority to be granted to the Board of Directors to decide on a share capital increase for a maximal nominal amount of €41 million, through the issue of ordinary shares and/or securities granting access to the Company's share capital, with cancellation of the preferential subscription right, as part of an offer to the public;
18. Delegation of authority to be granted to the Board of Directors to increase the number of shares to be issued in the event of a share capital increase, with or without preferential subscription right subject to the limit of 15% of the initial share issue in accordance with the 16th and 17th resolutions;
19. Delegation of authority to be granted to the Board of Directors to issue ordinary shares and/or securities granting access to the Company's share capital by way of remuneration of contributions in kind granted to the Company, subject to the limit of 10% of the share capital;
20. Delegation of authority to be granted to the Board of Directors to issue ordinary shares and/or securities granting access to the Company's share capital, subject to the limit of 10% of the share capital, with cancellation of the preferential subscription right, in the event of a public offer initiated by the Company;
21. Delegation of authority to be granted to the Board of Directors to decide on a share capital increase for a maximal nominal amount of €135 million by capitalisation of premiums, reserves, profits or other items;
22. Authorisation to be granted to the Board of Directors to freely allocate performance-based existing shares or shares to be issued to employees and Executive Directors of the Company and Group companies;
23. Authorisation to be granted to the Board of Directors to grant options to employees and Executive Directors of the Company and Group companies to subscribe for Company shares to be issued or purchase existing Company shares;
24. Delegation of authority to be granted to the Board of Directors to decide on a share capital increase subject to the limit of 2% of the share capital through the issue of shares or securities granting access to the share capital, reserved for members of company savings plans with cancellation of the preferential subscription right in favour of the members of such savings plans;
25. Amendment to article 33-I of the Company's bylaws relating to the list of individuals qualified to attend the Shareholders' Meetings (record date), in accordance with the new laws and regulations;
26. Powers to carry out the necessary legal formalities.

Presentation of the resolutions

Resolutions presented to the Ordinary Shareholders' Meeting

Approval of the annual financial statements and allocation of the results

The purpose of the **1st resolution** is to approve the Parent Company financial statements for the 2014/2015 financial year, which show a net profit of €1,614,768,788.84.

The purpose of the **2nd resolution** is to approve the consolidated financial statements for the 2014/2015 financial year.

The purpose of the **3rd resolution** is to allocate the results. It is proposed that the dividend for the 2014/2015 financial year be set at €1.80 per share. An interim dividend payment of €0.82 per share having been paid on 8 July 2015, the balance, amounting to €0.98 per share, would be detached on 16 November 2015 and paid on 18 November 2015.

Approval of regulated agreements and commitments

It is proposed that, by voting on the **4th resolution**, you approve the regulated agreements and commitments concluded or still in force during the 2014/2015 financial year, as described in the Statutory Auditors' special report (see Section 6, "Pernod Ricard SA financial statements" of this Registration Document). These relate mainly to agreements concluded in the context of financing transactions between the Company and some of its affiliates or subsidiaries with which it has one or more Directors in common.

By voting on the **5th resolution**, it is proposed that you approve the regulated commitments benefiting Mr Alexandre Ricard, Chairman & CEO, in respect of a non-compete clause, a non-voluntary departure clause subject to performance conditions, as well as membership of the supplementary defined-benefit pension scheme and 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 is assimilated (a detailed description of these commitments can be found in the say on pay tables below).

Ratification/Renewal/Appointment of Directors

Information regarding the Directors whose ratification, renewal of the term of office or appointment is proposed, appears in Section 2 "Corporate Governance and Internal Control" of this Registration Document.

It is proposed that, by voting on the **6th resolution**, you ratify the co-option of Ms Veronica Vargas, as decided by the Board of Directors' meeting on 11 February 2015 on the recommendation of the Nominations, Governance and CSR Committee, following Ms Danièle Ricard's resignation from her functions as Director. Ms Veronica Vargas would be appointed for the remainder of Ms Danièle Ricard's term of office, namely until the close of the Shareholders' Meeting to be held in 2017 to approve the financial statements for the previous financial year. The Nominations, Governance and CSR Committee and the Board of Directors reviewed the candidate and determined that the Board of Directors could benefit from Ms Veronica Vargas's knowledge and expertise in finance.

Furthermore, the directorship of Ms Nicole Bouton expires at the close of this Shareholders' Meeting. It is thus proposed that, by voting on the **7th resolution**, you renew her directorship for a term of four years expiring at the close of the Shareholders' Meeting to be held in 2019 to approve the financial statements for the previous financial year.

Finally, it is proposed that, by voting on the **8th resolution**, you appoint Ms Kory Sorenson as Director to replace Mr Anders Narvinger whose term of office will end at this Shareholders' Meeting. Ms Kory Sorenson would be appointed for a term of four years expiring at the close of the Shareholders' Meeting to be held in 2019 to approve the financial statements for the previous financial year.

The Nominations, Governance and CSR Committee and the Board of Directors reviewed this candidacy and determined that the Board of Directors could benefit from Ms Kory Sorenson's expertise in economics and finance. They also determined that Ms Kory Sorenson fully meets the independence criteria set by the AFEP-MEDEF Code to which the Company refers.

Thus, at the close of the Shareholders' Meeting, the Board of Directors would comprise 14 members (of whom two are Directors representing the employees), including 6 Independent Directors and 4 women [(1)].

Appointment of an alternate Statutory Auditor

It is proposed that, by voting on the **9th resolution**, you appoint, on the recommendation of the Audit Committee, CBA company whose head office is located 61, rue Henri Regnault, 92400 Courbevoie, as alternate Statutory Auditor to replace Mr Patrick de Cambourg who ceased his activity as Statutory Auditor. CBA company would be appointed for the remainder of Mr Patrick de Cambourg's term of office, namely until the close of the Shareholders' Meeting to be held in 2016 to approve the financial statements for the previous financial year.

Directors' fees

The purpose of the **10th resolution** is to set the aggregate amount of Directors' fees allocated to the Board of Directors. It is proposed that the Board of Directors' total compensation for the 2015/2016 financial year be set at €950,000.

(1) 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 or the representation of women.

Advisory vote on the elements of compensation due or granted to each Executive Director for the 2014/2015 financial year

In accordance with the recommendations of the AFEP-MEDEF Code, revised in June 2013 (article 24.3), to which the Company refers in application of article L. 225-37 of the French Commercial Code, the following elements of compensation due or granted to each Executive Director of the Company for the financial year ended are submitted to the shareholders' advisory vote:

- the fixed portion;
- the annual variable portion and, if applicable, any multi-year variable portion with objectives contributing to the determination of this variable portion;
- special bonuses;
- stock options, performance-based shares and any other element of long-term compensation;
- welcome bonus or compensation for termination of service;
- the supplementary pension schemes;
- any other benefits.

By voting on the **11th, 12th and 13th resolutions**, the Shareholders' Meeting is called upon to give a favourable **opinion on the elements of compensation due or granted in respect of the 2014/2015 financial year to each Executive Director of the Company**, namely:

- **Mr Alexandre Ricard, Chairman & CEO since 11 February 2015 and former Deputy Chief Executive Officer & Chief Operating Officer;**
- **Mr Pierre Pringuet, Chief Executive Officer until 11 February 2015; and**
- **Ms Danièle Ricard, Chairwoman of the Board of Directors until 11 February 2015.**

Consequently, it is proposed in the **11th resolution**, that you give **a favourable opinion on the following elements of compensation due or granted in respect of the 2014/2015 financial year to Mr Alexandre Ricard, Chairman & CEO since 11 February 2015 and former Deputy Chief Executive Officer & Chief Operating Officer:**

Elements of compensation due or granted in respect of the 2014/2015 financial year to Mr Alexandre Ricard, Chairman & CEO since 11 February 2015 and former Deputy Chief Executive Officer & Chief Operating Officer, submitted to the shareholders' advisory vote

Elements of compensation	Amounts	Remarks
Fixed compensation	€423,082	♦ Until 11 February 2015, the annual gross fixed compensation granted to Mr Alexandre Ricard as Deputy Chief Executive Officer & Chief Operating Officer was €750,000, as decided by the Board of Directors on 27 August 2014, on the recommendation of the Compensation Committee. Gross fixed compensation due and granted to Mr Alexandre Ricard as Deputy Chief Executive Officer & Chief Operating Officer in respect of the 2014/2015 financial year was paid *pro rata temporis* from 1 July 2014 to 11 February 2015, *i.e.* €423,082.
	€414,103	♦ The Board of Directors' meeting held on 11 February 2015 decided, as recommended by the Compensation Committee, that since his appointment as Chairman & CEO the gross fixed compensation of Mr Alexandre Ricard was €950,000. Gross fixed compensation due and granted in respect of the 2014/2015 financial year as Chairman & CEO is calculated *pro rata temporis* from 12 February 2015 to 30 June 2015, *i.e.* €414,103.
Variable compensation	€883,649	♦ At the Board of Directors' meeting held on 26 August 2015, on the recommendation of the Compensation Committee, and after approval of the financial elements by the Audit Committee, the Board assessed the amount of the variable portion of Mr Alexandre Ricard's compensation for the 2014/2015 financial year. ♦ Considering the quantitative and qualitative criteria set by the Board meeting of 27 August 2014 and the accomplishments recognized as of 30 June 2015, the amount of the variable portion was evaluated as follows: • as per the quantitative criteria (profit from recurring operations, net attributable profit and net debt/EBITDA), the variable portion amounted to 75.55% of Mr Alexandre Ricard's total annual gross fixed compensation (vs target at 80%); • as per the qualitative criteria, the amount decided by the Board of Directors was 30% of Mr Alexandre Ricard's total annual fixed compensation. The Board deemed that Mr Alexandre Ricard's performance in the 2014/2015 financial year had been highly satisfactory, considering: the overall quality of the Group's General Management in a particularly volatile environment, the gradual improvement of the growth in activity, notably through innovations, the implementation of the Group reorganisation (Allegro) and the changes in the management teams and lastly maintaining the Group's commitments on societal issues. ♦ The total amount of Mr Alexandre Ricard's variable compensation for the 2014/2015 financial year as Deputy Chief Executive Officer & Chief Operating Officer and then as Chairman & CEO was consequently set at €883,649 or 105.55% of his total annual gross fixed compensation for 2014/2015 (vs target at 110%). The variable compensation in respect of the 2013/2014 and 2012/2013 financial years respectively represented 55.40% and 78.20% of his annual fixed compensation.

Elements of compensation	Amounts	Remarks
Multi-year variable compensation	N/A	♦ Mr Alexandre Ricard does not qualify for any multi-year variable compensation.
Directors' fees	N/A	♦ As an Executive Director of the Company, Mr Alexandre Ricard does not receive any Directors' fees.
Special bonus	N/A	♦ Mr Alexandre Ricard does not qualify for any special bonus.
Allocation of stock options and/or performance-based shares	€505,528 (total value IFRS of performance-based shares)	♦ During the 2014/2015 financial year, the Board of Directors' meeting held on 6 November 2014 decided, on the recommendation of the Compensation Committee, to grant Mr Alexandre Ricard, then Deputy Chief Executive Officer & Chief Operating Officer: • 11,600 performance-based shares all subject to the following performance conditions. The number of shares that will be finally allocated to Mr Alexandre Ricard will be determined as follows: – firstly, application of the internal performance condition based on achieving the annual target for Group net profit from recurring operations assessed on the average ratio of two consecutive financial years, at the end of the 2015 (June) and 2016 (June) financial years. The progression formula is the same as the one applied to the allocations to all beneficiaries of performance-based shares, as described in the section on "Stock option and performance-based share allocation policy" in the management report which is included in the 2014/2015 Registration Document; – secondly, the number of performance-based shares resulting from the implementation of the above-mentioned internal condition, will be subject to the progressive external performance condition as follows: comparison between the Total Shareholder Return (TSR) for Pernod Ricard and the performance of the Food & Beverage Eurostoxx 600 (SX3R) index assessed over a period of three years from the grant of the plan (from 6 November 2014 to 6 November 2017 inclusive). Therefore: - if the global performance of the Pernod Ricard share (TSR) is below the global performance of the Eurostoxx Food & Beverage index: no shares will be confirmed, - if the global performance of the Pernod Ricard share (TSR) equals the Eurostoxx Food & Beverage index global performance: 50% of the shares will be confirmed, - if the global performance of the Pernod Ricard share (TSR) is between 0pt and +10pt in comparison with the global performance of the Eurostoxx Food & Beverage index: the number of shares confirmed will be determined by applying the linear progress percentage from 50% to 100%, - if the global performance of the Pernod Ricard share (TSR) is greater than or equal to +10pt of the Eurostoxx Food & Beverage index global performance: 100% of shares will be confirmed. ♦ The same presence condition applies to Mr Alexandre Ricard and the other beneficiaries of the allocation plan.

Elements of compensation	Amounts	Remarks
Welcome bonus or compensation for termination of service	No payment	♦ Mr Alexandre Ricard, as Chairman & CEO, benefits from: • a one-year non-compete clause (corresponding to 12 months of compensation: last fixed + variable annual compensation decided by the Board of Directors). • an imposed departure clause (corresponding to a maximum of 12 months of compensation: last fixed + variable annual compensation decided by the Board of Directors) subject to performance conditions. In accordance with the AFEP-MEDEF Code, this amount will be due in case of a change in control or strategy of the Group, but there would be no payment in case of a departure related to i) non-renewal of his term of office, ii) if departure was decided by the Executive Director himself, iii) in case of a change of position within the Group or iv) if he is able to benefit in the near future from pension rights. ♦ The imposed departure clause is subject to the 3 following performance criteria: • 1st criterion: 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; • 2nd criterion: 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 term(s) of office is more than 95% (restated for currency and scope); • 3rd criterion: sales growth over the term(s) of office: criterion number 3 will be considered as met if the average sales growth over the entire length of term(s) of office is greater than or equal to 3% (restated for currency and scope). ♦ The amount of the compensation is calculated as follows: • if all 3 criteria are met: payment of 12 months' compensation; • if 2 of the 3 criteria are met: payment of 8 months' compensation; • if 1 of the 3 criteria is met: payment of 4 months' compensation; • if no criterion is met: no compensation paid. ♦ In accordance with the AFEP-MEDEF Code, the overall amount of the non-compete clause and the imposed departure clause will be capped at (sum of both clauses) 24 months' compensation (fixed + variable). ♦ Pursuant to the regulated agreements and commitments procedure, the items above were authorised by the Board of Directors' meetings held on 11 February 2015 and 22 July 2015 and will be submitted to the approval of the Shareholders' Meeting to be held on 6 November 2015 (5th resolution).
Supplementary pension scheme	No payment	♦ Mr Alexandre Ricard benefits from the collective defined-benefit supplementary pension scheme offered by the Company 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 elements of his compensation. ♦ In accordance with the regulated agreements and commitments procedure, the items above were authorised by the Board of Directors' meeting held on 11 February 2015 and will be submitted to the approval of the Shareholders' Meeting to be held on 6 November 2015 (5th resolution). ♦ For example, if the calculation were to be made on the basis of Mr Alexandre Ricard's fixed and variable compensation due or granted for the last three financial years, the annuity paid to Mr Alexandre Ricard under this scheme would be approximately 11% of this compensation.
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 employee benefits and other additional elements of his compensation. ♦ In accordance with the regulated agreements and commitments procedure, the items above were authorised by the Board of Directors' meeting held on 11 February 2015 and will be submitted to the approval of the Shareholders' Meeting to be held on 6 November 2015 (5th resolution).
Other benefits	€3,266	♦ Mr Alexandre Ricard benefits from a company car.

It is proposed in the **12th resolution** that you **give a favourable opinion** on the following **elements of compensation due or granted in respect of the 2014/2015 financial year to Mr Pierre Pringuet, Chief Executive Officer until 11 February 2015**:

Elements of compensation due or granted in respect of the 2014/2015 financial year to Mr Pierre Pringuet, Chief Executive Officer until 11 February 2015, submitted to the shareholders' advisory vote

Elements of compensation	Amounts	Remarks
Fixed compensation	€695,511	♦ Until 11 February 2015, the end date of his term of office as Chief Executive Officer, the gross fixed compensation granted to Mr Pierre Pringuet was €1,127,500, as decided by the Board of Directors on 27 August 2014 on the recommendation of the Compensation Committee. Gross fixed compensation due and granted to Mr Pierre Pringuet as Chief Executive Officer in respect of the 2014/2015 financial year was paid *pro rata temporis* from 1 July 2014 to 11 February 2015, *i.e.* €695,511.
Variable compensation	€765,062	♦ At the meeting held on 11 February 2015, the Board of Directors followed the recommendation of the Compensation Committee and appraised the variable portion of Mr Pierre Pringuet's compensation for the period from 1 July 2014 to 11 February 2015 (pro rata temporis until the end of his term of office as Chief Executive Officer). ♦ As per the quantitative and qualitative criteria set by the Board of Directors at its meeting held on 27 August 2014 and in order to settle the balance of Mr Pierre Pringuet's term of office as Chief Executive Officer, the variable portion for the period from 1 July 2014 to 11 February 2015 was determined as follows: • as per the quantitative criteria (profit from recurring operations, net attributable profit and net debt/EBITDA), based on the latest estimate presented to the Board as the Group confirmed its annual growth objective, the variable portion of Mr Pierre Pringuet's compensation amounted to 55% of his fixed compensation, *i.e.* the target quantitative objectives were achieved in full; • as per the qualitative criteria, the variable portion accounts for 55% of the gross fixed compensation. The Board appreciated the qualitative performance of Mr Pierre Pringuet over the period as highly satisfactory given the successful implementation of the new post-Allegro organisation and the efficient handling of the succession and the transfer of powers to Mr Alexandre Ricard. ♦ As a result, the variable portion of Mr Pierre Pringuet's compensation as Chief Executive Officer for the period from 1 July 2014 to 11 February 2015 was set at €765,062, *i.e.* 110% of his gross fixed compensation for said period. The amounts paid in respect of the 2013/2014 and 2012/2013 financial years were €624,635 and €860,200 respectively.
Multi-year variable compensation	N/A	♦ Mr Pierre Pringuet does not qualify for any multi-year variable compensation.
Directors' fees	N/A	♦ Until 11 February 2015, the end date of his term of office as Chief Executive Officer, and as is the case for all Executive Directors, Mr Pierre Pringuet, as Chief Executive Officer, did not receive any Directors' fees.
Special bonus	N/A	♦ Mr Pierre Pringuet does not qualify for any special bonus.

Elements of compensation	Amounts	Remarks
Allocation of stock options and/ or performance-based shares	€793,156 (total value IFRS of performance-based shares)	♦ During the 2014/2015 financial year, the Board of Directors' meeting held on 6 November 2014 decided, on the recommendation of the Compensation Committee, to grant Mr Pierre Pringuet, then Chief Executive Officer: • 18,200 performance-based shares all subject to the following performance conditions. The number of shares that will be finally allocated to Mr Pierre Pringuet will be determined as follows: – firstly, application of the internal performance condition based on achieving the annual target for Group net profit from recurring operations assessed on the average of two consecutive financial years, at the end of the 2015 (June) and 2016 (June) financial years. The progression formula is the same as the one applied to the allocations to all beneficiaries of performance-based shares, as described in the chapter "stock option and performance-based share allocation policy" of the management report which is included in the 2014/2015 registration document; – secondly, the number of performance-based shares resulting from the implementation of the above-mentioned internal condition, will be subject to the progressive external performance condition as follows: comparison between the Total Shareholder Return (TSR) for Pernod Ricard and the performance of the Food & Beverage Eurostoxx 600 (SX3R) index assessed over a period of three years from the grant of the plan (from 6 November 2014 to 6 November 2017 inclusive). Therefore: - if the global performance of the Pernod Ricard share (TSR) is below the global performance of the Eurostoxx Food & Beverage index: no shares will be confirmed, - if the global performance of the Pernod Ricard share (TSR) equals the Eurostoxx Food & Beverage index global performance: 50% of the shares will be confirmed, - if the global performance of the Pernod Ricard share (TSR) is between 0pt and +10pt in comparison with the global performance of the Eurostoxx Food & Beverage index: the number of shares confirmed will be determined by applying the linear progress percentage from 50% to 100%, - if the global performance of Pernod Ricard share (TSR) is greater than or equal to +10pt of the Eurostoxx Food & Beverage index global performance: 100% of shares will be confirmed.
Welcome bonus or compensation for termination of service	No payment	♦ As announced at the Board of Directors' meeting held on 27 August 2014 with regard to the end of his term of office as Chief Executive Officer, Mr Pierre Pringuet has expressly and irrevocably waived the financial compensation that stems from his non-compete clause but has maintained his 24-month non-compete obligation after leaving Pernod Ricard as Chief Executive Officer.
Supplementary pension scheme	€138,421	♦ In compliance with the rules governing the supplementary collective pension scheme applicable across the Group, the annual gross pension (calculated over the last three years of compensation (fixed and variable) prior to retirement) paid to Mr Pierre Pringuet upon the settlement of his pension rights amounts to €415,264. This represents 19.30% of the total average compensation over the last three years of work. In respect of the 2014/2015 financial year, the pension paid has been calculated *pro rata temporis* from 1 March 2015 to 30 June 2015, *i.e.* €138,421. ♦ In accordance with the regulated agreements and commitments procedure, the items above were approved by the Board of Directors' meeting held on 29 August 2012 and approved by the Shareholders' Meeting of 9 November 2012 (5th resolution).
Collective healthcare and welfare schemes		♦ Until 11 February 2015, the end of his term of office as Chief Executive Officer, Mr Pierre Pringuet had benefited from for the collective healthcare and welfare schemes offered by the Company 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 elements of his compensation. ♦ In accordance with the regulated agreements and commitments procedure, the items above were authorised by the Board of Directors' meeting held on 29 August 2012 and approved by the Shareholders' Meeting of 9 November 2012 (5th resolution).
Other benefits	€3,607	♦ Mr Pierre Pringuet, as Chief Executive Officer, benefited from a company car and a driver.

Finally, it is proposed in the **13th resolution** that you give **a favourable opinion on the following elements of compensation due or granted in respect of the 2014/2015 financial year to Ms Danièle Ricard, Chairwoman of the Board of Directors until 11 February 2015:**

Elements of compensation due or granted in respect of the 2014/2015 financial year to Ms Danièle Ricard, Chairwoman of the Board of Directors until 11 February 2015, submitted to the shareholders' advisory vote

Elements of compensation	Amounts	Remarks
Fixed compensation	€67,836	♦ Until 11 February 2015 when Ms Danièle Ricard resigned as Chairwoman of the Board of Directors and Director of the Company, her gross fixed compensation amounted to €110,000 as decided by the Board of Directors' meeting held on 27 August 2014 on the recommendation of the Compensation Committee. Gross fixed compensation due and granted to Ms Danièle Ricard as Chairwoman in respect of the 2014/2015 financial year was calculated *pro rata temporis* from 1 July 2014 to 11 February 2015, *i.e.* €67,836.
Variable compensation	N/A	♦ Ms Danièle Ricard does not qualify for any variable compensation.
Multi-year variable compensation	N/A	♦ Ms Danièle Ricard does not qualify for any multi-year variable compensation.
Directors' fees	N/A	♦ As is the case for all Executive Directors of the Company, Ms Danièle Ricard does not receive any Directors' fees as Chairwoman of the Board of Directors.
Special bonus	N/A	♦ Ms Danièle Ricard does not qualify for any special bonus.
Allocation of stock options and/or performance-based shares	N/A	♦ Ms Danièle Ricard does not qualify for any allocation of stock options or performance-based shares.
Welcome bonus or compensation for termination of service.	N/A	♦ Ms Danièle Ricard does not qualify for any compensation.
Supplementary pension scheme	N/A	♦ Ms Danièle Ricard does not qualify for the supplementary pension scheme in place within the Company.
Collective healthcare and welfare schemes	N/A	♦ Ms Danièle Ricard does not qualify for the collective healthcare and welfare schemes in place within the Company.
Other benefits	N/A	♦ Ms Danièle Ricard does not qualify for any other benefits.

The general policy for the compensation of the Company's Executive Directors is shown in Section 4 "Management Report", under "Compensation policy for the Executive Directors" of this Registration Document.

Repurchase of shares

The Shareholders' Meeting of 6 November 2014 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 8 "About the Company and its share capital" of this Registration Document. This authorisation is due to expire on 5 May 2016, it is proposed, in the **14th 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 €150 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 Officers of the Company and/or Group companies (including the allocation of stock options and performance-based shares);
- using them within the scope of external growth transactions (up to a maximum of 5% of the number of shares comprising the share capital);
- delivering shares upon the exercise of rights attached to securities granting access to the share capital;
- cancelling them;
- stabilising the share price through liquidity agreements.

These transactions would be carried out during periods considered appropriate by the Board of Directors. However, during a public offer period, these transactions would only be carried out subject and limited to the following conditions and to enable the Company to comply with its prior commitments, and solely if the repurchase transactions:

- are undertaken within the scope of the pursuit of a programme that was already in progress;
- are not likely to cause the offer to fail; and
- fall within the following objectives:
  - allocation to the beneficiaries of stock options and performance-based shares,
  - allocation to holders of securities granting access to share capital,
  - allocation within the scope of external growth transactions (max 5% of share capital).

Resolutions presented to the Extraordinary Shareholders' Meeting

As the financial authorisations granted to the Board of Directors by the Shareholders' Meeting of 6 November 2013 are due to expire on 5 January 2016, it is proposed that you renew these authorisations.

Delegations of authority submitted to the vote during the present Shareholders' Meeting and which are approved, cancel, from the date of the present Shareholders' Meeting, any previous delegations approved and having the same purpose.

If passed, these resolutions would enable the Board of Directors to immediately take the most appropriate measures notably regarding the financing of planned investments in external growth operations.

No delegations of authority allowing a share capital increase may be used during a public offer for the shares of the Company.

Reduction of the share capital by cancelling treasury shares

One of the aims of the share repurchase programme (14th resolution) is the cancellation of the purchased shares. For this purpose, we ask that, by voting in favour of the **15th resolution**, you authorise the Board of Directors to **cancel all or some of the Company shares purchased through a share repurchase programme**, for up to 10% of the shares comprising the Company's share capital per 24-month period.

This authorisation would be granted for a period of **26 months** as from the date of the General Shareholder's Meeting.

Delegations of authority to issue ordinary shares and/or securities granting access to the Company's share capital, with maintenance of the Preferential Subscription Right (16th resolution), or with cancellation of the Preferential Subscription Right (17th resolution)

16th resolution (issues of shares with Preferential Subscription Right)

In order to pursue its growth strategy and to have means in line with the Group's development, your Board of Directors puts forward resolutions with the purpose of granting the Board of Directors delegations of authority allowing it to issue securities in compliance with the current regulations.

The **16th resolution** covers the issues, **with maintenance of your Preferential Subscription Right**, of your Company's shares or of securities granting access to the share capital. In the event of the issue of securities giving future access to the share capital – *e.g.* bonds with share warrants attached, convertible bonds or detachable warrants – your decision would waive your Preferential Subscription Right to the shares to which the securities initially issued will grant entitlement and for which your Preferential Subscription Right is maintained.

The maximum nominal amount of the share capital increases likely to be conducted by virtue of this delegation would be set at **€135 million**, *i.e.* approximately **33%** of the share capital.

It also forms the maximum **Overall Limit** from which the share issues determined by virtue of the **17th** (issue of securities with cancellation of the Preferential Subscription Right), **18th** (increase in the number of securities issued), **19th** (remuneration of contributions in kind), **20th** (public exchange offer initiated by the Company), **21st** (capitalisation of reserves) and **24th** (share capital increases reserved for employees) **resolutions** would be deducted.

The **maximum nominal amount of securities representing debts** (granting access to the capital) on the Company, which can be issued by virtue of this authorisation, would be limited to **€5 billion**, it being specified that the nominal amount of securities representing debts to be issued in accordance with the **17th resolution** would be deducted from this maximum nominal amount of securities representing debts.

This authorisation would be valid for a period of **26 months** from the date of this Shareholders' Meeting. The Board of Directors may not take the decision to use this delegation of authority as from the date at which a third party files a proposal for a public offer for the shares of the Company unless it obtains prior authorisation from the Shareholders' Meeting; this restriction shall remain in effect until the end of the offer period.

17th resolution (issues of shares without Preferential Subscription Right)

Enabling your Board of Directors to carry out share issues without Preferential Subscription Right would allow the Board to take advantage of opportunities that may arise on French and foreign markets under certain circumstances, notably through an offer to the public.

Your Board of Directors requests that, by voting on the **17th resolution**, you delegate your authority so as to allow the issue of shares and securities granting access to the share capital, with cancellation of the shareholders' Preferential Subscription Right, up to a maximum nominal amount of **€41 million**, *i.e.* approximately 10% of the share capital, it being specified that this maximum nominal amount **would be deducted from the maximum Overall Limit** set in the **16th resolution**.

This amount of 41 million is common to the 18th (increase of the number of securities issued with cancellation of Preferential Subscription Right), **19th** (remuneration of contributions in kind), **20th** (public exchange offer initiated by the Company) and **24th** (share capital increases reserved for employees) resolutions and would be deducted from the maximum **Overall Limit** of **€135 million** (**16th resolution**).

The maximum nominal amount of securities representing debts (granting subsequent access to the share capital) on the Company that can be issued by virtue of this authorisation would be limited to **€4 billion** and **would be deducted from the €5 billion maximum limit** set by the **16th resolution**.

This authorisation would be valid for a period of **26 months** from the date of this Shareholders' Meeting. The Board of Directors may not take the decision to use this delegation of authority as from the date at which a third party files a proposal for a public offer for the shares of the Company unless it obtains prior authorisation from the Shareholders' Meeting; this restriction shall remain in effect until the end of the offer period.

Increase in the number of shares to be issued in the event of a share capital increase with or without Preferential Subscription Right

By voting on the **18th resolution** we request that you delegate the authority of the Shareholders' Meeting to the Board of Directors to decide, as allowed by law, if it records a surplus demand during a share capital increase with or without Preferential Subscription Right, **to increase the number of shares to be issued** at the same price as that chosen for the initial issue, within the time periods and limits prescribed by law and regulations.

This option enables the Board, as part of a share issue, to carry out, within 30 days after the subscription period ends, an additional share issue of **a maximum of 15% of the initial issue** (this is called the "overallocation option"), subject to the limit set in the resolution by virtue of which the increase is decided (**16th or 17th resolution**) as well as to the **maximum Overall Limit** set in the **16th resolution**.

This authorisation would be valid for a period of **26 months** from the date of this Shareholders' Meeting.

The Board of Directors may not take the decision to use this delegation of authority as from the date at which a third party files a proposal for a public offer for the shares of the Company unless it obtains prior authorisation from the Shareholders' Meeting; this restriction shall remain in effect until the end of the offer period.

Delegation of authority to increase the share capital by way of remunerating contributions in kind subject to the limit of 10% of the share capital

By voting on the **19th resolution**, we request that you authorise the Board of Directors to issue shares and securities, with a view to remunerating contributions in kind granted to the Company, in particular contributions in kind of shares, by way of remunerating the purchase of companies' shares by issuing shares.

This option, which would be offered to the Board of Directors for **26 months** from this Shareholders' Meeting, would be limited to 10% of the Company's share capital, it being specified that this limit would be deducted from the share capital increase limit set in the **17th resolution** as well as from the **maximum Overall Limit** set in the **16th resolution**.

The Board of Directors may not take the decision to use this delegation of authority as from the date at which a third party files a proposal for a public offer for the shares of the Company unless it obtains prior authorisation from the Shareholders' Meeting; this restriction shall remain in effect until the end of the offer period.

Delegation of authority to increase the share capital in the event of a public exchange offer initiated by the Company

In the same way, by voting on the **20th resolution**, we request that you authorise the Board of Directors to issue shares and securities, with a view to carrying out a public offer of exchange or a similar transaction on securities of another company.

This option would be offered to the Board of Directors for **26 months** from the date of this Shareholders' Meeting and would be limited to **10% of the Company's share capital** at the time of the issue, it being specified that this limit **would be deducted from the share capital increase limit set in the 17th resolution, as well as the Overall Limit set in the 16th resolution**.

The Board of Directors may not take the decision to use this delegation of authority as from the date at which a third party files a proposal for a public offer for the shares of the Company unless it obtains prior authorisation from the Shareholders' Meeting; this restriction shall remain in effect until the end of the offer period.

Delegation of authority to increase the share capital by the capitalisation of premiums, reserves and profits

We request that, by voting on the **21st resolution**, you authorise the Board of Directors to increase the share capital by the capitalisation of premiums, reserves, profits or other items. As this transaction does not necessarily involve issuing new shares, this delegation of authority must be voted by the Extraordinary Shareholders' Meeting under the conditions of quorum and majority of the Ordinary Shareholders' Meetings.

This delegation of authority would enable your Board of Directors to increase the share capital up to a **maximum nominal amount of €135 million to be deducted from the maximum Overall Limit set in the 16th resolution**.

This authorisation would be valid for a period of **26 months** from the date of this Shareholders' Meeting.

The Board of Directors may not take the decision to use this delegation of authority as from the date at which a third party files a proposal for a public offer for the shares of the Company unless it obtains prior authorisation from the Shareholders' Meeting; this restriction shall remain in effect until the end of the offer period.

Authorisation granted to the Board of Directors to decide on the allocation of performance-based shares to employees and Executive Directors of the Company and Group companies

The purpose of the **22nd resolution** is to authorise the Board of Directors to grant performance-based shares to employees and Executive Directors of the Company and Group companies.

The definitive allocation of all performance-based shares will be subject to performance and presence conditions, as has always been the case for all free share allocations by the Company.

The shares to be allocated on the basis of this 22nd resolution will be subject to the following internal performance condition: the shares will be definitively allocated provided that the average achievement ratio of the annual target for Group profit from recurring operations over **three consecutive financial years** represents at least 95% of the annual target for Group profit from recurring operations budgeted for these financial years. The final number of shares allocated is determined by application of a percentage of between 0% and 100%, using a linear progression.

For Executive Directors, all allocations will be subject to performance conditions. Half of the allocations will be subject to 2 conditions: an external condition (described below in the **23rd resolution** relating to stock options) and an internal condition (such as described above). The other half of the allocations will be subject to the same internal performance condition.

It is specified that, in determining the final number of shares allocated, the **internal performance condition** would now be **assessed over a period of 3 consecutive financial years** (average achievement ratio of the annual target for Group profit from recurring operations over three consecutive financial years, including the year during which the shares have been allocated).

The vesting period of the shares shall be a minimum of three years.

This authorisation would be valid for a period of 38 months from the date of this Shareholders' Meeting. It would permit the allocation of shares representing a maximum of 1.5% of the Company's share capital at the date of the Board of Directors' decision to allocate such shares. Moreover, the number of shares allocated to the Company's Executive Directors shall not exceed 0.06% of the Company's share capital at the date of the Board of Directors' decision to allocate such shares. This amount will be deducted from the overall limit of 1.5% of the Company's share capital mentioned above.

Delegation of authority to the Board of Directors to grant stock options for the subscription or purchase of shares to employees and to Executive Directors of the Company and Group companies

The purpose of the **23rd resolution** is to enable the Board of Directors to grant stock options for the subscription or purchase of shares to employees and Executive Directors of the Company and Group companies.

Exercise of the stock options would be subject to performance and presence conditions as has been the case for most of the stock options granted by the Company for the past years.

The allocations to be made on the basis of this 23rd resolution, including the allocation to Executive Directors, will be subject to the following external performance condition, assessed over a period of 3 consecutive years, through the positioning of the overall performance of the Pernod Ricard share (TSR) compared to the overall performance of a panel of 12 peers composed as follows: Diageo, Brown Forman, Remy Cointreau, Campari, Constellation Brands, AB InBev, SAB Miller plc, Heineken, Carlsberg, Coca-Cola, PepsiCo and Danone (hereinafter the "Panel"):

- below the median, no option can be exercised;
- if equal to the median (7th position), 66% of the options can be exercised;
- if in 6th, 5th or 4th position, 83% of the options can be exercised; and
- if in 3rd, 2nd or 1st position, 100% of the options can be exercised.

The exercise price of the stock options will be determined in accordance with the applicable dispositions of the French Commercial Code and no discount will be applied.

The stock options shall only be exercisable at the end of a period of minimum three years following the grant date and this for a period of minimum four years (the validity of the options being of maximum 8 years).

This authorisation would be valid for a period of 38 months from the date of this Shareholders' Meeting. The shares resulting from the exercise of the stock options may not represent more than 1.5% of the Company's share capital at the date of the Board of Directors' decision to grant stock options. Moreover, the number of stock options granted to the Executive Directors of the Company may not represent more than 0.21% of the Company's share capital at the date of the decision to grant stock options. This amount will be deducted from the overall limit of 1.5% of the Company's share capital mentioned above.

Delegation of authority to increase the share capital through the issue of shares or securities granting access to the share capital, reserved for members of a Company savings plan

As the Shareholders' Meeting is requested to vote on delegations of authority to the Board of Directors that might entail future share capital increases, it is proposed that, by voting on the **24th resolution**, you delegate authority to the Board of Directors to decide on a share capital increase of a **maximum nominal amount corresponding to 2% of the share capital** at the close of this Shareholders' Meeting, by way of an issue of shares or securities granting access to the share capital, reserved for members of one or more employee savings plans in place within the Company or the Group. This limit **would be deducted from the share capital increase limit** set in the **17th resolution**, as well as from the **maximum Overall Limit** set in the **16th resolution**.

The issue price for the new shares or securities granting access to the share capital may not be more than 20% below the average of the listed prices of the Pernod Ricard share on the regulated NYSE Euronext Paris market during the 20 trading sessions prior to the date of the decision setting the opening date for the subscription period, nor may the issue price exceed this average.

This authorisation would be valid for a period of **26 months** from the date of this Shareholders' Meeting.

Amendment to article 33-I of the Company's bylaws ("Composition and holding of General Shareholders' Meeting") in accordance with applicable laws and regulations relating to the date of establishment of the list of individuals qualified to attend Shareholders' Meetings (record date) – amendment to article 33-I of the bylaws "Composition and holding of General Shareholders' Meetings"

By voting on the **25th resolution**, it is proposed that you amend article 33-I of the bylaws to make it compliant with the new laws and regulations relating to the date of establishment of the list of individuals qualified to attend General Shareholders' Meetings (record date) or the registration date of the shares so that a shareholder may attend or appoint a proxy for a meeting - previously, the date was the third business day prior to the meeting and it is now the second business day prior to the meeting pursuant to article R. 225-85 of the French Commercial Code amended by Decree no. 2014-1466 of 8 December 2014.

It is thus proposed to amend article 33-I of the Company's bylaws to state that the right of a shareholder to attend or be represented at Shareholders' Meetings is conditional on their shares being registered two business days prior to the Shareholders' Meeting before zero hours, Paris time.

Powers to carry out the required legal formalities

By voting on the **26th resolution**, the Shareholders' Meeting is asked to authorise the Board of Directors to carry out the required legal formalities, where applicable.

Draft resolutions

Resolutions presented to the Ordinary Shareholders' Meeting

The purpose of the **first three resolutions** is to approve Pernod Ricard's annual and consolidated financial statements for the 2014/2015 financial year and to allocate the net result for said year. It is proposed to set the dividend at €1.80 per share, following the allocation of an interim dividend of €0.82 per share on 8 July 2015.

First resolution

(Approval of the Parent Company financial statements for the financial year ended 30 June 2015)

Having reviewed the Parent Company financial statements for the financial year ended 30 June 2015, the management report of the Board of Directors and the report of the Statutory Auditors on the Parent Company financial statements, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, approves the financial statements for the financial year ended 30 June 2015 as well as all transactions recorded in the financial statements or summarised in these reports, which show a net profit of €1,614,768,788.84 for the aforementioned financial year.

The Shareholders' Meeting takes note of the report of the Chairman of the Board of Directors on the composition of the Board and the implementation of the principle of balanced representation of women and men within the Board, the conditions governing the preparation and organisation of the work performed by the Board of Directors as well as the Internal Control and risk management procedures implemented by the Company, and the report of the Statutory Auditors on such report.

Pursuant to article 223 *quater* of the French General Tax Code, the Shareholders' 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 Tax Code amounted to €225,684 for the past financial year, and that the future tax payable with regard to these costs and expenses amounts to €77,703.

Second resolution

(Approval of the consolidated financial statements for the financial year ended 30 June 2015)

Having reviewed the report of the Board of Directors on the management of the Group included in the management report in accordance with article L. 233-26 of the French Commercial Code and the report of the Statutory Auditors on the consolidated financial statements, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, approves the consolidated financial statements for the financial year ended 30 June 2015 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 the net result for the financial year ended 30 June 2015 and setting of the dividend)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, notes that the balance sheet for the financial year ended 30 June 2015 shows a net profit of €1,614,768,788.84.

It decides, on the proposal of the Board of Directors, to allocate and divide this profit as follows:

Profit	€1,614,768,788.84
Allocation to the legal reserve	€0 (1)
Balance	€1,614,768,788.84
Previous retained earnings	€484,264,191.90
Distributable profit	€2,099,032,980.74
Dividend distributed	€477,758,865.60
Balance allocated to retained earnings	€1,621,274,115.14

(1) The amount of the legal reserve has reached the threshold of 10% of the share capital.

It should be noted that in the event of a change between the number of shares entitled to a dividend and the 265,421,592 shares making up the share capital as of 30 June 2015, the total amount of the dividend shall be adjusted accordingly and the amount allocated to the retained earnings account shall be determined on the basis of dividends actually paid.

A dividend of €1.80 will be distributed for each of the Company's shares.

An interim dividend payment of €0.82 per share having been paid on 8 July 2015, the balance amounting to €0.98 per share would be detached on 16 November 2015 and paid on 18 November 2015.

The Shareholders' Meeting decides 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 €1.80 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.

Shareholders' equity totals €5,487,419,019.15 after allocation of the net result for the financial year.

Dividends distributed over the past three financial years are as follows:

	2011/2012	2012/2013	2013/2014
Number of shares	265,310,605	265,421,592	265,421,592
Dividend per share *(in euro)*	1.58 (1)	1.64 (1)	1.64 (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 purpose of the **4th** and **5th resolutions** is to approve the regulated agreement and commitments previously approved by the Board of Directors of Pernod Ricard.

Fourth resolution

(Approval of regulated agreements and commitments referred to in article L. 225-38 et seq. of the French Commercial Code)

Having reviewed the special report of the Statutory Auditors on the regulated agreements and commitments referred to in article L. 225-38 *et seq.* of the French Commercial Code, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, notes the conclusions of said report and approves the agreements and commitments referred to therein.

Fifth resolution

(Approval of the commitments referred to in article L. 225-42-1 of the French Commercial Code relating to Mr Alexandre Ricard)

Having reviewed the special report of the Statutory Auditors relating to the regulated agreements and commitments referred to in articles L. 225-38 and L. 225-42-1 of the French Commercial Code, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, takes note of the conclusions of said report and approves the commitments set out therein that benefit Mr Alexandre Ricard, Chairman & CEO, relating to a non-compete clause accompanied by an indemnity, a non-voluntary departure clause subject to performance conditions, as well as membership of the collective supplementary defined-benefit pension scheme and 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 is assimilated as far as welfare and other additional items of his compensation are concerned.

The purposes of the **6th, 7th and 8th resolutions** pertain to amend the actual composition of the Board of Directors. It is therefore proposed to ratify the co-option of Ms Veronica Vargas as a Director, as decided by the Board meeting held on 11 February 2015, to renew the directorship of Ms Nicole Bouton as a Director and to appoint Ms Kory Sorenson as a Director.

Sixth resolution

(Ratification of the co-option of Ms Veronica Vargas as a Director)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, decides to ratify the co-option by the Board of Directors of Ms Veronica Vargas as a Director on 11 February 2015, following the resignation of Ms Danièle Ricard from her functions as Director.

This term of office is granted for the remainder of Ms Danièle Ricard's directorship, namely until the close of the Shareholders' Meeting to be held in 2017 to approve the financial statements for the previous financial year.

Seventh resolution

(Renewal of the directorship of Ms Nicole Bouton)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, decides to renew the directorship of Ms Nicole Bouton.

This term of office is granted for a period of four years, which shall expire at the close of the Shareholders' Meeting to be held in 2019 to approve the financial statements for the previous financial year.

Eighth resolution

(Appointment of Ms Kory Sorenson as a Director)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, decides to appoint Ms Kory Sorenson as a Director.

This term of office is granted for a period of four years, which shall expire at the close of the Shareholders' Meeting to be held in 2019 to approve the financial statements for the previous financial year.

The purpose of the **9th resolution** is to appoint a new alternate Statutory Auditor to replace Mr Patrick de Cambourg who ceased his activity as Statutory Auditor.

Ninth resolution

(Appointment of an alternate Statutory Auditor)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, having duly recorded that Mr Patrick de Cambourg ceased his activity as Statutory Auditor, decides to appoint CBA company whose head office is located 61, rue Henri Regnault, 92 400 Courbevoie, as alternate Statutory Auditor to replace Mr Patrick de Cambourg.

This term of office is granted for the remainder of Mr Patrick de Cambourg's term of office, namely until the close of the Shareholders' Meeting to be held in 2016 to approve the financial statements for the previous financial year.

The purpose of the **10th resolution** is to set the aggregate amount of Directors' fees allocated to the Board of Directors for this financial year 2015/2016.

Tenth resolution

(Setting of the annual amount of Directors' fees allocated to the members of the Board of Directors)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, upon proposal of the Board of Directors, decides to set the aggregate annual amount of Directors' fees in respect of the 2015/2016 financial year at €950,000.

The **11th, 12th and 13th resolutions** concern the shareholders' advisory vote on the compensation granted to the Executive Directors in respect of the 2014/2015 financial year. It concerns Mr Alexandre Ricard, Chairman & CEO since 11 February 2015, former Deputy Chief Executive Officer and Chief Operating Officer, Mr Pierre Pringuet, CEO until 11 February 2015 and Ms Danièle Ricard, Chairwoman of the Board of Directors until 11 February 2015.

Eleventh resolution

(Advisory vote on the elements of compensation due or granted for the 2014/2015 financial year to Mr Alexandre Ricard, Chairman & CEO since 11 February 2015 and former Deputy Chief Executive Officer and Chief Operating Officer)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, gives a favourable opinion on the elements of compensation due or granted for the 2014/2015 financial year to Mr Alexandre Ricard, Chairman & CEO since 11 February 2015 and former Deputy Chief Executive Officer and Chief Operating Officer. These elements are described in Section 4, "Management Report" of the 2014/2015 Registration Document, in the paragraph entitled "Elements of compensation due or granted in respect of the 2014/2015 financial year to Mr Alexandre Ricard, Chairman & CEO since 11 February 2015 and former Deputy Chief Executive Officer and Chief Operating Officer, submitted to the shareholders' advisory vote".

Twelfth resolution

(Advisory vote on the elements of compensation due or granted for the 2014/2015 financial year to Mr Pierre Pringuet, Chief Executive Officer until 11 February 2015)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, gives a favourable opinion on the elements of compensation due or granted for the 2014/2015 financial year to Mr Pierre Pringuet, Chief Executive Officer until 11 February 2015, as described in Section 4, "Management Report" of the 2014/2015 Registration Document, in the paragraph entitled, "Elements of compensation due or granted in respect of the 2014/2015 financial year to Mr Pierre Pringuet, Chief Executive Officer until 11 February 2015, submitted to the shareholders' advisory vote".

Thirteenth resolution

(Advisory vote on the elements of compensation due or granted for the 2014/2015 financial year to Ms Danièle Ricard, Chairwoman of the Board of Directors until 11 February 2015)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, gives a favourable opinion on the elements of compensation due or granted for the 2014/2015 financial year to Ms Danièle Ricard, Chairwoman of the Board of Directors until 11 February 2015, as described in Section 4, "Management Report" of the 2014/2015 Registration Document, in the paragraph entitled, "Elements of compensation due or granted in respect of the 2014/2015 financial year to Ms Danièle Ricard, Chairwoman of the Board of Directors until 11 February 2015, submitted to the shareholders' advisory vote".

The purpose of the **14th resolution** is to renew the authorisation granted to the Board of Directors to trade in the Company's shares. The Board will be able to use the authorization, subject to conditions.

Fourteenth resolution

(Authorisation to be granted to the Board of Directors to repurchase the shares of the Company)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' 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. 225-209 *et seq.* of the French Commercial Code and of European Commission Regulation no. 2273/2003 of 22 December 2003, to purchase shares of the Company in order to:

(i) allocate shares or transfer 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 options with cash payments concerning rises in the stock market price of the Company's share, 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 *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 Employment 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. 225-209 paragraph 2 of the French Commercial Code, and pursuant to the authorisation to reduce the share capital granted by the Extraordinary Shareholders' Meeting, in the 15th resolution below; or

(vii) allow an investment services provider to act on the secondary market or to ensure liquidity of the Company's share by means of liquidity agreements in compliance with the terms of a Code of Conduct 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. In such a case, the Company would notify its shareholders via a press release.

The Company may purchase a number of shares such that:

- the Company does not purchase more than 10% of the shares comprising its share capital at any time during the term of the share buyback programme; this percentage applies to the share capital adjusted based on capital transactions carried out after this Shareholders' Meeting; in accordance with the provisions of article L. 225-209 of the French Commercial Code, the number of shares taken into account for calculating the 10% limit equates to the number of shares purchased, less the number of shares sold during the authorisation period, in particular when shares are repurchased to favour liquidity of the share under the conditions set out by the AMF's General Regulations; and that
- 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 authorised means pursuant to 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 or over-the-counter market, 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, these transactions would only be carried out under and limited to the following conditions and to enable the Company to comply with its prior commitments, and solely if the repurchase transactions:

- are undertaken within the scope of the pursuit of a programme that was already in progress;
- fall within the scope of the objectives referred to in points (iv) to (v); and
- are not likely to cause the offer to fail.

The Shareholders' Meeting decides that the maximum purchase price per share shall be €150, excluding acquisition costs.

Under article R. 225-151 of the French Commercial Code, the Shareholders' Meeting sets the total maximum amount allocated to the share buyback programme authorised above at €3,981,323,850, corresponding to a maximum number of 26,542,159 shares purchased at the maximum unit price of €150 as authorised above.

The Shareholders' 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 into account the impact of such transactions on the share value.

The Shareholders' 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 to the AMF and to any other authority 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 Shareholders' Meeting and cancels 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 Ordinary Shareholders' Meeting of 6 November 2014 in its 12th resolution.

Resolutions presented to the Extraordinary Shareholders' Meeting

Resolutions 15 to 21 will propose to renew all the financial authorisations and delegations of authority granted to the Board of Directors, as the authorisations granted by the Shareholders' Meeting of 6 November 2013 are due to expire on 5 January 2016.

Delegations of authority submitted to the vote during the present Shareholders' Meeting and which are approved, cancel any previous delegations approved and having the same purpose, with effect from the date of the present Shareholders' Meeting.

If passed, the resolutions will enable the Board of Directors to immediately take the most appropriate measures, notably regarding the financing of planned investments in external growth operations.

Please note that all the delegations authorising a share capital increase will not be used during a tender offer on the shares of the Company.

Fifteenth resolution

(Authorisation to be granted to the Board of Directors for the purpose of reducing the share capital by cancelling treasury shares, subject to the limit of 10% of the share capital)

Having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings and in accordance with articles L. 225-209 *et seq.* of the French Commercial Code:

- authorises the Board of Directors to reduce the share capital by cancelling, on one or more occasions, all or part of the treasury shares held by it or acquired by it pursuant to the share repurchase programmes authorised by the Shareholders' Meeting, in particular in accordance with the 14th resolution above, subject to the limit of 10% of the share capital per 24-month period, it being specified that the 10% limit applies to the Company's capital amount which will be, where applicable, adjusted to take account of capital transactions;
- decides that the excess amount of the purchase price of the shares cancelled over their par value shall be allocated to the "Share premiums" account or to any available reserve accounts, including the legal reserve, subject to the limit of 10% of the capital reduction carried out; and
- grants the Board of Directors full powers, with the option for it to delegate these powers in turn within the limits set by the bylaws and by law, to cancel, on its decision alone, the shares thus acquired, to reduce the share capital accordingly, to allocate the excess amount as provided for above, as well as to make the corresponding amendments to the bylaws and complete all formalities.

This authorisation will be valid for a period of 26 months from the date of this Shareholders' Meeting. It cancels and supersedes, as from such date, the authorisation granted by the Shareholders' Meeting of 6 November 2013 in its 15th resolution.

Sixteenth resolution

(Delegation of authority to be granted to the Board of Directors to decide on a share capital increase for a maximal nominal amount of €135 million, through the issue of ordinary shares and/or securities granting access to the Company's share capital, with maintenance of the preferential subscription right)

Having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, and in accordance with, notably, the provisions of articles L. 225-129-2, L. 225-132, L. 225-133, L. 225-134 and L. 228-91 to L. 228-93 of the French Commercial Code:

- 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, to decide on an increase in the share capital, on one or more occasions, in France, abroad or on the international market, in the proportion and at the times it considers appropriate, either in euros, or in any other currency or monetary unit drawn up in reference to several currencies, with maintenance of the shareholders' preferential subscription right, by issuing (i) ordinary shares of the Company or (ii) securities issued against payment or free of charge, governed by articles L. 228-91 *et seq.* of the French Commercial Code, granting access to the Company's share capital, it being specified that shares and other securities can be subscribed either in cash, or by offsetting receivables;
- decides to set as follows the limits of the amounts of share issues authorised in the event of use of this delegation of authority by the Board of Directors:
  - the maximum nominal amount of the share capital increases likely to be realised by virtue of this delegation of authority is set at €135 million, it being specified that (i) this limit will be added, when applicable, by the nominal amount of any shares to be issued in addition, in the event of further adjustments, in order to protect, in accordance with law and regulations and, when applicable, contractual stipulations providing for other adjustments, the rights of holders of securities granting access to the capital, as well as of recipients of stock options or bonus shares, and that (ii) this limit forms the maximum overall nominal limit for share capital increases likely to be carried out by virtue of this delegation and such increases conferred by virtue of the 17th, 18th, 19th, 20th, 21st and 24th resolutions below, and that the total nominal amount of the share capital increases carried out under these resolutions will be deducted from this overall limit,

- the maximum nominal amount of securities representing debts granting access to the Company's share capital shall not exceed the €5 billion limit or the exchange value of this amount, it being specified that from this amount will be deducted the nominal amount of the debt securities that will be issued by virtue of the 17th resolution of this Shareholders' Meeting. This limit is unrelated to and separate from the amount of the securities representing debts granting the right to the allocation of debt securities, as well as from the amount of the debt securities the issue of which would be determined or authorised by the Board of Directors in accordance with article L. 228-40 of the French Commercial Code;

- sets the period of validity of this delegation of authority at 26 months as from the date of this Shareholders' Meeting and notes that as from such date, this delegation cancels and supersedes the delegation of authority granted by the Shareholders' Meeting of 6 November 2013 in its 16th resolution;
- decides that the Board of Directors may not take the decision to use this delegation of authority as from the date at which a third party files a proposal for a tender offer for the shares of the Company unless it obtains prior authorisation from the Shareholders' Meeting; this restriction shall remain in effect until the end of the offer period;
- in the event of use of this delegation of authority by the Board of Directors:
  - decides that the share issue(s) will preferably be reserved for shareholders who can subscribe with an irreducible right in proportion to the number of shares that they hold at that time, and records that the Board of Directors can institute a subscription with a reducible right,
  - decides that, if the subscriptions with an irreducible right and, where applicable, with a reducible right, do not absorb the entirety of an issue of shares or securities as set out above, the Board of Directors may use the different options provided for by law, in the order that it will determine, including to offer to the public all or part of the shares or, in the case of securities granting access to the share capital, of the said securities not subscribed, on the French and/or foreign and/or international market,
  - decides that the issues of Company share warrants may be carried out through the subscription offer under the aforementioned conditions, but also by the free allocation to the owners of old shares,
  - decides that in the event of a free allocation of independent bonds, the Board of Directors will have the option to decide that the fractional allocation rights will not be marketable and that the corresponding securities will be sold,
  - acknowledges by virtue of this delegation of authority that the shareholders waive, in favour of the holders of securities issued granting access to the Company's share capital, their preferential subscription right to the shares to which the securities will grant entitlement;
- decides that the Board of Directors shall have full powers, with the option for it to delegate these powers in turn within the limits set by law, to implement this delegation of authority, including to set the share issue, subscription and payment conditions, record the completion of the resulting share capital increases and amend the bylaws accordingly, and notably to:
  - determine, if required, the terms for exercising the rights attached to the shares or securities granting access to the capital, to determine the terms for exercising the rights, where applicable, particularly to conversion, exchange and redemption, including by delivering the Company's assets such as securities already issued by the Company,
  - decide, in the event of the issue of debt securities, on whether they are to be subordinated or unsubordinated (and, where applicable, on their subordination ranking, in accordance with the provisions of article L. 228-97 of the French Commercial Code), to set their interest rate (notably fixed or variable rate or zero or indexed coupon), their duration (specified or unspecified) and the other terms of issue (including the granting of guarantees or sureties) and depreciation (including redemption through the delivery of Company assets); decide on the securities that may be bought back on the stock exchange or the subject of a takeover bid or public exchange offer by the Company; to set the conditions under which these securities will grant access to the Company's share capital; to amend, during the life of the securities under consideration, the terms set out above, in compliance with the applicable formalities,
  - on its own initiative, offset the costs of the share capital increases against the amount of the related share premiums and deduct from this amount the sums required to raise the legal reserve to one tenth of the new share capital resulting from such increases in the share capital,
  - set and carry out all adjustments required to take into account the impact of the transactions on the Company's share capital, particularly in the event of the amendment of the nominal value of the share, increase in the share capital through the capitalisation of reserves, free allocation of shares, division or grouping together of shares, distribution of reserves or of all other assets, depreciation of the share capital, or any other transaction concerning shareholders' equity, and set the terms under which, where applicable, the preservation of the rights of holders of securities granting access to the capital will be assured, and
  - generally, enter into any agreement, in particular, to successfully complete the proposed issues of shares or securities, take all measures and decisions and carry out all formalities appropriate for the issue, listing and financial servicing of the shares or securities issued pursuant to this delegation of authority and the exercise of the rights attached thereto, or all formalities resulting from the increases in share capital carried out.

Seventeenth resolution

(Delegation of authority to be granted to the Board of Directors to decide on a share capital increase for a maximum nominal amount of €41 million, through the issue of ordinary shares and/or securities granting access to the Company's share capital, with cancellation of the preferential subscription right, as part of an offer to the public)

Having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, the

Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, and in accordance with the provisions of articles L. 225-127, L. 225-128, L. 225-129, L. 225-129-2, L. 225-135, L. 225-136, L. 228-92 and L. 228-93 of the French Commercial Code:

- 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, to decide on an increase in the share capital, on one or more occasions, in France, abroad or on the international market, in the proportion and at the times it considers appropriate, by way of a an offer to the public, either in euros, or in any other currency or monetary unit drawn up in reference to several currencies, with cancellation of the shareholders' Preferential Subscription Right, (i) by the issue of ordinary shares of the Company or (ii) securities against payment or free of charge, governed by articles L. 225-149 *et seq*. and L. 228-91 *et seq*. of the French Commercial Code, granting access to the Company's capital (whether new or existing Company shares), it being specified that the subscription of shares and of other securities may be carried out either in cash, or by offsetting receivables;
- decides to set as follows the limits of the amounts of share issues authorised in the event of use of this delegation of authority by the Board of Directors:
  - the maximum nominal amount of the share capital increases likely to be realised by virtue of this delegation of authority is set at €41 million, with this amount being deducted from the limit set in the aforementioned 16th resolution aforementioned, it being specified (i) that this limit will be added, when applicable, the nominal amount of any shares to be issued, in the event of adjustments made to protect, in accordance with law and regulations and, when applicable, contractual stipulations providing for other adjustments, the rights of holders of securities granting access to the capital as well as of recipients of stock options or bonus shares, and (ii) that this limit is common to the 18th,19th, 20th and 24th resolutions hereafter and that the total nominal amount of the share capital increases carried out under these resolutions will be deducted from this limit,
  - the maximum nominal amount of securities representing debts granting access to the Company's share capital may not exceed the limit of €4 billion or the exchange value of this amount, it being specified that this amount will be deducted from the limit set for securities representing debt securities, by virtue of the aforementioned 16th resolution. This limit is unrelated to and separate from the amount of the securities representing debts granting the right to the allocation of debt securities, and from the amount of the debt securities, the issue of which would be decided or authorised by the Board of Directors in accordance with article L.228-40 of the French Commercial Code;
- sets the period of validity of this delegation of authority at 26 months as from the date of this Shareholders' Meeting and notes that as from such date, this delegation cancels and supersedes the delegation of authority granted by the Shareholders' Meeting of 6 November 2013 in its 17th resolution;
- decides to cancel the shareholders' preferential subscription right to the securities that are the subject of this resolution, by granting however to the Board of Directors in accordance with article L. 225-135, paragraph 2 of the French Commercial Code, the option to confer on the shareholders, during a period and according to the terms that it will set in compliance with the applicable legal and regulatory provisions and for all or part of the issue made, a priority subscription period that does not create marketable rights and which must be exercised in proportion to the number of shares held by each shareholder and which may potentially be supplemented by a subscription with a reducible right, it being specified that the securities not subscribed will be subject to a public offer in France and/or abroad and/or on the international market;
- decides that the Board of Directors may not take the decision to use this delegation of authority as from the date at which a third party files a proposal for a tender offer for the shares of the Company unless it obtains prior authorisation from the Shareholders' Meeting; this restriction shall remain in effect until the end of the offer period;
- acknowledges, by virtue of this delegation of authority, that the shareholders automatically waive their preferential subscription right to the shares to which the securities will grant entitlement, in favour of the holders of securities issued granting access to the Company's share capital;
- decides that, pursuant to article L. 225-136 of the French Commercial Code:
  - the issue price of the shares issued directly will be at least equal to the minimum amount provided for by the laws and regulations in force at the time at which this delegation of authority is used,
  - the issue price of the securities granting access to the capital will be such that the sum immediately received by the Company, increased, where applicable, by that likely to be received subsequently by the Company, is, for each share issued as a consequence of the issue of these securities, at least equal to the minimum subscription price set out in the previous paragraph;
- decides that if the subscriptions by the shareholders and the public have not absorbed the entire issue of securities, the Board of Directors may use one and/or the other of the options below, in the order that it will determine:
  - limit the issue to the amount of the subscriptions under the conditions stipulated by the law in force at the time at which this delegation of authority is used,
  - freely distribute all or part of the securities not subscribed between the persons of its choice;
- decides that the Board of Directors shall have full powers, with the option for it to delegate these powers in turn within the limits set by law, to implement this delegation of authority, including to set the issue, subscription and payment conditions, record the completion of the resulting share capital increases and amend the bylaws accordingly, and notably to:
  - determine, if required, the terms for exercising the rights attached to the shares or securities granting access to the capital or debt securities to be issued, to determine the terms for exercising the rights, where applicable, particularly to conversion, exchange and redemption, including by delivering Company assets such as securities already issued by the Company,

- decide, in the event of the issue of debt securities, on whether they are to be subordinated or unsubordinated (and, where applicable, on their subordination ranking, in accordance with the provisions of article L. 228-97 of the French Commercial Code), to set their interest rate (notably fixed or variable rate or zero or indexed coupon), their duration (specified or unspecified) and the other terms of issue (including granting them guarantees or sureties) - and depreciation - (including redemption through the delivery of Company assets); to decide on the securities that may be bought back on the stock exchange or the subject of a takeover bid or public exchange offer by the Company; to set the conditions under which these securities will grant access to the Company's capital and/or allocation of debt securities; to amend, during the life of the securities under consideration, the terms set out above, in compliance with the applicable formalities,
- on its own initiative, offset the costs of the share capital increases against the amount of the related share premiums and deduct from this amount the sums required to raise the legal reserve to one tenth of the new share capital resulting from such increases in the share capital,
- set and carry out all adjustments required to take into account the impact of the transactions on the Company's share capital, particularly in the event of the amendment of the nominal amount of the share, increase in the share capital through the capitalisation of reserves, free allocation of shares, division or grouping together of shares, distribution of reserves or all other assets, depreciation of the capital, or any other transaction concerning shareholders' equity, and set the terms under which, where applicable, the preservation of the rights of holders of securities granting access to the capital will be assured, and
- generally, enter into any agreement, in particular, to successfully complete the proposed issues, take all measures and decisions and carry out all formalities appropriate for the issue, listing and financial servicing of the shares or securities issued pursuant to this delegation of authority and the exercise of the rights attached thereto, or all formalities resulting from the increases in share capital carried out.

Eighteenth resolution

(Delegation of authority to be granted to the Board of Directors to increase the number of shares to be issued in the event of a share capital increase, with or without preferential subscription right, subject to the limit of 15% of the initial share issue in accordance with the 16th and 17th resolutions)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, and in accordance with the provisions of article L. 225-135-1 of the French Commercial Code:

- delegates authority to the Board of Directors, with the option for it to delegate these powers in turn under the conditions set by law, to decide on an increase in the number of shares or securities to be issued in the event of an increase in the Company's share capital with or without preferential subscription rights, at the same price as that used for the initial issue, within the time periods and limits stipulated by the regulations in force on the day of the issue (*i.e.*, to date, within 30 days of the end of the subscription period and subject to the limit of 15% of the initial issue) and subject to the limit provided for in the resolution pursuant to which the issue is decided as well (16th or 17th resolution) as the overall limit set by the 16th resolution;
- sets the period of validity of this delegation of authority at 26 months as from the date of this Shareholders' Meeting and notes that as from such date, this delegation supersedes the delegation of authority granted by the Shareholders' Meeting of 6 November 2013 in its 18th resolution;
- decides that the Board of Directors may not take the decision to use this delegation of authority as from the date on which a third party files a proposal for a tender offer for the shares of the Company unless it obtains prior authorisation from the Shareholders' Meeting; this restriction shall remain in effect until the end of the offer period.

Nineteenth resolution

(Delegation of authority to be granted to the Board of Directors to issue ordinary shares and/or securities granting access to the Company's share capital by way of remuneration for contributions in kind granted to the Company, subject to the limit of 10% of the share capital)

Having reviewed the report of the Board of Directors under article L. 225-147 paragraph 6 of the French Commercial Code, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, delegates authority to the Board of Directors, with the option for it to delegate these powers in turn under the conditions set by law, to decide on the issue of various shares or securities granting access to the Company's share capital, subject to the limit of 10% of the share capital at the time of the issue, with a view to remunerating the contributions in kind granted to the Company and comprised of shares or securities granting access to the share capital of other companies, when the provisions of article L. 225-148 of the French Commercial Code are not applicable. In accordance with law, the Board of Directors will rule on the Statutory Auditors' special report on the contributions, referred to in article L. 225-147 of said Code, on the assessment of the contributions and the granting of particular benefits.

The Shareholders' Meeting decides that the nominal amount of the Company's share capital increase resulting from the issue of the securities set out in the above paragraph, will be deducted from the overall limit set in the aforementioned 16th resolution as well as from the maximum amount of the share capital increase set in the 17th resolution above, it being specified that this maximum amount is set without taking into account the consequences for the share capital of the adjustments made to protect, in accordance with law and regulations and, when applicable, contractual stipulations providing for other adjustments, the rights of holders of securities granting access to the capital, as well as those of recipients of stock options or free allocations of shares.

The Shareholders' Meeting decides that the Board of Directors shall have full powers to determine the type and number of securities to be created, their characteristics and the terms of their issue, to approve the assessment of the contributions and, concerning said contributions, record their realisation, deduct all fees, charges and duties from the premium, with the balance receiving any allocation decided by the Board of Directors, or by the Ordinary Shareholders' Meeting, to increase the share capital, carry out the subsequent amendments to the bylaws and, generally, enter into any agreement, in particular, for successful completion of the proposed issues of shares or securities, take all measures and decisions and carry out all formalities appropriate for the issue, listing and financial servicing of the shares or securities issued pursuant to this delegation of authority and the exercise of the rights attached thereto, or all formalities resulting from the increases in share capital carried out.

The Shareholders' Meeting decides that the Board of Directors may not take the decision to use this delegation of authority as from the date on which a third party files a proposal for a tender offer for the shares of the Company unless it obtains prior authorisation from the Shareholders' Meeting; this restriction shall remain in effect until the end of the offer period.

The Shareholders' Meeting sets the period of validity of this delegation of authority at 26 months as from the date of this Shareholders' Meeting and notes that as from such date, this delegation cancels and supersedes the delegation of authority granted by the Shareholders' Meeting of 6 November 2013 in its 19th resolution.

Twentieth resolution

(Delegation of authority to be granted to the Board of Directors to issue ordinary shares and/or securities granting access to the Company's share capital, subject to the limit of 10% of the share capital, with cancellation of the preferential subscription right, in the event of a public offer initiated by the Company)

Having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, and in accordance with the provisions of articles L. 225-129 to L. 225-129-6, L. 225-148 and L. 228-92 of the French Commercial Code:

- delegates authority to the Board of Directors, with the option for it to delegate these powers in turn under the conditions set by law, to decide to issue various ordinary shares or securities granting access to the Company's share capital, immediately and/or in the future, subject to the limit of 10% of the share capital at the time of the issue, with a view to remunerating securities contributed to (i) a public offer of exchange in France or abroad, under local regulations, by the Company on the shares of another company trading on one of the regulated markets set out in the aforementioned article L. 225-148, or (ii) any other transaction having the same effect as a public exchange offer initiated by the Company on the securities of another company whose securities are traded on another regulated market coming under a foreign law (*e.g.* as part of a reverse merger or a scheme of arrangement);
- decides, as required, to cancel the shareholders' preferential subscription right to the ordinary shares and securities thus issued in favour of the holders of these securities which are subject to the public offer;
- acknowledges, by virtue of this delegation of authority, that the shareholders automatically waive their preferential subscription right to the shares to which the securities will grant entitlement, in favour of the holders of securities issued granting access to the Company's share capital.

The Shareholders' Meeting decides that the nominal amount of the Company's share capital increase resulting from the issue of the securities set out in the above paragraph, will be deducted from the overall limit set in the aforementioned 16th resolution as well as from the maximum amount of the share capital increase set in the 17th resolution above, it being specified that this maximum amount is set without taking into account the consequences for the share capital of the adjustments made to protect, in accordance with law and regulations and, when applicable, contractual stipulations providing for other adjustments, the rights of holders of securities granting access to the capital, as well as those of recipients of stock options or free allocations of shares.

The Shareholders' Meeting decides that the Board of Directors shall have full powers to implement the public offers covered by this resolution and particularly:

- to set the exchange parity as well as, where applicable, the amount of the compensation to be paid in cash;
- to record the number of securities contributed to the exchange;
- to determine the dates and issue conditions, particularly the price and date of vesting, of the new ordinary shares, or, where applicable, of the securities granting immediate and/or future access to the Company's ordinary shares;
- to enter the difference between the issue price for the new ordinary shares and their par value on the liabilities side of the balance sheet under "Contribution premium", on which the rights of all the shareholders will be shown;
- if applicable, to deduct from the said 'Contribution premium' all the fees and duties incurred during the authorised transaction;
- to record the completion of the resulting share capital increase(s) and to make any subsequent amendments to the bylaws and, generally, enter into any agreement, in particular, to successfully complete the proposed issues of shares or securities, take all measures and decisions and carry out all formalities appropriate for the issue, listing and financial servicing of the securities issued pursuant to this delegation of authority and the exercise of the rights attached thereto, or all formalities resulting from the increases in share capital carried out.

The Shareholders' Meeting decides that the Board of Directors may not take the decision to use this delegation of authority as from the date on which a third party files a proposal for a tender offer for the shares of the Company unless it obtains prior authorisation from the Shareholders' Meeting; this restriction shall remain in effect until the end of the offer period.

The Shareholders' Meeting sets the period of validity of this delegation of authority at 26 months as from the date of this Shareholders' Meeting and notes that as from such date, this delegation cancels and supersedes the delegation of authority granted by the Shareholders' Meeting of 6 November 2013 in its 20th resolution.

Twenty-first resolution

(Delegation of authority to be granted to the Board of Directors to decide on a share capital increase for a maximum nominal amount of €135 million by capitalisation of premiums, reserves, profits or other items)

Having reviewed the report of the Board of Directors, the Extraordinary Shareholders' Meeting, deliberating in accordance with the quorum and majority provided for in article L. 225-98 of the French Commercial Code, and in accordance with the provisions of articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

- delegates its authority to the Board of Directors to decide to increase the share capital, on one or more occasions, and in the proportions and at the times it considers appropriate, by the capitalisation of premiums, reserves, profits or other items that it will be possible to capitalise under the law and the bylaws, and in the form of the free allocation of shares or raising of the par value of the existing shares or by combining these two options.
- decides to set the maximum nominal amount of share capital increases that may be carried out in this respect at €135 million, it being specified that this limit:
  - is set without taking account of the nominal amount of the Company's ordinary shares that may be issued with respect to the adjustments made to protect, in accordance with law and regulations and, when applicable, contractual stipulations providing for other adjustments, the rights of holders of securities granting access to the capital, as well as of recipients of stock options or a free allocation of shares, and
  - will also be deducted from the maximum amount of the share capital increase determined in the aforementioned 16th resolution;
- in the event that the Board of Directors makes use of this delegation of authority, delegates full powers to the latter, with the option for it to delegate these powers in turn under the conditions provided for by law, to implement this delegation of authority and set the issue conditions, record the completion of the subsequent share capital increases and consequently amend the bylaws and notably:
  - set the amount and type of sums to be incorporated into the capital, set the number of new shares to be issued and/or the amount by which the par value of the existing shares comprising the share capital will be increased, finalise the date, even retroactive, from which the new shares can be vested or the date on which the increase in the par value will become effective,
  - decide, in the event of a free allocation of shares:

    (i) that the fractional shares shall not be marketable and that the corresponding shares will be sold; the sums resulting from the sale will be allocated to the holders of the rights under the conditions stipulated by the law and regulations,

    (ii) to carry out all adjustments required to take into account the impact of transactions on the Company's share capital, particularly in the event of the amendment of the par value of the share, increase in the share capital by the capitalisation of reserves, free allocation of shares, division or grouping together of shares, distribution of reserves or all other assets, depreciation of the capital, or any other transaction concerning shareholders' equity, and set the terms under which, where applicable, the preservation of the rights of holders of securities granting access to the capital will be assured, and
  - generally, to enter into any agreement, in particular, for successful completion of the proposed issues of shares or securities, take all measures and decisions and carry out all formalities appropriate for the issue, listing and financial servicing of the securities issued pursuant to this delegation of authority and the exercise of the rights attached thereto, or all formalities resulting from the increases in share capital carried out;
- decides that the Board of Directors may not take the decision to use this delegation of authority as from the date at which a third party files a proposal for a tender offer for the shares of the Company unless it obtains prior authorisation from the Shareholders' Meeting; this restriction shall remain in effect until the end of the offer period;
- sets the period of validity of this delegation of authority at 26 months as from the date of this Shareholders' Meeting and notes that as from such date, this delegation cancels and supersedes the delegation of authority granted by the Shareholders' Meeting of 6 November 2013 in its 22nd resolution.

Resolutions 22 and 23 will renew the authorisations granted to the Board of Directors to allocate performance-based shares and options to subscribe for existing or to be issued shares to employees and Executive Directors of the Company and Group companies. Allocations will be subject to conditions and each resolution specifies an overall limit and a sub-limit for the Executive Directors of the Company.

Twenty-second resolution

(Authorisation to be granted to the Board of Directors to freely allocate performance-based existing shares or shares to be issued to employees and Executive Directors of the Company and Group companies)

Having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings and in accordance with the provisions of articles L. 225-197-1 *et seq.* of the French Commercial Code:

- authorises the Board of Directors to allocate existing shares or to be issued shares of the Company, on one or more occasions, to employees and eligible Executive Directors (as defined in article L. 225-197-1 II paragraph 1 of the French Commercial Code) of the Company and of other companies or groups related to the Company as defined by article L. 225-197-2 of the French Commercial Code, or to certain categories of them;

- decides that the maximum number of existing or to be issued shares that can be allocated under this authorisation shall represent no more than 1.5% of the Company's share capital on the day the decision to allocate them is taken by the Board of Directors. This number shall not include any adjustments that may be made to maintain the rights of the beneficiaries in the event of financial transactions or transactions on the Company's share capital or on the shareholders' equity;
- decides that the allocations made pursuant to this authorisation may benefit, in accordance with the applicable law, the eligible Executive Directors of the Company, provided that the definitive allocation of the shares is subject to the presence of the beneficiary in the Group and one or more performance conditions determined by the Board of Directors on the day the decision to allocate them is taken. This number shall not represent more than 0.06% of the Company's share capital on the day the decision to allocate them is taken by the Board of Directors (subject to the possible adjustments mentioned in the previous paragraph). This sub-limit shall be deducted from the overall limit of 1.5% of the share capital mentioned above;
- decides that:
  - the allocation of shares to the beneficiaries shall become definitive after a vesting period to be set by the Board of Directors, it being understood that it may not be less than three years, and
  - the lock-up period during which the beneficiaries must hold their shares shall be set, as the case may be, by the Board of Directors; and
- decides that if the beneficiary should suffer second or third degree disability as defined in article L. 341-4 of the French Social Security Code, the shares shall vest and become transferable immediately;
- expressly conditions the definitive allocation of the shares pursuant to this authorisation to all beneficiaries, including Executive Directors, to the presence of the beneficiary in the Group and the achievement of one or more performance conditions determined by the Board of Directors and assessed on a period of minimum three years when deciding the allocation;
- acknowledges by virtue of this authorisation that the shareholders expressly waive their preferential subscription rights over ordinary shares that may be issued, to beneficiaries of the performance-based share allocation under the terms of this authorisation;
- grants the Board of Directors full powers, within the limits set above, with the possibility for it to sub-delegate these powers in turn under the conditions provided for by law in order to implement this authorisation and, notably, to:
  - determine whether the performance-based shares shall be existing shares or to be issued shares,
  - set, within the legal limits, the dates on which the shares will be allocated,
  - determine the identity of the beneficiaries or the category or categories of beneficiaries of the allocation of shares as well as the number of shares allocated to each,
  - determine the criteria, the conditions and the terms for allocating said shares, especially their vesting period, lock-up period when needed and presence and performance conditions, as set forth in this authorisation,
  - finalise the vesting date (even retroactive) of the new shares to be issued,
  - allow for the option of temporarily suspending allocation rights in accordance with applicable law and regulations,
  - register the allocated shares in registered form under their owner's name at the end of the vesting period, specifying, where applicable, that they are locked-up and the period for which this restriction will remain in force as well as waive this lock-up restriction in any of the circumstances envisaged by this resolution or by regulations in force,
  - decide, that the eligible Executive Directors of the Company, must either decide that the shares may not be sold before the end of the term of office of said Executive Directors, or set the quantity of shares to be retained in registered form until the end of their term of office,
  - provide for powers, if it deems it necessary, to adjust the number of performance-based shares freely allocated in order to preserve the rights of the beneficiaries in the event of any transactions affecting the Company's share capital or shareholders' equity during the vesting period as set out in article L. 225-181 paragraph 2 of the French Commercial Code, on terms that it shall determine,
  - deduct, if applicable, from reserves, earnings or issue premiums, the sums necessary to pay up the shares, record the definitive completion of share capital increases carried out by virtue of this authorisation, make any subsequent amendments to the bylaws and, generally, carry out all necessary acts and formalities,
  - and, more generally, to enter into all agreements, draw up all documents, carry out all formalities and make all declarations to any official bodies and to do whatever else shall be necessary; and
- sets the period of validity of this authorisation at 38 months from the date of this Shareholders' Meeting, which cancels, as from such date, the authorisation granted by the Shareholders' Meeting of 6 November 2014 in its 13th resolution.

The Board of Directors shall report annually to the Ordinary Shareholders' Meeting on the allocations made within the framework of this resolution, in accordance with article L. 225-197-4 of the French Commercial Code.

Twenty-third resolution

(Authorisation to be granted to the Board of Directors to grant options to employees and Executive Directors of the Company and Group companies to subscribe for Company shares to be issued or purchase existing Company shares)

Having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings and in accordance with articles L. 225-177 *et seq.* of the French Commercial Code:

- authorises the Board of Directors, to grant, on one or more occasions, at its sole discretion, to employees and eligible Executive Directors (as defined in article L. 225-185 paragraph 4 of the French Commercial Code) of the Company and companies or economic interest groupings that are linked to it under the conditions set out in article L. 225-180 of the French Commercial Code, options granting entitlement to the subscription of new shares to be issued or to the purchase of existing Company shares;
- decides that the options for the subscription of shares or purchase of shares granted pursuant to this authorisation will not give right to the subscription or purchase of a total number of shares exceeding 1.5% of the share capital at the date the Board of Directors decides to grant such options. This number shall not include any adjustments that may be made to preserve the rights of the beneficiaries in the event of transactions described under article L. 225-181 of the French Commercial Code;
- decides that the grant of the options made pursuant to this authorisation may benefit, under the conditions provided for by law, the eligible Executive Directors of the Company, provided that the exercise of all the options allocated is subject to the presence of the beneficiary in the Group and the achievement of one or more performance conditions determined by the Board of Directors on the day the decision to allocate the shares is taken. The number of shares allocated to the eligible Executive Directors shall not represent more than 0.21% of the Company's share capital at the date the Board of Directors decides to grant such options (subject to the possible adjustments mentioned above). This sub-limit will be deducted from the overall limit of 1.5% share capital mentioned above;
- decides that:
  - pursuant to the provisions of article L. 225-177 of the French Commercial Code, in the event that subscription options are granted, the price of the shares subscribed by the beneficiaries will be set by the Board of Directors on the day the options are allocated, this price not being less than the average of the listed prices of the Pernod Ricard share recorded over the twenty trading sessions preceding the day on which the options are allocated,
  - pursuant to article L. 225-179 of the French Commercial Code, in the event that purchase options are granted, the price of shares purchased by the beneficiaries will be set by the Board of Directors on the day the options are allocated. This price shall be neither less than the average of the listed prices of the Pernod Ricard share recorded over the twenty trading sessions preceding the day on which the options are allocated, nor less than the average purchase price of the Pernod Ricard shares held by the Company in accordance with articles L. 225-208 and L. 225-209 of the French Commercial Code;
- decides that the time period for exercising the options shall not exceed eight years from the date on which the options are granted by the Board of Directors;
- expressly subordinates the exercise of the options granted pursuant to this authorisation to the presence of the beneficiary in the Group and the achievement of one or more performance conditions determined by the Board of Directors on the day on which it decides to grant the options and appreciated on a period of minimum three years, including notably those allocated to the eligible Executive Directors of the Company;
- acknowledges by virtue of this authorisation that the shareholders waive their preferential subscription rights over the subscription of shares that may be issued as options are exercised, in favour of the beneficiaries of the options, and that the share capital increase resulting from the exercising of share subscription options will be definitively carried out upon declaration of the exercise of the option, accompanied by the subscription form and payment in cash or by offsetting the corresponding sum against receivables;
- decides that the price and/or number of shares to be subscribed and/or purchased may be adjusted in order to preserve the rights of the beneficiaries if the Company carries out a transaction described under article L. 225-181 of the French Commercial Code;
- delegates to the Board of Directors full powers, with the possibility for it to delegate these powers in turn within the limits set by the bylaws and by law, to implement this authorisation and determine, within the legal or regulatory limits, all the other conditions and terms for the grant of the options and their exercise, and particularly to:
  - determine the period(s) for exercising the options within the aforementioned limit, set the share subscription or purchase price pursuant to the terms set out above, finalise the list of the beneficiaries of the options, determine the number of options allocated to each of them as well as the presence and performance conditions to which the exercise of options will be subject,
  - decide whether immediate resale of the subscribed and/or purchased shares will be prohibited, it being specified that for the options granted to the eligible Executive Directors of the Company, the Board of Directors must either decide that options shall not be exercised before the end of the term of office of said Executive Directors, or set the quantity of shares to be retained in registered form until the end of their term of office,
  - finalise the vesting date, even retroactive, of the new shares to be issued as a result of the exercise of subscription options of the Company's shares,
  - allow for the option of temporarily suspending the exercise of options in the event of financial transactions or transactions on securities,

- deduct, if it deems necessary, the costs of the share capital increases resulting from the exercise of share subscription options from the share premiums related to these share capital increases, and deduct from this amount the sums required to raise the legal reserve to one-tenth of the new share capital resulting from each increase,
- amend the bylaws subsequently and, generally, do all that is appropriate and necessary to implement this authorisation.

During the first meeting following the end of each financial year, the Board of Directors will record, if applicable, the number and amount of the shares issued during the financial year, will make any subsequent amendments to the bylaws, and will perform all the required formalities.

Pursuant to the provisions of article L. 225-184 of the French Commercial Code, the Board of Directors, in a special report, shall notify the shareholders each year, during the Ordinary Shareholders' Meeting, of the transactions carried out in virtue of this resolution.

This authorisation is granted for a period of 38 months from this Shareholders' Meeting.

As the Shareholders' Meeting is requested to vote on delegations of authority to the Board of Directors that might entail future share capital increases, the purpose of the **24th resolution** is to authorize the Board of Directors to decide on share capital increases reserved for members of one or more employee saving plans.

Twenty-fourth resolution

(Delegation of authority to be granted to the Board of Directors to decide on a share capital increase subject to the limit of 2% of the share capital through the issue of shares or securities granting access to the share capital, reserved for members of company savings plans with cancellation of preferential subscription rights in favour of the members of such savings plans)

Having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, and in accordance with the provisions of articles L. 225-129, L. 225-129-2 to L. 225-129-6, L. 225-138 and L. 225-138-1 of the French Commercial Code and articles L. 3332-1 *et seq.* of the French Employment Code:

- delegates authority to the Board of Directors, with the option for it to delegate these powers in turn under the conditions set by law, to decide on a share capital increase, on one or more occasions, through the issue of shares or securities granting access to the share capital reserved for members of one or more employee savings plans (or any other members' plan for which article L. 3332-18 of the French Employment Code would authorise a reserved share capital increase under equivalent terms) which would be put in place within the Group consisting of the Company and the French or foreign entities falling within the scope of consolidation of the Company's consolidated financial statements pursuant to article L. 3344-1 of the French Employment Code;
- decides to set the maximum nominal amount of capital increases that may be carried out in this respect at 2% of the Company's share capital at the close of this Shareholders' Meeting, it being specified that:
  - this maximum limit does not take into account the par value of the Company's ordinary shares that may be issued with respect to adjustments made to protect, in accordance with law and regulations and, where applicable, contractual stipulations providing for other adjustments, the rights of holders of securities granting access to the capital, as well as of recipients of stock options or of the free allocation of shares,
  - the nominal amount of the share capital increase made pursuant to this authorisation will be deducted from the maximum amount of share capital increases fixed in the 17th resolution of this Shareholders' Meeting as well as from the overall limit set in the 16th resolution;
- decides that the issue price of new shares or securities granting access to the share capital will be determined under the conditions provided for in article L. 3332-19 of the French Employment Code and may not be more than 20% lower than the average of the listed prices of the Pernod Ricard share recorded over the twenty trading sessions preceding the date of the decision setting the opening date of the subscription period for the share capital increase reserved for the members of an employee savings plan (the "Reference Price"), nor exceed such average; however the Shareholders' Meeting expressly authorises the Board of Directors, if it deems appropriate, to reduce or cancel the aforementioned discount, within legal and regulatory limits, in order to take into account, in particular, the legal, accounting, tax and social security treatments that apply locally;
- authorises the Board of Directors to grant, free of charge, to the aforementioned beneficiaries, in addition to the shares or securities granting access to the capital to be subscribed for in cash, shares or securities granting access to the capital to be issued or already issued, in substitution for all or part of the discount on the Reference Price and/or special contribution, it being specified that the benefit resulting from this allocation may not exceed the limits provided for by law or regulations pursuant to articles L. 3332-1 and L. 3332-19 of the French Employment Code;
- decides to cancel, in favour of the aforementioned beneficiaries, shareholders' preferential subscription rights to the shares that are the subject of this authorisation; the aforementioned shareholders furthermore waiving all rights to the free allocation of shares or securities granting access to the share capital which would be issued pursuant to this resolution;
- sets the period of validity of this delegation of authority at 26 months as from the date of this Shareholders' Meeting and notes that this delegation cancels, as from such date, the delegation of authority granted by the Shareholders' Meeting of 6 November 2014 in its 15th resolution;
- decides that the Board of Directors shall have full powers to implement this delegation with the possibility for it to delegate these powers in turn under the conditions provided for by law, within the limits and under the conditions specified above in order, in particular:

- to decide, under the conditions provided for by law, the list of companies for which members of an employee savings plan may subscribe to shares or securities granting access to the capital issued in this way, and benefit, where applicable, from the free allocation of shares or securities granting access to the capital,
- to decide whether subscriptions may be carried out directly or via the intermediary of company mutual funds or other structures or entities permitted by the provisions of the applicable law or regulations,
- to determine the conditions, in particular in respect of length of service, to be met by the beneficiaries of the share capital increases,
- to set the start and end dates of the subscription periods,
- to set the amounts of the issues of shares or securities which will be made pursuant to this authorisation and, in particular, decide on the issue prices, dates, time periods, terms and conditions of subscription, payment, delivery and vesting (which may be retroactive) in respect of the shares or securities as well as the other terms and conditions of the issues of shares or securities, within the limits set by law and the regulations in force,
- in the event of a free allocation of shares or securities granting access to the share capital, set the number of shares or securities granting access to the capital to be issued, the number to be granted to each beneficiary, and decide on the dates, time periods, terms and conditions of allocation of such shares or securities granting access to the share capital within the limits provided for by applicable law and regulations and, in particular, choose either to substitute, in full or in part, the allocation of such shares or securities granting access to the capital for the discounts on the Reference Price provided for above, or to deduct the equivalent value of these shares from the total amount of the special contribution, or to use a combination of these two possibilities,
- to record the completion of the increases in the share capital for the amount corresponding to the shares subscribed (after any reduction in the event of over-subscription),
- to offset, where applicable, the costs of the share capital increases against the amount of the related share premiums and deduct from the amount of such share premiums the sums required to raise the legal reserve to one-tenth of the new share capital following these increase in the share capital, and
- to enter into all agreements, carry out directly or indirectly, via a duly authorised agent, all transactions including completing the formalities following the share capital increases and the corresponding amendments to the bylaws and in general, enter into any agreement, in particular, to successfully complete the proposed issues of shares or securities, take all measures and decisions and carry out all formalities appropriate to the issue, listing and financial servicing of the shares or securities issued pursuant to this delegation of authority and the exercise of the rights attached thereto, and all formalities resulting from the increases in share capital carried out.

The purpose of the **25th resolution** is to amend Pernod Ricard's bylaws in accordance with the new laws and regulations relating to the list of individuals qualified to attend the Shareholders' Meetings.

Twenty-fifth resolution

(Amendment to article 33-I of the Company's bylaws relating to the list of individuals qualified to attend the Shareholders' Meetings (record date), in accordance with the new laws and regulations)

Having reviewed the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, decides to amend article 33-I of the bylaws, "Composition and holding of General Shareholders' Meetings", as follows (**amended parts are shown in bold**):

Article 33 – Composition and holding of General Shareholders' Meetings

Article 33-I: "A Shareholders' Meeting shall be made up of all shareholders, regardless of the number of shares they hold. Any shareholder may be represented by another shareholder, his/her spouse or the partner with whom he/she is bound by a Civil Solidarity Pact. He/she may also be represented by another individual or legal entity whom he/she may choose in accordance with applicable laws and regulations.

*The right to participate in Shareholders' Meetings or to be represented at them is subject to the shares having been recorded in the name of the shareholder on the **second** business day prior to the Shareholders' Meeting at zero hours, Paris time, either in registered share accounts kept by the company, or in the bearer share accounts kept by the duly authorised financial intermediary. (…)"*

Votes by proxy and by post:

*"(…) The appointment of a proxy or casting of a vote submitted to the meeting by this electronic media, and the corresponding receipt, shall be considered to be irrevocable deeds and enforceable towards any party, it being specified that if shares are sold before zero hours Paris time on the **second** business day before the meeting, the Company shall cancel or modify accordingly, as appropriate, any proxy votes granted or votes cast before that date and time."*

The purpose of the **26th resolution** is to authorise the Board of Directors to carry out the required legal formalities, where applicable.

Twenty-six resolution

(Powers to carry out the necessary legal formalities)

The Shareholders' 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 publication or other, as necessary.

Statutory Auditors' report on the share capital reduction

Combined (Ordinary and Extraordinary) Shareholders' Meeting of 6 November 2015

15th resolution

To the Shareholders,

As statutory auditors of your Company and pursuant to the assignment set forth in Article L. 225-209 of the French Commercial Code (*Code de commerce*) concerning share capital reductions by cancellation of shares purchased, we hereby present our report on our assessment of the reasons for and terms and conditions of the proposed share capital reduction.

Shareholders are requested to confer all necessary powers on the Board of Directors, during a period of 26 months, to cancel, up to a maximum of 10% of its share capital by 24-month period, the shares purchased by the Company pursuant to the authorization to purchase its own shares as part of the provisions of the aforementioned article.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. These procedures consisted in verifying the fairness of the reasons for and the terms and conditions of the proposed share capital reduction, which does not undermine shareholder equality.

We have no comments on the reasons for and the terms and conditions of the proposed share capital reduction.

Courbevoie and Neuilly-sur-Seine, 18 September 2015

The Statutory Auditors

MAZARS

Isabelle Sapet

Erwan Candau

DELOITTE & ASSOCIES

David Dupont-Noel

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Statutory Auditors' report on the issue of ordinary shares and/or securities with retention or cancellation of preferential subscription rights

Combined (Ordinary and Extraordinary) Shareholders' Meeting of 6 November 2015

16th, 17th, 18th, 19th and 20th resolutions

To the Shareholders,

As Statutory Auditors of Pernod Ricard and pursuant to the assignment set forth in Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code (*Code de Commerce*), we hereby present our report on the proposed delegations of authority to the Board of Directors to issue ordinary shares and/or various securities, transactions that you are being asked to approve.

The Board of Directors asks, on the basis of its report:

- that you delegate to it, with the option of sub-delegation, for a period of 26 months commencing the date of this Shareholders' Meeting, the authority to decide on the following transactions, set the definitive issue terms and conditions and, wherever necessary, cancel your preferential subscription rights:
  - issue of ordinary shares of the Company or securities governed by Articles L. 228-91 *et seq.* of the French Commercial Code granting access to the Company's share capital, with retention of preferential subscription rights (16th resolution),
  - issue of ordinary shares of the Company or securities, governed by Articles L. 225-149 *et seq.* and L. 228-91 *et seq.* of the French Commercial Code, granting access to the Company's share capital, through either new or existing Company shares, with cancellation of preferential subscription rights, as part of a public offer (17th resolution),
  - issue of ordinary shares or various securities granting access to the Company's share capital in exchange for shares contributed to (i) a public exchange offer initiated in France or abroad, according to local rules, by the Company on the securities of another company admitted for trading on one of the regulated markets specified in Article L. 225-148 of the French Commercial Code, or (ii) any other transaction having the same impact as a public exchange offer initiated by the Company on the securities of another company whose shares are admitted for trading on a regulated market governed by a foreign law, within the limit of 10% of the share capital at the time of issue (20th resolution);
- that you delegate to it, with the option of sub-delegation, for a period of 26 months commencing the date of this Shareholders' Meeting, the authority to issue shares or various securities granting access to the Company's share capital, with a view to remunerating the contributions in kind granted to the Company and comprised of shares or securities granting access to the share capital of other companies, within the limit of 10% of the share capital at the time of issue (19th resolution).

The overall nominal amount of the share capital increases likely to be carried out, immediately or in the future, may not, under the 16th resolution, exceed €135 million pursuant to the 16th, 17th, 18th, 19th, 20th, 21th and 24rd resolutions, it being specified that:

- the total nominal amount of capital increases likely to be carried out immediately or in the future under the 16th resolution may not exceed €135 million,
- the total nominal amount of capital increases likely to be carried out immediately or in the future under the 17th resolution may not exceed €41 million, this limit being applicable to the 19th, 20th, and 24rd resolutions.

The overall nominal amount of debt securities granting access to the Company's share capital likely to be issued may not, under the 16th resolution, exceed €5 billion pursuant to the 16th and 17th resolutions, it being specified that the overall nominal amount of those debt securities likely to be issued under the 17th resolution may not exceed €4 billion.

These limits take into account the additional number of securities to be created by virtue of the delegations set forth in the 16th and 17th resolutions, under the terms and conditions stipulated in Article L. 225-135-1 of the French Commercial Code, should you adopt the 18th resolution.

The Board of Directors is required to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code. Our role is to report to you on the fairness of the financial information extracted from the financial statements, on the proposal to cancel the preferential subscription rights and on certain other information concerning the issue, as set out in this report.

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. This work consisted in verifying the content of the Board of Directors' report on these transactions and the process for determining the issue price of the future securities.

Subject to reviewing at a future date the terms and conditions of any issues that may be decided upon, we have no matters to report on the process for determining the issue price of the future securities, as set out in the Board of Directors' report by virtue of the 17th resolution.

In addition, as this report does not specify the methods of determining the issue price of the future securities by virtue of the 16th, 19th and 20th resolutions, we cannot express our opinion on the elements used to calculate the issue price of the future securities.

As the definitive terms and conditions of the issues have not been set, we do not express an opinion thereon and, as such, on the proposed cancellation of preferential subscription rights on which you are asked to decide in the 17th resolution.

Pursuant to Article R. 225-116 of the French Commercial Code, we will prepare an additional report, as required, when the Board of Directors makes use of this authorisation in the event of the issue of securities granting access to other securities, the issue of securities granting access to future securities and the issue of ordinary shares with cancellation of preferential subscription rights.

Courbevoie and Neuilly-sur-Seine, 18 September 2015

The Statutory Auditors

MAZARS		DELOITTE & ASSOCIES
Isabelle Sapet	Erwan Candau	David Dupont-Noel

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Statutory Auditors' report on the authorisation to grant free performance shares (existing or to be issued) to employees and executive corporate officers

Combined (Ordinary and Extraordinary) Shareholders' Meeting of 6 November 2015

22st resolution

To the Shareholders,

As Statutory Auditors of your Company and pursuant to the assignment set forth in Article L. 225-197-1 of the French Commercial Code (*Code de Commerce*), we hereby present our report on the proposed authorisation to grant free performance shares, existing or to be issued, to eligible employees and executive corporate officers (as defined in Article L. 225-197-1 II paragraph 1 of the French Commercial Code) of your Company and related companies or groupings under the conditions set out in Article L. 225-197-2 of the French Commercial Code, or certain categories thereof, a transaction that your are being asked to approve.

The free share grants performed pursuant to this authorisation may not involve a total number of shares existing or to be issued representing more than 1.5% of the Company's share capital on the date of the grant decision by the Board of Directors, bearing in mind that the number of shares granted to eligible executive corporate officers of the Company may not represent more than 0.06% of the Company's share capital, as noted on the date of the grant decision by the Board of Directors.

In addition, the definitive grant of shares under this authorisation shall be contingent, including for executive corporate officers, on the fulfilment of a service requirement and one or more performance requirements determined by the Board of Directors at the time of the grant decision, and assessed over a minimum period of three consecutive fiscal years.

Based on its report, the Board of Directors asks for authorisation, for a period of 38 months commencing the date of this Shareholders' Meeting, to grant free performance shares, existing or to be issued.

The Board of Directors is responsible for preparing a report on the transaction it wishes to perform. Our role is to express our comments, if any, on the information that is given to you on the planned transaction.

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 primarily consisted in verifying that the proposed terms and conditions presented in the Board of Directors' report comply with applicable legal provisions.

We have no comments to make on the information presented in the Board of Directors' report on the proposed authorisation to grant free performance shares.

Courbevoie and Neuilly-sur-Seine, 18 September 2015

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Statutory Auditors' Report on the authorisation to grant share subscription or purchase options

Combined (Ordinary and Extraordinary) Shareholders' Meeting of 6 November 2015

23nd resolution

To the Shareholders

As statutory auditors of your Company and pursuant to the assignment set forth in Articles L.225-177 and R.225-144 of the French Commercial Code (*Code de Commerce*), we hereby present our report on the authorisation to grant share subscription or purchase options to employees and eligible executive corporate officers (within the meaning of Article L.225-185, paragraph 4, of the French Commercial Code) of the Company and related companies and economic interest groupings under the conditions set out in Article L.225-180 of the French Commercial Code, that you are being asked to approve.

Share subscription and purchase options granted pursuant to this authorisation:

- may not confer entitlement to subscribe or purchase a total number of shares representing more than 1.5% of the Company's share capital on the day the decision to grant such options is taken by the Board of Directors, it being noted that the number of options granted to eligible executive corporate officers of the Company may not represent more than 0.21% of the Company's share capital on the day the decision to grant such options is taken by the Board of Directors,
- may only benefit employees and, in particular, eligible executive corporate officers of the Company, provided the exercise of all options granted is subordinate to a condition of presence and the attainment of one or more performance conditions set by the Board of Directors when the decision to grant such options is taken and assessed over a minimum period of three-years.

Based on its report, the Board of Directors is asking for authorisation, for a 38-month period commencing the date of this shareholders' meeting, to grant share subscription or purchase options.

The Board of Directors is responsible for preparing a report on the reasons for the share subscription or purchase option plan and the proposed process for setting the subscription or purchase price. Our role is to express our opinion on the proposed process for setting the share subscription or purchase price.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. These procedures primarily consisted in verifying that the proposed process for setting the share subscription or purchase price is detailed in the Board of Directors' report and that it complies with applicable legal and regulatory provisions.

We have no comments to make on the proposed process for setting the share subscription or purchase price.

Courbevoie and Neuilly-sur-Seine, 18 September 2015

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Statutory Auditors' report on the issue of shares or securities granting access to the share capital, reserved for members of company savings plans

Combined (Ordinary and Extraordinary) Shareholders' Meeting of 6 November 2015

24rd resolution

To the Shareholders,

As Statutory Auditors of your Company and pursuant to the assignment set forth in Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby present our report on the proposed delegation of authority to your Board of Directors to decide an issue of shares or securities granting access to the share capital, with cancellation of preferential subscription rights, reserved for members of one or more company savings plans implemented within the Group, comprising the Company and the French and foreign companies falling within the consolidation scope of the Company's financial statements pursuant to Article L. 3344-1 of the French Labour Code (*Code du travail*), a transaction that you are being asked to approve.

This issue is subject to your approval in accordance with the provisions of Article L. 225-129-6 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labour Code.

This transaction may lead to share capital increases for up to a maximum nominal amount of 2% of the share capital at the close of this Shareholders' Meeting, it being specified that this amount will be deducted from the overall limit set by this same Shareholders' Meeting in the 16th resolution and the share capital increase limit set in the 17th resolution.

Based on its report, the Board of Directors asks that you delegate to it, with the option of sub-delegation, for a period of 26 months commencing the date of this Shareholders' Meeting, the authority to decide one or more issues, with cancellation of your preferential subscription rights to the shares to be issued. When appropriate, it will set the final terms and conditions of these issues.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion on the fair presentation of the quantified financial information extracted from the accounts, on the proposal to cancel preferential subscription rights and on certain other information concerning this issue, as set out in this report.

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 verifying the content of the Board of Directors' report on this transaction and the process for determining the issue price of the future securities.

Subject to reviewing at a future date the terms and conditions of any issues that may be decided upon, we have no comments to make on the process for determining the issue price of the future securities, as set out in the Board of Directors' report.

As the definitive terms and conditions of the issue(s) have not been set, we do not express an opinion thereon and, as such, on the proposed cancellation of preferential subscription rights on which you are asked to decide.

Pursuant to Article R. 225-116 of the French Commercial Code, we will prepare an additional report, as required, when the Board of Directors makes use of this authorisation, in the event of the issue of ordinary shares, the issue of securities granting access to other securities, and the issue of securities granting access to future securities.

Courbevoie and Neuilly-sur-Seine, 18 September 2015

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About the Company and its share capital

Information about Pernod Ricard

Company name and trading name

Pernod Ricard

Head office

12 place des États-Unis, 75116 Paris (France)

Tel: +33 (1) 41 00 41 00

Legal form

Pernod Ricard is a French public limited company (*Société Anonyme* – SA) governed by a Board of Directors.

Applicable law

Pernod Ricard is a company subject to French law, governed by the French Commercial Code.

Date of formation and duration

The Company was formed on 13 July 1939 for a period of 99 years.

The Shareholders' Meeting of 9 November 2012 extended the term of the Company by 99 years to 2111.

Corporate purpose

The corporate purpose, as provided for in Article 2 of the Company's bylaws, is set forth below in its entirety:

"The Company's purpose is directly or indirectly:

- the manufacture, 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 transactions 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 the purchase 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 operations related directly or indirectly to the above purposes or capable of favouring their development."

RCS registration number and NAF business activity 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.

Financial year

From 1 July to 30 June of each year.

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.

From the distributable profit, as determined in accordance with the law, the amount required to pay an initial dividend of 6% of the fully paid-up, unredeemed value of the shares 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, where the payments made 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 Shareholders' 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 Shareholders' Meeting is authorised to deduct from 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 Shareholders' 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 Shareholders' 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.

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 bylaws do not contain any specific provisions in this respect.

Shareholders' Meetings

The shareholders meet every year at a Shareholders' Meeting.

Notice to attend meetings

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

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

Participation in Shareholders' Meetings

All shareholders have the right to attend the Company's Shareholders' 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 Shareholders' 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 Shareholders' Meeting, either in the registered share accounts kept by the Company or in the bearer share accounts kept by the authorised financial intermediary.

The entry or recording of the shares in bearer share accounts kept by the authorised financial intermediary is 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 Shareholders' Meeting in person who has not received their admission card by 00:00 (Paris time) two business days before the Shareholders' Meeting may also ask for such a certificate to be issued.

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

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

Any shareholder who has already cast a postal or Internet vote, sent in a proxy form or applied for an admission card or a certificate of shareholding may not thereafter choose another method of participating in the Shareholders' Meeting.

A shareholder who has already cast a postal or Internet vote, sent in a proxy form or applied for an admission card or a certificate of shareholding may sell all or some of his or her shares at any time. However, if the sale takes place before 00:00 (Paris time) on the second business day prior to the Shareholders' 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 sale and will provide it with the necessary information.

No sale or other form of transaction carried out after 00:00 (Paris time) on the second business day prior to the Shareholders' 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.

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).

Restrictions on voting rights

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

Multiple 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 ten years in the name of the same shareholder from 12 May 1986 inclusive (Article L. 225-123 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/she benefits from this right, will also have double voting rights as from their issuance (Article L. 225-123 of the French Commercial Code).

Any share loses the double voting right if converted into bearer form 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 a period of 15 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 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 Shareholders' Meeting, of one or more shareholders holding at least 5% of the share capital, for any Shareholders' 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.

Modification of shareholders' rights

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

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

In accordance with Article L. 225-100-3 of the French Commercial Code, the items that may have an impact on the Company's securities in the event of a public offer are set out above.

The Company's share capital structure

The Company's share capital structure is shown in the table hereafter, "Allocation of share capital and voting rights at 30 June 2015", within "Information about its share capital".

Shareholdings that exceed the share capital or voting rights thresholds set during the 2014/2015 financial year are also indicated in the table hereafter entitled "Allocation of share capital and voting rights at 30 June 2015", within "Information about its share capital".

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

The Company's bylaws provide for a limit on voting rights. This system is described under "Voting conditions" opposite.

Furthermore, certain Company shares have a double voting right as described under "Voting conditions" opposite.

Agreements between shareholders of which the Company has knowledge

The Company's Shareholders' agreement between shareholders of the Company (agreement between Mr Rafaël Gonzalez-Gallarza and Société Paul Ricard, the Ricard family's Holding Company) is described under "Shareholders' agreements" in the subsection "Information about the share capital" and is also included on the AMF website (www.amf-france.org).

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

Note that the clauses (described below) relating to a change in control of the Company's main financing contracts, set out under "Significant contracts" in Section 4 "Management Report" of this Registration Document, provide for the possibility of early repayment of these loans and borrowings under certain conditions.

Credit Agreement of November 2010

The Credit Agreement also provides for voluntary or compulsory early repayment obligations, depending on circumstances, which are standard practice in this kind of credit agreement (*e.g.*, compliance with commitments, change of control, cross default). The Credit Agreement contains a clause under which the taking of control of the Company by any 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.

Credit Agreement of April 2012

The Credit Agreement also provides for voluntary or compulsory early repayment obligations, depending on circumstances, which are standard practice in this kind of credit agreement (*e.g.*, compliance with commitments, change of control, cross default). The Credit Agreement contains a clause under which the taking of control of the Company by any 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.

Bond issue of June 2009

This bond issue includes 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 the Company (benefiting a person or a group of persons acting in concert) and leading to a deterioration in the Company's financial rating. The Bonds were fully repaid on 15 January 2015.

Bond issue of March 2010

This bond issue includes 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 the Company (benefiting a person or a group of persons acting in concert) and leading to a deterioration in the Company's financial rating.

Bond issue of December 2010

This bond issue includes 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 the Company (benefiting a person or a group of persons acting in concert) and leading to a deterioration in the Company's financial rating.

Bond issue of March 2011

This bond issue includes 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 the Company (benefiting a person or a group of persons acting in concert) and leading to a deterioration in the Company's financial rating.

Bond issue of April 2011

This bond issue includes 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 the Company (benefiting a person or a group of persons acting in concert) and leading to a deterioration in the Company's financial rating.

Bond issue of October 2011

This bond issue includes 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 the Company (benefiting a person or a group of persons acting in concert) and leading to a deterioration in the Company's financial rating.

Bond issue of January 2012

This bond issue includes 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 the Company (benefiting a person or a group of persons acting in concert) and leading to a deterioration in the Company's financial rating.

Bond issue of March 2014

This bond issue includes 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 the Company (benefiting a person or a group of persons acting in concert) and leading to a deterioration in the Company's financial rating.

Bond issue of September 2014

This bond issue includes 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 the Company (benefiting a person or a group of persons acting in concert) and leading to a deterioration in the Company's financial rating.

Securitisation (Master Receivables Assignment Agreement)

This programme includes a change of control clause that applies to every affiliate participating in the programme as a seller. The change of control of a seller may constitute an early amortisation event in respect of such a seller. For the purposes of the agreement, a "change of control" occurs when the Company ceases 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 the Company (i) continues to hold, directly or indirectly, 50% of the share capital or voting rights of such an affiliate and (ii) at the request of Crédit Agricole CIB, issues a guarantee in terms reasonably satisfactory to Crédit Agricole CIB for the purpose of securing the obligations of said affiliate under the securitisation transaction documents.

Other items

The Company's bylaws 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 a member of the Board of Directors.

Rules applicable to the appointment and replacement of members of the Company's Board of Directors

The legal and statutory rules set out in Articles 16 *et seq.* of the Company's bylaws govern the appointment and dismissal of members of the Board of Directors. These are described in the "General rules concerning the composition of the Board and the appointment of Directors" paragraph in Section 2 "Corporate governance and internal control" of this Registration Document. Furthermore, the Company's bylaws are available on the Company's website (www.pernod-ricard.com).

The Statutory Auditors

Principal Statutory Auditors

Deloitte & Associés, member of the Compagnie Régionale des Commissaires aux Comptes de Versailles (Versailles regional auditors association), represented by Mr David Dupont-Noel, whose head office is at 185 avenue Charles de Gaulle, 92524 Neuilly-sur-Seine, and whose term of office was renewed at the Shareholders' Meeting of 15 November 2011 for a period of six years ending after the Ordinary Shareholders' Meeting convened to approve the financial statements for the 2016/2017 financial year.

Société Mazars, member of the Compagnie Régionale des Commissaires aux Comptes de Versailles (Versailles regional auditors' association), represented by Ms Isabelle Sapet and Erwan Candau, whose head office is at Exaltis, 61 rue Henri Regnault, 92075 Paris La Défense, whose term of office was renewed by the Shareholders' Meeting of 10 November 2010 for a period of six years ending after the Ordinary Shareholders' Meeting convened to approve the financial statements for the 2015/2016 financial year.

Alternate Statutory Auditors

BEAS, whose head office is at 7-9 Villa Houssay, 92524 Neuilly-sur-Seine, substitute for Deloitte & Associés, and whose term of office was renewed at the Shareholders' Meeting of 15 November 2011 for a period of six financial years ending after the Ordinary Shareholders' Meeting convened to approve the financial statements for the 2016/2017 financial year.

As Mr Patrick de Cambourg ceased his activity as Statutory Auditor, it will be proposed at the Shareholders' Meeting of 6 November 2015 (9th resolution) to appoint CBA Company to replace him as Alternate Statutory Auditor for Mazars whose head office is located 61 rue Henri Regnault, 92400 Courbevoie. Its term of office will be granted for the remainder of its predecessor namely until the close of the Shareholders' Meeting convened to approve the financial statements for the 2015/2016 financial year.

Statutory Auditors' fees and members of their network for the 12-month financial year [1]

	Mazars			Deloitte & Associés			Other			Total		
	Amount (excluding tax)			Amount (excluding tax)			Amount (excluding tax)			Amount (excluding tax)		
In euro thousand	2013/ 2014	2014/ 2015	%	2013/ 2014	2014/ 2015	%	2013/ 2014	2014/ 2015	%	2013/ 2014	2014/ 2015	%
Audit												
Statutory Auditors, certification, review of separate and consolidated financial statements [3]												
Issuer [2]	554	531	15%	598	572	13%	-	-	-	1,152	1,103	14%
Fully consolidated affiliates	2,862	2,787	78%	3,193	3,242	76%	357	333	100%	6,412	6,362	78%
Other procedures and services directly linked to the duties of the Statutory Auditors [4]												
Issuer [2]	35	49	1%	185	184	4%	-	-	-	220	233	3%
Fully consolidated affiliates	12	25	1%	82	131	3%	-	-	0%	94	155	2%
AUDIT SUB-TOTAL	**3,463**	**3,392**	**95%**	**4,058**	**4,129**	**97%**	**357**	**333**	**100%**	**7,878**	**7,854**	**96%**
Other services provided by the networks to the fully consolidated affiliates [5]												
Legal, tax, corporate	42	41	1%	154	92	2%	60	-	0%	256	133	2%
Other (to be specified if > 10% of audit fees)	101	136	4%	65	34	1%	-	-	-	166	170	2%
SUB-TOTAL OF OTHER SERVICES	**143**	**177**	**5%**	**219**	**126**	**3%**	**60**	**0**	**0%**	**422**	**303**	**4%**
TOTAL	**3,606**	**3,569**	**100%**	**4 277**	**4,255**	**100%**	**417**	**333**	**100%**	**8 300**	**8,157**	**100%**

(1) With regard to the period in review, this refers to services provided and recognised in the income statement during a financial year.

(2) Including the services of independent experts or members of the Statutory Auditors' network employed to certify the accounts.

(3) This section includes the procedures and services provided directly in relation to the audit of the Company's accounts or those of its affiliates:

- *by the Statutory Auditor in accordance with Article 10 of the Code of Conduct;*
- *by a member of the network in accordance with Articles 23 and 24 of the Code of Conduct.*

(4) Includes non-audit services provided in accordance with Article 24 of the Code of Conduct, by a member of the Statutory Auditors' network, to the Company's affiliates whose accounts are certified.

(5) The Company is understood to be the Parent Company.

Information about its share capital

The conditions under which the bylaws submit changes to the share capital and the rights attached thereto are compliant in every aspect with legal stipulations in France. The bylaws do not provide for any overriding provisions and do not impose any special contingencies.

Amount of paid-up capital at 30 June 2015

On 20 July 2011, the Board of Directors recorded that, on 30 June 2011, the share capital had increased by €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 €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 €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 at 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 amounted to €411,403,467.60 at 30 June 2014, divided into 265,421,592 shares with a nominal value of €1.55 each.

Pernod Ricard's subscribed and fully paid-up share capital amounted to €411,403,467.60 at 30 June 2015, divided into 265,421,592 shares with a nominal value of €1.55 each.

Shares not representing capital

There are no shares that do not represent the Company's share capital.

Pernod Ricard shares held by Le Delos Invest I and Lirix (companies controlled by Société Paul Ricard, within the meaning of Article L. 233-3 of the French Commercial Code) are pledged for third parties.

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) were transferred as collateral for the full performance of its obligations under the terms of a financial futures contract entered into on 10 April 2009.

Financial authorisations and delegations

All current delegations and financial authorisations granted to the Board of Directors by the Shareholders' Meetings of 6 November 2013 and 6 November 2014 and the uses thereof during financial year 2014/2015 are summarised in the following tables.

General delegations

The Combined (Ordinary & Extraordinary) Shareholders' Meetings of 6 November 2013 and 6 November 2014 granted the Board of Directors a number of financial authorisations, the main terms of which are outlined below.

Securities representing capital

(i) Issues of shares or securities with preferential subscription rights

The Combined (Ordinary & Extraordinary) Shareholders' Meeting of 6 November 2013 authorised the Board of Directors to perform one or more capital increases *via* the issue of ordinary shares and/or securities granting access to the share capital, with preferential subscription rights, for a period of 26 months.

The share capital increase likely to be conducted under this authorisation was set at €205 million. This is the maximum overall limit from which would also be deducted the amount of any share issues performed (with cancellation of the preferential subscription right) either by an offer to the public, in remuneration of contributions in kind, under a public exchange offer initiated by the Company, by incorporation of additional paid-in capital, reserves, profits or other, or by share capital increases reserved for employees who are members of a Company savings plan.

If necessary, a supplementary amount will be added to this limit for shares to be issued, in accordance with the law, to preserve the rights of holders of securities or rights granting access to share capital.

The maximum nominal amount of debt instruments granting access to the share capital of the Company that may be issued under this delegation was set at €5 billion (from this amount will be deducted the nominal amount of debt securities representing receivables giving access to the share capital of the Company that will be issued by an offer to the public by virtue of the delegation with cancellation of preferential subscription rights).

The Combined (Ordinary & Extraordinary) Shareholders' Meeting of 6 November 2013 authorised the Board of Directors to increase the number of shares or securities issued in the event of a share capital increase, with or without preferential subscription rights, by an offer to the public at the same price as the initial issue, within the regulatory periods and limits applicable at the issue date (*i.e.* currently within 30 days of the close of the subscription period and limited to 15% of the initial issue) and subject to the overall limit described above.

Since this delegation expires on 5 January 2016, a proposal to renew it for a maximum nominal amount of €135 million and a period of 26 months will be submitted to the vote at the next Shareholders' Meeting on 6 November 2015, in accordance with the terms outlined in Section 7 "Combined (Ordinary & Extraordinary) Shareholders' Meeting" of this Registration Document.

(ii) Issue of shares or securities without preferential subscription rights

The Combined (Ordinary and Extraordinary) Shareholders' Meeting of 6 November 2013 authorised the Board of Directors to:

- carry out one or more capital increases by issuing ordinary shares and/or securities granting access to the share capital with cancellation of preferential subscription rights, *via* an offer to the public, up to a maximum nominal amount of €41 million (the Board of Directors is bound by legal and regulatory constraints in terms of the issue price). This amount will be deducted from the limit of €205 million set for issues carried out with preferential subscription rights. Furthermore, this amount is shared with other issues without preferential subscription rights, namely: remuneration of contributions in kind, public exchange offers initiated by the Company and capital increases reserved for employees who are members of a Company savings plan.

  The Board of Directors may establish a priority subscription period in favour of shareholders that may or may not be reduced under the conditions outlined by the regulations.

  The maximum nominal amount of debt instruments granting access to the share capital of the Company that may be issued within this framework was set at €4 billion (this amount is deducted from the nominal maximum amount of €5 billion that may be issued by virtue of delegations with preferential subscription rights);
- carry out one or more capital increases, up to the limit of 10% of the share capital, in consideration, except in a public exchange offer, of contributions in kind granted to the Company and comprising capital shares or securities granting access to the share capital of other companies;
- carry out one or more capital increases, for remuneration of securities contributed to a public offer initiated by the Company relating to the securities of another company, within the limit of 10% of the Company's share capital at the time of the issue.

Since these delegations expire on 5 January 2016, a proposal to renew them for a period of 26 months will be submitted to the vote at the next Shareholders' Meeting on 6 November 2015, in accordance with the terms outlined in Section 7 "Combined (Ordinary & Extraordinary) Shareholders' Meeting" of this Registration Document.

(iii) Capital increase via the incorporation of additional paid-in capital, reserves, profits or other

The Board of Directors was authorised by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 6 November 2013 to decide to increase the share capital by incorporating additional paid-in capital, reserves, profits or other, which it will be possible to capitalise under the law and the bylaws, or by allocating bonus shares or raising the par value of the existing shares or combining these two possibilities. The maximum nominal amount of capital increases likely to be realised in this way is €205 million, it being specified that this limit will be deducted from the overall limit of €205 million set for capital increases with preferential subscription rights.

Since this delegation expires on 5 January 2016, a proposal to renew it for a maximum nominal amount of €135 million and a period of 26 months will be submitted to the vote at the next Shareholders' Meeting on 6 November 2015, in accordance with the terms outlined in Section 7 "Combined (Ordinary & Extraordinary) Shareholders' Meeting" of this Registration Document.

Other securities

The Combined (Ordinary and Extraordinary) Shareholders' Meeting of 6 November 2013 authorised the Board of Directors, for a period of 26 months, to issue debt securities granting entitlement to the allocation of debt securities (such as bonds, related securities, perpetual or non-perpetual subordinated notes or any other securities granting, in the same issue, the same entitlement to recover debt against the Company) within the limit of a €5 billion ceiling (this limit being established independently of any other limit relating to the issue of debt securities authorised by the Shareholders' Meeting and the issue of bonds authorised or decided by the Board of Directors).

No proposal to renew this authorisation will be submitted to the vote at the Shareholders' Meeting of 6 November 2015 in accordance with the new provisions of the law whereby it is now subject to the exclusive authority of the Board of Directors.

Specific authorisations and delegations in favour of employees and Executive Directors

Allocation of performance-based shares

The Combined (Ordinary & Extraordinary) Shareholders' Meeting of 6 November 2014 also authorised the Board of Directors, for a period of 38 months, to allocate performance-based shares free of charge to employees and Executive Directors of the Company and/or the Group's companies, within the limits of 1.5% of the Company's share capital on the day the decision to allocate them is taken by the Board of Directors and 0.06% of the Company's share capital for Executive Directors.

A proposal to renew this authorisation for a period of 38 months will be submitted to the vote at the Shareholders' Meeting on 6 November 2015 in view of the implementation of the new provisions of the "Macron" law of 6 August 2015.

Share capital increase reserved for employees of the Group

The Combined (Ordinary & Extraordinary) Shareholders' Meeting of 6 November 2014 delegated its authority to the Board of Directors to issue ordinary shares and/or securities granting access to the share capital, reserved for members of employee savings plans, up to a limit of 2% of the Company's share capital. This delegation was granted for a period of 26 months.

As the Shareholders' Meeting of 6 November 2015 is requested to vote on the delegation of authority to the Board of Directors that might entail future increases in share capital, it will also have to vote on the renewal of the delegation relating to share capital increases reserved for members of employee savings plans, in accordance with Article L. 225-129-6 of the French Commercial Code.

The terms of renewal of this authority are outlined in Section 7 "Combined (Ordinary and Extraordinary) Shareholders' Meeting" in this Registration Document.

Authorisation to repurchase shares

The Combined (Ordinary & Extraordinary) Shareholders' Meeting of 6 November 2014 renewed, in favour of the Board of Directors, the authorisation allowing the Company to repurchase its own shares, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code, up to the limit of 10% of the total number of shares comprising the share capital. The same meeting also set the maximum purchase price at €120 per share. The details of transactions carried out under the share buyback programme in force during the previous financial year are set out under "Share buyback programme" below.

Since this authorisation expires on 5 May 2016, its renewal will be submitted to the vote at the Shareholders' Meeting of 6 November 2015 according to the terms outlined in Section 7 "Combined (Ordinary and Extraordinary) Shareholders' Meeting" in this Registration Document.

Cancellation of Company shares

The Combined (Ordinary & Extraordinary) Shareholders' Meeting of 6 November 2013 granted the Board of Directors authorisation to cancel shares of the Company held under share buyback programmes authorised by the shareholders, up to 10% of the share capital per period of 24 months, and to reduce the share capital accordingly.

Since this delegation expires on 5 January 2016, a proposal to renew it for a period of 26 months will be submitted to the vote at the next Shareholders' Meeting on 6 November 2015, in accordance with the terms outlined in Section 7 "Combined (Ordinary & Extraordinary) Shareholders' Meeting" of this Registration Document.

General financial authorisations and delegations

Nature of the delegation or authorisation	Date of the delegation or authorisation (resolution)	Term	Expiry of the delegation or authorisation	Maximum nominal amount of the issue of debt securities (1)	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 June 2015 and up to 26 August 2015	Features/Terms
SECURITIES REPRESENTING CAPITAL: ISSUES OF SHARES OR SECURITIES WITH PREFERENTIAL SUBSCRIPTION RIGHTS							
Ordinary shares and/or securities granting access to the share capital with preferential subscription rights	AGM of 06.11.2013 (16th)	26 months	5 January 2016	€5 billion (1)	€205 million	-	The amount of capital increases carried out under the 17th, 18th, 19th, 20th, 22nd and 23rd resolutions of the AGM of 06.11.2013 will be deducted from the overall limit of €205 million set in the 16th resolution. The nominal amount of debt securities issued under the 17th resolution of the AGM of 06.11.2013 will be deducted from the limit of €5 billion set in the 16th resolution. These amounts may be increased by a maximum of 15%, in the event of additional requests on the occasion of a capital increase (18th resolution)
Additional paid-in capital, reserves, earnings and other	AGM of 06.11.2013 (22nd)	26 months	5 January 2016	N/A	€205 million	-	Will be deducted from the overall limit set for capital increases in the 16th resolution of the AGM of 06.11.2013
SECURITIES REPRESENTING CAPITAL: ISSUE OF SHARES OR SECURITIES WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS							
Ordinary shares and/or securities granting access to the share capital by public offer without preferential subscription rights	AGM of 06.11.2013 (17th)	26 months	5 January 2016	€4 billion (1)	€41 million	-	Shares and debt securities giving access to the share capital will be deducted from the limits provided for in the 16th resolution of the AGM of 06.11.2013. All of the capital increases carried out under the 18th, 19th, 20th and 23rd resolutions will be deducted from the limit of €41 million set in the 17th resolution. These amounts may be increased by a maximum of 15%, in the event of additional requests (18th resolution)

(1) Maximum nominal amount of Company debt instruments granting access to ordinary shares.

N/A: not applicable.

Nature of the delegation or authorisation	Date of the delegation or authorisation (resolution)	Term	Expiry of the delegation or authorisation	Maximum nominal amount of the issue of debt securities (1)	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 June 2015 and up to 26 August 2015	Features/Terms
Shares and/or securities granting access to the share capital in consideration for contributions in kind granted to the Company	AGM of 06.11.2013 (19th)	26 months	5 January 2016	N/A	10% of the share capital at the time of issue		Will be deducted from the limits set for capital increases in the 16th and 17th resolutions of the AGM of 06.11.2013
Shares and/or securities granting access to the Company's share capital, now or in the future, in the event of a public offer launched by the Company	AGM of 06.11.2013 (20th)	26 months	5 January 2016	N/A	10% of the share capital at the time of issue	-	Will be deducted from the limits set for capital increases in the 16th and 17th resolutions of the AGM of 06.11.2013
OTHER SECURITIES							
Debt instruments granting entitlement to the allocation of debt securities	AGM of 06.11.2013 (21st)	26 months	5 January 2016	€5 billion	N/A	-	Independent limit

(1) Maximum nominal amount of Company debt instruments granting access to ordinary shares.
N/A: not applicable.

Specific authorisations and delegations to the benefit 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 June 2015 and up to 26 August 2015	Features/Terms
Performance-based shares	AGM of 06.11.2014 (13th)	38 months	5 January 2018	1.5% of share capital on the date of Board of Directors' decision to allocate	-	Independent limit (sub-limit for Executive Directors of 0.06% of the capital which is deducted from the limit of 1.5%)
Shares or securities granting access to share capital, reserved for members of employee savings plans	AGM of 06.11.2014 (15th)	26 months	5 January 2017	2% of share capital at the date of the Shareholders' Meeting	-	Will be deducted from the limit set for capital increases in the 16th and 17th resolutions of the AGM of 06.11.2013

Authorisations relating to the share buyback programme

Type of securities	Date of authorisation (resolution)	Term	Expiry of authorisation	Maximum amount authorised	Use of existing authorisations during the financial year ended 30 Jun 2015 and up to 26 Aug 2015	Features/Terms
Repurchase of shares	AGM of 06.11.2014 (12th)	18 months	5 May 2016	10% of the share capital	-	Maximum purchase price: €120
Repurchase of shares	AGM of 06.11.2013 (14th)	18 months	5 May 2015	10% of the share capital	-	Maximum purchase price: €140
Cancellation of treasury shares	AGM of 06.11.2013 (15th)	26 months	5 January 2016	10% of the share capital	-	-

Contingent share capital

Stock options

At 30 June 2015, there was no option to subscribe to the Company's outstanding shares.

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	Number	Effective date	Shares issued/ cancelled	Issue/ conversion premium	Number of shares after transaction	Amount of share capital after transaction
€409,560,085.15	264,232,313	2011	Exercise of options (1)	N/A (2)	20.07.2011	489,490	€22.20/€23.59/ €26.87	264,721,803	€410,318,794.65
€410,318,794.65	264,721,803	2012	Exercise of options (1)	N/A (2)	18.07.2012	588,802	€22.20/€23.59/ €26.87	265,310,605	€411,231,437.75
€411,231,437.75	265,310,605	2013	Exercise of options (1)	N/A (2)	24.07.2013	110,987	€26.87	265,421,592	€411,403,467.60
€411,403,467.60	265,421,592	2014	-	-	-	-	-	265,421,592	€411,403,467.60
€411,403,467.60	265,421,592	2015	-	-	-	-	-	265,421,592	€411,403,467.60

(1) The shares resulting from the exercise of stock options were created as and when the stock options were exercised. The dates shown are the dates on which the Board of Directors placed on record the corresponding increases in the share capital.

(2) N/A: not applicable.

Changes in voting rights over the past five years

Years (1)	Number of voting rights (2)
Position at 30.06.2011	289,564,215
Position at 30.06.2012	290,024,295
Position at 30.06.2013	289,777,168
Position at 30.06.2014	289,793,913
Position at 30.06.2015	289,870,113

(1) The data provided are from the date of the allocation of share capital and voting rights.

(2) The information concerns the total number of voting rights of the Company, including suspended voting rights.

Allocation of share capital and voting rights at 30 June 2015

Shareholders	Position at 30.06.2015			Position at 27.08.2014			Position at 28.08.2013		
	Number of shares	% of share capital	% of voting right*	Number of shares	% of share capital	% of voting right*	Number of shares	% of share capital	% of voting rights
Société Paul Ricard [1]	34,866,200	13.14	19.19	34,866,200	13.14	19.17	34,866,200	13.14	19.13
Mr Rafaël Gonzalez-Gallarza [2]	1,477,603	0.56	0.51	1,477,603	0.56	0.51	1,477,603	0.56	0.51
Directors and Management of Pernod Ricard	561,691	0.21	0.26	771,080	0.29	0.39	735,013	0.28	0.38
Shares held by Pernod Ricard employees	2,903,185	1.10	1.53	3,099,054	1.17	1.65	3,176,940	1.20	1.69
Capital Group Companies (USA) [3]	26,414,463	9.95	9.11	26,414,463	9.95	9.11	29,135,823	10.98	10.05
MFS Investment Management (USA) [4]	25,193,343	9.49	8.69	25,746,516	9.70	8.88	13,069,435	4.92	4.51
Groupe Bruxelles Lambert	19,891,870	7.49	6.86	19,890,820	7.49	6.86	19,890,820	7.49	6.86
Norges Bank Investment Management [5]	6,608,787	2.49	2.28	6,629,742	2.50	2.29	-	-	-
OppenheimerFunds Inc. [6]	6,425,578	2.42	2.22	8,105,783	3.05	2.80	2,981,000	1.12	1.03
La Caisse des Dépôts et Consignation (CDC Ixis) [7]	3,958,979	1.49	1.38	3,981,979	1.50	1.38	4,327,265	1.63	1.50
Amundi Asset Management [8]	3,951,478	1.49	1.38	3,983,026	1.50	1.38	4,322,707	1.63	1.49
Oppenheimer Developing Market Fund [9]	3,649,020	1.38	1.26	-	-	-	-	-	-
Harris Associates L.P [10]	3,457,400	1.30	1.19	7,944,094	2.99	2.74	2,736,050	1.03	0.94
UBS AG (United Kingdom) [11]	2,660,547	1.00	0.92	2,458,464	0.92	0.85	2,654,399	1.00	0.92
CNP Assurances [12]	2,539,116	0.96	0.88	2,539,116	0.96	0.88	2,539,116	0.95	0.89
Citigroup Global Markets Limited [13]	2,532,940	0.95	0.87	1,562,115	0.59	0.54	-	-	-
BNP Paribas Investment Partners [14]	1,458,285	0.55	0.50	1,404,467	0.53	0.48	-	-	-
BNP Paribas Asset Management [15]	1,438,194	0.54	0.50	-	-	-	-	-	-
Credit Suisse Group [16]	1,380,387	0.52	0.48	-	-	-	-	-	-
Artisan Partners [17]	1,354,698	0.51	0.47	-	-	-	-	-	-
Natixis Asset Management [18]	1,340,795	0.51	0.46	2,639,654	0.99	0.91	3,110,259	1.17	1.08
State Street [19]	-	-	-	4,147,419	1.56	1.43	-	-	-
Allianz Vie [20]	-	-	-	1,883,310	0.71	0.65	-	-	-
Aviva plc [21]	-	-	-	1,537,131	0.58	0.53	-	-	-
Covéa Finance [22]	-	-	-	1,429,340	0.54	0.49	-	-	-
Banque Nationale Suisse [23]	-	-	-	1,325,271	0.50	0.46	1,395,983	0.53	0.48
Farallon Capital Management, LLC [24]	-	-	-	1,319,000	0.50	0.46	-	-	-
Schroders plc [25]	-	-	-	-	-	-	1,424,852	0,53	0.49
Treasury shares:									
♦ Shares held by affiliates	-	-	-	-	-	-	-	-	-
♦ Own shares	1,144,487	0.43%	0%	1,585,218	0.60%	0%	2,167,235	0.82%	0%
Others and public	110,212,546	41.52%	39.06%	98,680,727	37.18%	35.16%	135,410,892	51.02%	48.05%
TOTAL	**265,421,592**	**100%**	**100%**	**265,421,592**	**100%**	**100%**	**265,421,592**	**100%**	**100%**

This table is established on the basis of nominative data and declarations regarding shareholdings exceeding the legal and statutory threshold of 0.5% of the share capital notified to the Company principally during the 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 289,870,113 "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 2,281,093 shares held by Lirix; 169,868 shares held by SNC Le Garlaban; 1,352,650 shares held by Le Delos Invest I; 372,024 shares held by Le Delos Invest II and 8,392,096 shares held by Le Delos Invest III. These five companies are controlled by Paul Ricard, within the meaning of Article L. 233-3 of the French Commercial Code. Full ownership of Pernod Ricard shares held by Le Delos Invest III was transferred by way of a performance guarantee for its bonds in respect of a futures contract agreed on 10 April 2009.*

(2) *Mr Rafaël Gonzalez-Gallarza signed a shareholders' agreement with Société Paul Ricard, as detailed below.*

(3) *Declaration of 13 May 2014.*

(4) *Declaration of 26 May 2015.*

(5) *Declaration of 9 September 2014.*

(6) *Declaration of 7 January 2015.*

(7) *Declaration of 25 September 2014.*

(8) *Declaration of 17 November 2014.*

(9) *Declaration of 23 January 2015.*

(10) *Declaration of 30 January 2015.*

(11) *Declaration of 15 April 2015.*

(12) *Declaration of 23 November 2012.*

(13) *Declaration of 19 November 2014.*

(14) *Declaration of 20 March 2015.*

(15) *Declaration of 23 October 2014.*

(16) *Declaration of 8 June 2015.*

(17) *Declaration of 10 March 2015.*

(18) *Declaration of 5 June 2015.*

(19) *Declaration of 8 January 2014.*

(20) *Declaration of 29 November 2013.*

(21) *Declaration of 23 June 2014.*

(22) *Declaration of 15 November 2013.*

(23) *Declaration of 12 March 2014.*

(24) *Declaration of 19 May 2014.*

(25) *Declaration of 14 June 2013.*

Certain Company shares have a double voting right as described in the paragraph entitled "Voting conditions" of the subsection "Information about Pernod Ricard" above. Of the 265,421,592 shares comprising the Company's capital as of 30 June 2015, 24,448,521 shares had a double voting right.

On the same date, employees held 2,903,185 shares representing 1.10% of the share capital and 1.53% of the voting rights of the Company.

The Paul Ricard concert party (comprising Société Paul Ricard, Lirix, Le Delos Invest I, Le Delos Invest II, Le Delos Invest III, Le Garlaban and Rigivar, as well as Ms Danièle Ricard and Messrs Rafaël Gonzalez-Gallarza, César Giron, François-Xavier Diaz, Alexandre Ricard, Paul-Charles Ricard and Ms Veronica Vargas, the latter since her membership was notified to the Company on 13 April 2015) holds 36,865,840 Company shares representing 57,951,110 voting rights, *i.e.* 13.89% of the share capital and 19.99% of the voting rights of the Company as at 30 June 2015.

The shareholder agreement between shareholders of the Company (between Mr Rafaël Gonzalez-Gallarza and Société Paul Ricard, the Ricard family Holding Company) is described below and is also available on the AMF website (www.amf-france.org).

Shareholdings exceeding the legal thresholds for share capital or voting rights

The Company was not notified of any shareholdings exceeding the legal share capital or voting rights thresholds as specified in the French Commercial Code during the 2014/2015 financial year.

Shareholders' agreements

On 8 February 2006, Pernod Ricard was notified that a shareholders' 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 Shareholders' Meeting so that they can vote 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.

Additional information on the shareholders

The number of Pernod Ricard shareholders who have registered securities is estimated at approximately 12,300.

Allocation of share capital (nominative data from the Company's survey on identifiable bearer shares carried out at 30.06.2015)	(in %)
Société Paul Ricard	13.1
Board + Management + Employees + Treasury shares	1.7
Groupe Bruxelles Lambert	7.5
US institutional investors	36.8
French institutional investors	10.6
British institutional investors	8.4
Other foreign institutional investors	15.0
Individual shareholders	6.9
TOTAL	**100**

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 "Allocation of share capital and voting rights at 30 June 2015".

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 Company's knowledge, there have not been any significant changes in the allocation of the Company's share capital during the last three financial years, other than those shown in the above table entitled "Allocation of share capital and voting rights at 30 June 2015".

Pernod Ricard is the only company of the Group listed on a Stock Exchange (Euronext Paris).

However, Pernod Ricard now controls Corby Spirit and Wine Limited, holding 45.76% of its share capital and 51.61% of voting rights. Corby Spirit and Wine Limited is listed on the Toronto Stock Exchange, Canada.

Equity investments and stock options

Corporate Officers' equity investments in the Company's share capital

Detailed information is provided under subsection "Compensation Policy" in Section 4 "Management Report" of this Registration Document.

Transactions involving Pernod Ricard shares made by Corporate Officers in the financial year

Detailed information is provided under subsection "Compensation Policy" in Section 4 "Management Report" of this Registration Document.

Stock options exercised by Executive Directors during the 2014/2015 financial year

Detailed information is provided in the summary table of stock options exercised by the Executive Directors in 2014/2015 under subsection "Compensation Policy" in Section 4 "Management Report" of this Registration Document.

Stock options granted to the Group's top ten employees other than Executive Directors, and options exercised by the Group's top ten employees other than Executive Directors during the 2014/2015 financial year

Detailed information is provided in the table "Stock options granted to the Group's top ten employees other than Executive Directors and options exercised by the Group's top ten employees other than Executive Directors during the 2014/2015 financial year" under subsection "Compensation Policy" in Section 4 "Management Report" of this Registration Document.

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).

Stock market information on Pernod Ricard shares over 18 months (source Euronext Paris)

Date	Volume *(in thousands)*	Capital *(in euro million)*	Average price *(in euro)*	Highest *(in euro)*	Lowest *(in euro)*	Price at end of month *(in euro)*
January 2014	18,103	1,479	81.69	84.99	79.01	79.64
February 2014	12,227	1,026	83.89	86.99	78.82	85.29
March 2014	15,783	1,306	82.75	85.45	79.56	84.50
April 2014	11,284	963	85.36	88.06	81.72	86.51
May 2014	9,770	858	87.80	90.20	85.28	89.95
June 2014	9,382	829	88.31	90.14	87.03	87.70
July 2014	9,821	853	86.86	89.03	83.44	83.70
August 2014	9,055	779	86.01	90.45	82.62	89.74
September 2014	11,872	1,071	90.26	92.48	87.55	89.64
October 2014	15,937	1,384	86.83	91.10	82.23	90.83
November 2014	8,560	786	91.87	95.48	89.57	95.31
December 2014	9,979	925	92.70	96.23	87.90	92.26
January 2015	15,637	1,560	99.79	108.75	87.95	106.60
February 2015	10,735	1,129	105.17	108.35	101.55	105.95
March 2015	11,335	1,221	107.73	111.85	104.65	110.15
April 2015	10,368	1,176	113.47	117.75	108.50	111.00
May 2015	8,995	999	111.00	114.95	107.15	112.55
June 2015	15,801	1,682	106.42	114.90	103.25	103.60

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 Regulations.

Transactions performed by the Company on its own shares during the 2014/2015 financial year (1 July 2014 - 30 June 2015)

Authorisations granted to the Board of Directors

During the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 6 November 2013, 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 €140 per share and the Company was not authorised to purchase any more than 10% of the shares making up the Company's capital; additionally, the number of shares held by the Company could not, at any time, exceed 10% of the shares comprising the Company's capital.

Furthermore, the Combined (Ordinary & Extraordinary) Shareholders' Meeting of 6 November 2014 authorised the Board of Directors to trade in the Company's shares under the same conditions and at a maximum purchase price set at €120 per share, for a period of 18 months. This authorisation cancelled the authorisation granted by the Shareholders' Meeting of 6 November 2013 with effect from 6 November 2014, up to the portion which remained unused.

Pursuant to these authorisations, the liquidity agreement compliant with the AMAFI Code of Conduct and entered into with Rothschild & Cie Banque with effect from 1 June 2012 was renewed on 1 June 2015 for a period of one year. The funds initially allocated to the liquidity account amount to €5,000,000.

The authorisation granted by the Shareholders' Meeting of 6 November 2014, in force on the date this Registration Document was filed, will expire on 5 May 2016. The Shareholders' Meeting of 6 November 2015 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 Combined (Ordinary & Extraordinary) Shareholders' Meeting of 6 November 2015".

Summary of transactions performed by the Company on its own shares during the 2014/2015 financial year

	American call options	Sale and repurchase agreements	Sale and repurchase agreements	Exercise of calls	Exercise of calls	Purchases of securities	Purchases of securities	Exercise of the repurchase option on its behalf	Exercise of the repurchase option on its behalf	Exercise of the repurchase option on its behalf	Exercise of the repurchase option on its behalf	Exercise of the repurchase option on its behalf	Exercise of the repurchase option on its behalf
Number of shares	150,000	500,000	200,000	353,000	500,000	30,000	15,000	241,900	478,068	477,490	177,799	304,908	58,673
Maximum term	15.10.2018	21.06.2019	27.06.2016	11.06.2015 and 26.06.2015	15.06.2015	07.11.2014	16.12.2014	11.08.2015	14.06.2016	22.06.2015	28.06.2016	23.06.2017	21.06.2019
Average transaction price	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average strike price	€90.00	€68.54	€78.93	€78.93	€68.54	€90.73	€89.15	€52.59	€58.41	€74.73	€66.16	€64.00	€68.54
Amounts	€13,500,000	€34,270,000	€15,786,000	€27,862,290	€34,270,000	€2,721,900	€1,337,250	€12,721,521	€27,923,952	€35,682,828	€11,763,182	€19,514,112	€4,021,447

N/A: not applicable.

The total amount of trading fees incurred during the 2014/2015 financial year for authorised programmes was €12,986.

The shares held by the Company have not been reallocated for other purposes since the last authorisation granted by the Shareholders' Meeting.

Summary table at the close of the 2014/2015 financial year

Position at 30.06.2015	
Percentage of direct and indirect treasury shares	0.43%
Number of shares cancelled in the last 24 months	None
Number of shares held in portfolio	1,144,487
Portfolio gross carrying amount	€92,218,574
Portfolio market value*	€118,568,853

* *Based on the closing price at 30.06.2015, **i.e.** €103.60.*

Description of the current share buyback program (6 November 2014 to 31 July 2015)

Results of current programme

The following table details the transactions performed by the Company on treasury shares under the programme authorised by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 6 November 2014 (period from 6 November 2014 to 31 July 2015, date of the last declaration made to the AMF).

	Total gross flows from 06.11.2014 to 31.07.2015			Open positions at 31.07.2015			
				Long positions		Short positions	
	Purchases	Sales	Transfers	Call options purchased*	Forward purchases	Call options sold	Forward sales
Number of shares	520,593	122,593	457,949 (1)	2,581,233	None	None	None
Maximum term	N/A	N/A	N/A	21.06.2019	-	-	-
Average transaction price	€91.43	€104.91	€104.42	N/A	-	-	-
Average strike price	N/A	N/A	N/A	€71.54	-	-	-
Amounts	€45,267,379.28	€12,977,349	€47,819,035	-	-	-	-

N/A: not applicable.

* *And cancellation clauses attached to sale and repurchase agreements.*

(1) *These shares were granted to employees who are not tax residents of France at the end of a four-year vesting period, as part of the performance-based share allocation plan of 15 June 2011, and granted to employees who are tax residents of France at the end of a three-year vesting period, as part of the performance-based share allocation plan of 27 June 2012.*

Summary of transactions performed in accordance with the purposes and aims of the current share buyback programme (from 6 November 2014 to 31 July 2015)

Under the share buyback programme authorised by the Shareholders' Meeting of 6 November 2014 and implemented by the Board of Directors on the same date, 45,000 shares were purchased on the market at an average weighted price of €90.20 per share. Furthermore, a total of 150,000 options hedges were acquired *via* the purchase of the same number of three-year American call options. The Company also purchased 353,000 shares by exercising American call options and sold 700,000 treasury shares under sale and repurchase agreements.

Pursuant to authorisations granted by the Combined (Ordinary & Extraordinary) Shareholders' Meeting of 6 November 2014, the Board of Directors implemented a performance-based share allocation plan on 6 November 2014. The 45,000 shares purchased on the market were allocated to cover part of this performance-based share allocation plan and the 150,000 American call options, which allowed for the acquisition of the same number of Pernod Ricard shares, were also used to cover this plan.

Treasury shares constitute reserves covering the various stock options and performance-based shares plans still in force. During the period, transfers were made within these reserves of treasury shares:

- 343,028 shares allocated to non-tax residents of France benefiting from the performance-based share plan of 15 June 2011 (at the end of the 4-year vesting period);
- 114,921 shares allocated to tax residents of France benefiting from the performance-based share plan of 27 June 2012 (at the end of the 3-year vesting period).

Options hedges linked to the American call options or the cancellation clauses attached to shares sold under sale and repurchase agreements were transferred as and when rights were exercised. During the period, 2,045,907 shares were repurchased by exercising the cancellation clauses attached to shares sold under sale and repurchase agreements, at an average price of €63.65.

Under the liquidity agreement signed with Rothschild & Cie Banque, during the period from 6 November 2014 to 31 July 2015 the Company as:

- purchased 122,593 shares for a total amount of €12,984,372.40; and
- sold 122,593 shares for a total amount of €12,977,349.24.

Distribution of treasury shares at 31 July 2015

Treasury shares are all allocated as reserves for different stock options and performance-based shares allocation plans.

Details of the new programme to be submitted for authorisation to the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 6 November 2015

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

As the authorisation granted by the Shareholders' Meeting on 6 November 2014 allowing the Board of Directors to trade in the Company's shares is due to expire on 5 May 2016, a resolution will be proposed to the Shareholders' Meeting of 6 November 2015 (14^{th} resolution (see Section 7 of this Registration Document "Combined (Ordinary & Extraordinary) Shareholders' Meeting") to grant a further authorisation to the Board to trade in the Company's shares at a maximum purchase price of €150 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. 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 1,545,007 (*i.e.* 0.58% of the share capital) shares at the time of the last declaration relating to the number of shares and voting rights (31 July 2015), the maximum number of shares that can be bought will be 24,997,152 (*i.e.* 9.42% of the share capital), unless it sells or cancels shares it already holds.

The purpose of the share buybacks and the uses that may be made of shares repurchased in this manner are described in detail in the 14th resolution to be submitted to the vote of the Shareholders' Meeting on 6 November 2015. This share buyback programme would enable the Company to acquire Company shares or to have them acquired for the purposes of:

- allocating or transferring them to employees and Executive Directors of the Company and/or of Group companies (allocation of stock options and performance-based shares, coverage of its commitments pursuant to options with cash payments);
- using them within the scope of external growth transactions (for up to 5% of the number of shares comprising the share capital);
- delivering shares upon the exercise of rights attached to securities granting access to the share capital;
- cancelling them;
- stabilising the share price through liquidity agreements.

Purchases, sales, transfers or exchanges of shares may be made, on one or more occasions, by any means authorised pursuant to the regulations in force. These means include, in particular, private transactions over-the-counter, sales of blocks of shares, sale and repurchase agreements, the use of any financial derivative instruments traded on a regulated or over-the-counter market, and the setting up of option strategies.

Transactions involving blocks of shares may account for the entire share buyback programme.

The maximum total amount which could be allocated to the share buyback programme would be €3,981,323,850 corresponding to a maximum number of 26,542,159 shares purchased on the basis of a maximum unit price of €150 excluding acquisition costs.

Approved by the Combined (Ordinary & Extraordinary) Shareholders' Meeting of 6 November 2015, this authorisation would cancel, from this date and for the unused part, any authorisation granted to the Board of Directors by the Shareholders' Meeting of 6 November 2014 for the purpose of dealing in the Company's shares. It would be granted for a period of 18 months, *i.e.* until 5 May 2017.

Other legal information

Regulated related-party transactions

Transactions with related parties are described in Note 6.6 – *Related parties* of the Notes to the consolidated financial statements (Section 5 of this Registration Document) as well as in Note 10 – *Transactions and balances with subsidiaries and associates and other invested entities* in the Notes to the Parent Company financial statements (Section 6 of this Registration Document).

9

Additional information to the Registration Document

Persons responsible

Names and positions

Person responsible for the Registration Document

Mr Alexandre Ricard

Chairman & CEO of Pernod Ricard

Person responsible for the information

Ms Julia Massies

Vice-President, Financial Communication & Investor Relations

Tel: + 33 (0)1 41 07 41 07

Declaration by the person responsible for the Registration Document and the annual financial report

I certify that, having taken all reasonable measures to ensure that this is the case, the information contained in this 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 enclosed management report 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.

I have obtained an audit completion letter from the Statutory Auditors in which they state that they have verified the information relating to the financial position and the financial statements set out in this document and have read the document in its entirety.

The historical financial information relating to the consolidated and parent company financial statements for the year ended 30 June 2015 presented in this document is discussed in the Statutory Auditors' reports found on pages 205 and 231, respectively, neither of which contain any comments;

The historical financial information relating to the consolidated and parent company financial statements for the years ended 30 June 2014 and 30 June 2013, which is included for reference in this document, were also the subject of Statutory Auditors' reports. The first of these includes an observation on changes to the accounting policy, while the second contains no comments.

Mr Alexandre Ricard

Chairman & CEO of Pernod Ricard

Documents available to the public

Corporate documents (financial statements, minutes of Shareholders' Meetings, attendance registers for Shareholders' Meetings, list of Directors, Statutory Auditors' reports, bylaws, etc.) relating to the last three financial years may be consulted at Pernod Ricard's registered office at 12 place des États-Unis, 75116 Paris, France.

The "Regulatory information" section of the Company's website is available at the following URL:

http://www.pernod-ricard.com/200/investors/regulatory-information

This 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.

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In accordance with Annex 1 to EC Regulation No. 809/2004.

N/A: non applicable.

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N/A: non applicable.

Management report

This 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.

N/A: non applicable.

Management report – environmental, social and societal information

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Annual financial report

This Registration Document includes all elements of the financial report as set forth in Articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the AMF General Regulations.

Management reports, Parent Company and consolidated financial statements and Statutory Auditors' reports for the financial years ended 30 June 2014 and 30 June 2013

The following information is included in this Registration Document for reference purposes:

- the Group's management report, the Parent Company and Group consolidated financial statements and the Statutory Auditors' reports on the Company's annual financial statements and the consolidated financial statements for the financial year ended 30 June 2014, as presented on pages 47-239 and filed on 24 September 2014 under no. D.14-0930;
- the Group's management report, the Parent Company and Group consolidated financial statements and the Statutory Auditors' reports on the Company's annual financial statements and the consolidated financial statements for the financial year ended 30 June 2013, as presented on pages 45-208 and filed on 25 September 2013 under no. D.13-0925.

The information included in these three Registration Documents, other than that mentioned above, has been replaced and/or updated, as applicable, with the information contained in this Registration Document.

Financial Communication & Investor Relations

Pernod Ricard – 12 place des États-Unis – 75116 Paris – France

Pernod Ricard

Pernod Ricard
Pernod Ricard is a French public limited company (Société Anonyme – SA) with share capital of €411,403,467.60
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