

2011 Pernod Ricard Communication on Progress



Portraits – Denis Rouvre



THE TEN GLOBAL COMPACT PRINCIPLES

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.

Labour standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

March 28th, 2012



PIERRE PRINGUET'S STATEMENT

Chief Executive Officer

Pernod Ricard has committed to Sustainable Development for the past 40 years, and has always integrated responsibility in its business approach, on both environmental and social aspects with an objective of continuous improvement.

In this context, it was natural for Pernod Ricard to become a member of the United Nations Global Compact in 2003, committing to align and develop its corporate strategy within the Global Compact's ten universally accepted principles in the areas of the Human Rights, Labor, Environment and Anti-corruption.

As part of the Global Compact, Pernod Ricard has addressed the global water challenge by endorsing the United Nations CEO Water Mandate since 2010. According to this UN initiative, water-resources management needs to be the priority for companies committed to a more sustainable use of water.

That same year, the Group decided to create the Pernod Ricard CSR platform to focus on its CSR strategy and be even more effective in its respect of each of the 10 principles of the Global Compact. The CSR platform is aligned with the 3 values of our company: entrepreneurial spirit, mutual trust and sense of ethics. It represents the five CSR priorities of Pernod Ricard: respect our stakeholders, responsible drinking, environment, entrepreneurship and share our culture.

To support and implement the CSR platform, a CSR leader has been appointed in each Pernod Ricard affiliate and local action plans elaborated, adapted to their local context and culture. In addition, more than 15 000 of our employees have been trained on CSR and on the importance of undertaking concrete actions on sustainable development.

To reinforce and celebrate this new CSR strategy, the group organized its first "Responsib'All Day", a day entirely dedicated to CSR, in May 2011. This day of action involved our 18 000 employees and was devoted to the fight against drink driving, in order to dovetail with the concomitant launch by the United Nations of the first decade of actions for road safety.

In 2011, we conducted the first opinion survey to give all employees their chance to have their say. I am proud today to say that 95% of them are well aware of our company social responsibility priorities and that 88% feel involved in our sustainable development initiatives.

With the new CSR strategy and the support of our 18 000 employees acting as the first-line ambassadors, I am convinced that the 10 principles of the global compact will be well promoted within our company and in our sphere of influence.

A handwritten signature in black ink, appearing to read 'P. Pringuet', written over a thin horizontal line.

Pierre Pringuet
Chief Executive Officer

TABLE OF CONTENT

The ten Global Compact Principles	2
Pierre Pringuet’s Statement.....	3
Pernod Ricard 2011 Communication on Progress	5
Human rights	5
Labour Standards.....	9
Environment.....	12
Anti-Corruption	15
Best Practices – Global Compact.....	16
Best Practice N°1 - Principle 1-Pernod Ricard Group New CSR Strategy.....	17
Best Practice N°2 – Principle 1-Pernod Ricard Group Responsib’all Day 2011	19
Best Practice N°3 - Principle 1-Casa Pedro Domecq -“O Tomas O Manejas”	21
Best Practice N°4: Principle 1-Premium Wine Brands Entrepreneurship Initiative – marlborough training program.....	24
Best Practice N° 5 – Principle 2- Ricard, Pernod, Pernod Ricard, and Mumm Perrier Jouet: the 10 commitments charter for responsible procurement.....	26
Best Practice N°6 – Principle 6- Pernod Ricard group: I SAY Opinion Survey	27
Best Practice N° 7- Principle 9-Pernod Ricard Argentina - Green Technology for Waste Water Treatment	28
Best Practice N°8 – Principle 9-Light Weight Glass at Jacob’s Creek	29
Best Practice N°9 – Principle 9-Casa Pedro Domecq- Agave Bagass Compost damped with vinass to produce organic fertilizer.....	30
2011 Pernod Ricard- CEO Water Mandate - Communication on Progress.....	31



PERNOD RICARD 2011 COMMUNICATION ON PROGRESS

Annual report and registration document can be downloaded here: <http://www.pernod-ricard.com/en/pages/321/pernod/Finance/Annual-Reports.html>

The ten principles of the Global Compact 	Pernod Ricard Our commitments, progress, indicators and results	Documents of references
HUMAN RIGHTS		
<p>Principle 1: To support and respect the protection of international law on Human rights within its sphere of influence</p>	<p>To ensure respect of International law on human rights, Pernod Ricard has implemented:</p> <ol style="list-style-type: none"> 1. A comprehensive governance policy and tools aimed at promoting ethical behaviour, 2. A devoted strategy to promote Responsible Drinking, 3. Direct humanitarian relief efforts and the promotion of an entrepreneurial spirit. <p>1. <u>Dedicated governance and tools to promote ethics</u></p> <p>To promote ethics and insure the respect of Human Rights, a section in the new Pernod Ricard Charter is dedicated to ethics and the Group had implemented a new CSR strategy with dedicated governance.</p> <p><u>The new Pernod Ricard Charter :</u></p> <p>In 2011, Pernod Ricard updated its Charter, the Pernod Ricard Charter, including the 3 main values of Pernod Ricard: entrepreneurial spirit, mutual trust and sense of ethics. The last point is described as follows:</p> <p>“All Pernod Ricard employees are expected to have a strong sense of ethics and work in a way that encourages transparency and respect. All employees are required to:</p> <ul style="list-style-type: none"> • Be law-abiding and comply with applicable legislation and group policies and procedures, • Behave in a honest manner and be worthy of trust, • Behave in a respectful manner to shareholders, 	

customers, public officials, suppliers, competitors and colleagues,

- Behave in a manner consistent with industry commitments, act as ambassadors of responsible drinking and behave impeccably in any professional situation”.

Furthermore, Pernod Ricard commits, in this charter, to “develop, reward and engage its people, in line with the ILO (International Labor Organization) standards.

The CSR Strategy

The Pernod Ricard Charter has been reinforced by a new CSR strategy to ensure respect of the sustainable development principles, including human rights.

The CSR policy is defined by a CSR Platform with “Respect” at its core and as a pre-requisite for all affiliates. It means respect all our stakeholders and the human rights.

A dedicated CSR governance has been implemented to ensure the respect and implementation of the CSR policy in all affiliates with the establishment of an Advisory Committee and a CSR Leaders network.

This strategy is reinforced by the review of CSR issues at Board of Director meetings:

Historically, Pernod Ricard Board of Directors has had a strong interest in CSR issues. Those are regularly discussed by the Board.

Furthermore, CSR risks are covered by the company's internal audit and controls system (which covers financial, operational, legal risks and CSR risks).

2. Promote Responsible Drinking

Most adults around the world consume Pernod Ricard’s products in convivial manner and enjoy alcohol responsibly. However, misuse of alcohol does exist through inappropriate and excessive consumption. And Pernod Ricard is committed to preventing any alcohol misuse.

Responsible drinking has always been a priority for Pernod Ricard, as with a key component of its values and ethics. It is one of the main pillars of the CSR platform.

In this area, the Group focuses on two major social challenges: combating Drinking and Driving and educating at-risk populations (primarily young adults, minors and pregnant women).

In order to make responsible consumption a reality, Pernod Ricard is pro-active and takes concrete actions:

- It has established a strict Code of Commercial Communications which is more restrictive than industry

*annual report p.77,
registration document
p.41*

*Refer to **Best Practices N#1** “Pernod Ricard Group CSR Platform Deployment”*

	<p>standards and set the rules of communication for all affiliates of Pernod Ricard. It applies equally to all affiliates even in countries with low regulations (http://www.pernod-ricard.com/en/pages/191/ Pernod/Developpement-durable/Consommation-responsable/Marketing-ethique.html)</p> <ul style="list-style-type: none"> • It develops several prevention programs and campaigns all around the world. For example, here are two actions: <ul style="list-style-type: none"> ○ O Tomas O Manejas (“Either You Drink or Drive”): a Mexican campaign against Drinking and Driving targeting young people ○ Beber Con Moderacion (“Drink in Moderation”): an Argentinean program to educate employees and community about Responsible Drinking. The objective is to help parents to prevent underage people from drinking any alcoholic beverage. • Its 18 000 employees are Responsible Drinking ambassadors. In 2011, the Group decided to go further and organized the first Responsib’All day. It was a day where all the Group employees participated in workshops, lectures and activities on a Responsible Drinking topic. In 2011, the focus was on Drinking and Driving. <p style="text-align: center;"><u>3. Humanitarian relief and Entrepreneurship Spirit</u></p> <p>Pernod Ricard supports the respect of international law through its humanitarian relief efforts and the promotion of an entrepreneurial spirit. Promoting the Entrepreneurial spirit is the 4th pillar of the Pernod Ricard CSR Strategy.</p> <p><u>Entrepreneurial spirit and international solidarity</u></p> <p>Pernod Ricard is committed to encouraging entrepreneurs realize their projects in developing countries. For example, the Group supports the Appel aid association in its program designed to help young company founders in Vietnam with financing their studies and initial business set-up costs. Also, the Group continues to support PlaNet Finance, an association for the development of micro-credit, for projects initiated by African women.</p> <p>In addition, together with Pernod Ricard Japan and Pernod Ricard Asia, the Holding Company made a 60 million yen (around €525,000) donation to the Japanese Red Cross, to help earthquake and tsunami victims.</p> <p>Affiliates are also active on their local market. For example, Pernod Ricard New-Zealand implemented a training course to support unemployed people.</p>	<p><i>Please refer to annual report p.88</i></p> <p><i>Please refer to Best Practice N#3 “Casa Pedro Domecq O Tomas O Manejas”</i></p> <p><i>Please refer to Best Practice N#2 “Pernod Ricard Group Responsib’ALL Day”</i></p> <p><i>Please refer to document of reference p. 65</i></p> <p><i>Please, refer to Best Practice N#4 “Premium Wine Brand Entrepreneurships” initiatives</i></p>
<p>Principle 2: To ensure that business is not complicit in</p>	<p>Through its Sustainable Development Charter and The Pernod Ricard Procurement Code of Ethics, Pernod Ricard has formally committed to establishing sustainable relationships with its suppliers and sub-contractors.</p>	

March 28th, 2012

<p>human rights abuses</p>	<p>Pernod Ricard maintains close partnerships with its suppliers in order to ensure ethical business practices and sustainable development of its activities. In all Group subsidiaries, these partnerships are built on specific requirements and regular controls.</p> <p>In 2011, a task force was created to formalize the Pernod Ricard commitment on Responsible Sourcing. It has been decided to create a new Responsible Procurement Policy at the Group Level. This document reinforces Pernod Ricard's concern and actions already in place. This new Pernod Ricard Policy on Responsible Procurement has been signed by Pierre Pringuet, Group CEO (Chief Executive Officer), and Thierry Billot (Managing Director Brands) and is applicable to all Pernod Ricard Group. This policy explicitly states the "<i>particular importance of human rights</i>" and in this policy, Pernod Ricard commits to "<i>Communicating our policy to suppliers, having them commit to Sustainable Development and assessing their performance</i>".</p> <p>Among the actions the company takes to ensure that relationships with suppliers are managed responsibly, here are two examples:</p> <ul style="list-style-type: none"> • In the Pernod Ricard Purchasing internal training course, a chapter addresses how to choose suppliers and to establish partnerships with them. • Pernod Ricard Holding has close relationships with the approx. top 10 suppliers representing 65% of the packaging spent and regular business reviews are held. <p>The following indicators lend support to the company's commitment to ensuring balanced and sustainable relations with suppliers:</p> <ul style="list-style-type: none"> • Pernod Ricard's major suppliers have demonstrated financial stability. • For 10 years, The Absolut Company (Sweden) has worked closely with farmers to promote wheat farming practices that are both sustainable and respectful of the environment. • Pernod Ricard Nordic <i>Corporate Responsibility Evaluation Process</i> leads to dialogue with suppliers. • In the UK, the Chivas Supplier Audit Checklist is used as a basis for dialogue with suppliers. • In December 2010, Philippe Savinel (CEO of Ricard) signed for Ricard the "<i>Charte des 10 engagements pour des achats responsables</i>" ("<i>The 10 commitments charter for responsible procurement</i>"). In January 2012, César Giron (CEO of Pernod) and Pierre Pringuet (CEO of Pernod Ricard) signed the Charter for Pernod, Pernod Ricard and Mumm Perrier-Jouet. This charter has been 	<p>Please refer to Best Practice N#5 "The 10 commitments charter for responsible procurement"</p>
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	<p>established by local authorities. Companies which signed the charter commit to improve their relationship with their suppliers, especially when they are small and medium-sized businesses (SMEs-VSE). The Signatory contractors commit to apply the good practices described in the Charter and commit to work in an environment of mutual trust with their suppliers.</p>	
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LABOUR STANDARDS

Pernod Ricard aims to offer a comfortable working environment for all employees and to respect labour standards.

Pernod Ricard has made a formal commitment to health and safety issues in its Sustainable Development Charter. This commitment applies throughout the company and is supported by senior management.

The company has allocated means to address these issues, including a certified health and safety system:

- Training / awareness-raising programs, internal monitoring, internal H&S audits, OHSAS 18001 certifications and road safety program.

Local managers are fully responsible for the health and safety (h&s) performance of their operations. All Group affiliates with production activities are requested to implement a certified h&s system with OHSAS 18001 external certification. In 2011, **90%** of production sites implemented this certification system.

Following this policy, the accidents rate at production sites decreased:

- The accident frequency rate decreased from 18.3% in 2006/2007 to 10.5% in 2010/2011 (*this rate represents the number of accidents per million worker-hours of exposure*).
- The number of days lost decreased from 8233 to 3335 between 2006/2007 and 2010/2011 (*this is the number of days of absenteeism during the year, due to Accidents Requiring Absence*).

In addition to external certification audits, the Group conducts internal audits. Health & safety are part of the annual Group “cross-audit” carried out on approximately 30% of the sites.

<p>Principle 3: To uphold the freedom of association and the effective recognition of the right to collective bargaining</p>	<p>Respect for freedom of association and the right to collective bargaining and promotion of labour relations is of a great importance for Pernod Ricard.</p> <p>Pernod Ricard has made references:</p> <ul style="list-style-type: none"> - To freedom of association in its Sustainable Development Charter, - To the right to collective bargaining in the same document, and - To labour relations in its corporate website. <p>Furthermore, an employee representative also sits on the Board.</p> <p>In 1999, Pernod Ricard established a European Works Council (EWC) with 23 members from 12 different countries. Poland and Czech Republic joined Pernod Ricard EWC in 2006. Employee representatives from Vin&Spirit joined Pernod Ricard EWC in 2009 - 5 seats have been created in total.</p> <p>With more than 50% of its staff in Europe, Pernod Ricard has mainly focused its actions on the European trade-unions</p>	
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	<p>through the European Works Council (EWC). The EWC gathers representatives of every affiliate based in Europe with more than 75 local employees (Benelux and Southern Central Europe - Hungary, Romania, Bulgaria and Slovenia - have a common seat to enable their representation). Last year, the Group modified its agreement in order to have a greater number of small countries represented in this organization. The last renewal of the EWC also permitted the re-election of a Select Committee that could proactively react to any potential social measure in Europe involving at least 2 countries where Pernod Ricard has local teams. Moreover, every European employee of the Group receives every year the brochure summarizing the content of the 3-day meeting held at Group level. This program includes dedicated training to all our trade-union representatives.</p> <p>The EWC covers 54% of total staff. Local training actions dedicated to trade-union representatives exist but are not tracked precisely at Group level yet.</p> <p>Overall, 72% of our entities benefit from employee representation structure</p> <p>Collective bargaining is mainly focused on remuneration, working -hours, profit-sharing, stress management, improvement of senior recruitments, and pensions.</p> <p>The workforce in countries where labour rights may be restricted (China, Cuba, Georgia, Malaysia and the United Arab Emirates) represents 6.9% of our total workforce. Our dual reporting structure at the Regional level (to local management and to Regional management) ensures that social relations are overseen by a Regional HR team.</p> <p>Even if Pernod Ricard has mainly focused its actions on the European trade-unions, affiliate in other regions are active. For example, for a few years, unions in Argentina play an increasing role regarding workers' mobilization and labor conflicts on a precautionary basis. PR Argentina meets regularly with unions to ensure to employees transparent and fair work conditions as provided by annual collective bargaining agreements. 55% of Pernod Ricard Argentina employees are unionized (256 on 467 full-time employees) and 21 employees have a position in unions.</p>	
<p>Principle 4: To eliminate all forms of forced and compulsory labour</p>	<p>The Group shares its commitment with suppliers and mobilize those involved along the value-creation chain.</p> <p>Each subsidiary selects and monitors its own suppliers. Since 2007, affiliates participate in an 'Involvement in the respect of Sustainable Development' questionnaire to evaluate their practices.</p> <p>Through the Sustainable Charter, the Pernod Ricard Policy on</p>	

<p>Principle 5: To ensure the effective abolition of child labour</p>	<p>Responsible Procurement and the Procurement Code of Ethics, “ the Group commits [it]self to support and promote the following principles:</p> <ul style="list-style-type: none"> - Respect for the fundamental human and social rights defined by the agreements in the ILO – International Labor Organization (trade-union rights, equality of payment, no discrimination, and child labour). - Buyers have to be sure of the communication and the respect of these principles inside the Group and in the companies of their suppliers and subcontractors.” 	
<p>Principle 6: To eliminate discrimination in respect of employment and occupation</p>	<p>In 2009, Pernod Ricard has launched a global project named Agility (an internal project to update the Group’s business model and improve its performance). This project had a dedicated task force on diversity that aims to improve its gender ratio within management teams and the ratio of nationalities represented within its Executive Committee.</p> <p>Some concrete and strong actions already took place at the Group level:</p> <ul style="list-style-type: none"> • An official communication to all CEOs and Managing Directors (MDs) on the assessment criteria for management bonuses: diversity as a factor to be considered. • A communication to the Human Resources community to raise awareness on the importance of a commitment to: <ul style="list-style-type: none"> ○ Reinforce diversity in local recruitment process, ○ Reinforce cross-experience as a way to increase diversity. • A reality at Pernod Ricard, diversity primarily relates to origin, related to the Group’s multiculturalism. The male/female component has also made significant progress, thanks to stepped up internal promotions such as: <ul style="list-style-type: none"> ○ The appointment of a female executive, with a Swedish marketing background, as the CEO of Irish Distillers that is now an executive committee’s member. ○ Promotion of 11 women in affiliate’s executive committees in 2010/2011 • Implementation of ILead, a process and tool to make sure all employees within the Group have an annual evaluation on career development. It allows a better transparency on evolution and promotion motives. 	<p>Please refer to</p>

	<p>The performance regarding diversity has been improving thanks to these concrete actions. In 2011:</p> <ul style="list-style-type: none"> - 40% of outside recruits were women, - 98 international relocation of expatriate employees, - 82% of employees received an annual performance review <p>Furthermore, to measure the commitment of its employees, Pernod Ricard launched a comprehensive opinion survey of all Group employees in June 2011 (available in 34 languages, electronically or hard copy).</p> <p>The objective was to obtain everyone’s opinion on key topics such as the environment, labour relations, corporate culture, communications, the sense of belonging, and more. For this first survey, the employee participation rate topped 80%.</p> <p>The results regarding diversity were really positive:</p> <p>76% of our employees agrees « <i>my company provides equal opportunities to its employees regardless of gender differences</i>”</p> <p>Affiliates are as well working to improve diversity at the local level. Some initiatives show this commitment toward diversity. For example:</p> <ul style="list-style-type: none"> • The Holding Company staged an initiative to reach out to employees with disabilities through two events: a theatrical performance and the distribution of a booklet called “Tous concernés” (‘All concerned’). 	<p>annual report p.84.</p> <p>Please Refer to Best Practice N°6# “Pernod Ricard Group - I SAY”</p>
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ENVIRONMENT

Pernod Ricard identified its environmental impacts throughout its production chain in order to efficiently reduce them. The main impacts of its activities are due to the growing of raw material (as it consume water and can have an impact on biodiversity), the production of wines and spirits (as it consume energy, water and induces greenhouse gas emissions), the bottling and packaging (as it produces waste and indirect greenhouse gas emissions) and the finish product consumption (as it induce packaging waste). The Group is committed to reduce its impacts and implement concrete initiatives as the new environmental roadmap.

<p>Principle 7:</p> <p>To support a precautionary approach to environmental challenges</p>	<p>Pernod Ricard supports a precautionary approach towards the environment.</p> <p>In line with the commitment of its founder, Paul Ricard, who in 1996 created <i>the Observatoire de la Mer</i> (‘Deep-Sea Observatory’), Pernod Ricard has consistently strived to bring innovative policies and tools to bear on the subject of environmental protection.</p> <p>In order to raise awareness of employees and to train them on environment, Pernod Ricard implemented two important tools in 2011:</p> <ul style="list-style-type: none"> • Implementation of an environmental seminar targeting all employees involved in environmental actions in several departments: operation, QSE, communication, 	<p><u>Please refer to annual report p.94.</u></p>
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	<ul style="list-style-type: none"> - 24% Savings in water consumption per liter of distilled alcohol between 2007/2008 and 2010/2011, - 20% Reduction of energy consumed per liter of distilled alcohol between 2007/2008 and 2010/2011, - 90% of production sites have calculated their carbon footprint, - 84% of solid waste recycled. 	
<p>Principle 9: To encourage the development and diffusion of environmentally friendly technologies</p>	<p>Pernod Ricard encourages innovation to make sure the technologies used within the Group for production are less polluting, use resources in a sustainable manner and allow easy recycling.</p> <p><u>Wastewater treatment</u></p> <p>Several types of processes have been developed to reduce the organic load of water and make it suitable for reuse or for harmless release into the natural environment. These include, for example, anaerobic digestion to produce biogas, as well as techniques for treatment by aerobic treatment lagoons, membrane filtration, or even the use of plants to purify water in systems known as garden filters.</p> <p>For example, Pernod Ricard Argentina has installed an ingenious wastewater treatment system that is 100% natural, and requires very little maintenance for a very satisfactory result. After a first filtration, wastewater is uniformly spread over grassy plots and purified by the bacteria that grow there. Collected and stored, the water is then used to irrigate the vineyards.</p> <p><u>Biodiversity: innovative actions</u></p> <p>The subsidiaries have always used good practices in sustainable agriculture, taking care to tailor them to local crops and climates. In the area of biodiversity, they have introduced especially innovative measures. In New Zealand, for example, in the Kaituna wetlands region, with its habitats of endangered birds, Pernod Ricard, has led a successful rehabilitation programme on nine hectares to re-establish the original ecosystem (soil restoration, reintroduction of local species, etc.).</p> <p><u>Eco-design and innovation</u></p> <p>This year, Pernod Ricard decided to step up its innovation efforts in eco-design. To harness all available skills, a working group has been set up, consisting of employees from marketing, purchasing and logistics, and some suppliers. Its task will be to issue recommendations and to formalize good practices and tools. Its main focuses will include studying the relationship Premiumisation and eco-design, team training and consumer communication.</p> <p>For example, Working closely with Pernod Ricard UK, Orlando</p>	<p>Please refer to annual report p.96-101</p> <p><i>Please refer to Best PracticeN#7 – “Pernod Ricard Argentina – green technology for waste water treatment”</i></p> <p><i>Please, refer to Best</i></p>

BEST PRACTICES – GLOBAL COMPACT

Best Practice N°1 – Principle 1- Pernod Ricard Group New CSR Strategy	17
Best Practice N°2 – Principle 1-Pernod Ricard Group Responsib'all Day 2011	19
Best Practice N°3 - Principle 1-Casa Pedro Domecq “O Tomas O Manejas”	21
Best Practice N°4: Principle 1-Premium Wine Brands Entrepreneurship Initiative – Marlborough training	24
Best Practice N° 5 – Principle 2 - Ricard, Pernod, Pernod Ricard, and Mumm Perrier Jouet: the 10 commitments charter for responsible procurement.....	26
Best Practice N°6 – Principle 6-Pernod Ricard Group: I SAY Opinion Survey.....	27
Best Practice N° 7- Principle 9-Pernod Ricard Argentina - Green Technology for Waste Water Treatment	28
Best Practice N°8 – Principle 9-Light Weight Glass at Jacob’s Creek	29
Best Practice N°9 – Principle 9-Casa Pedro Domecq- Agave Bagass Compost damped with vinass to produce organic fertilizer.....	30

BEST PRACTICE N°1 - PRINCIPLE 1-PERNOD RICARD GROUP NEW CSR STRATEGY

Pernod Ricard is a decentralized group, whose structure gives it unequalled strength to conduct its business all around the world. As a result, subsidiaries are to a large extent responsible for their own businesses.

After 10 years of external growth, financial year 2009/2010 saw the launch of a flagship internal project, called 'Agility', to update the Group's business model and improve its performance.

Group Management decided that Corporate Social Responsibility should be one of six areas marked for this internal initiative. Interviews were conducted internally and externally (including with key stakeholders) to provide recommendations for Pernod Ricard's CSR policy. These interviews were important as Pernod Ricard took into account stakeholders expectancies to define its CSR strategy and set up its main CSR priorities.

Following the recommendations made, it was decided by the Group Executive Committee:

- **to designate a high level organization dedicated to CSR:**
 - responsibilities of the Managing Director for Group Human Resources extended to include Corporate Social Responsibility,
 - a Group CSR Advisory Committee created, gathering people from all regions and functions. Its main roles are to facilitate the introduction of Corporate Social Responsibility, to offer support to subsidiaries and provide analyses and recommendations on strategic CSR issues,
 - a network of Corporate Social Responsibility leaders developed, comprising employees from 70 countries, who operate under the management of their subsidiary and whose main role is to introduce the CSR strategy in their subsidiary;
- **to implement a CSR strategic platform based on three fundamentals:**
 - CSR activities should be linked with Group business,
 - they should be rooted in the Group's culture and identity,
 - they should involve all employees.

This platform has one prerequisite and four priorities:



- **a prerequisite:** CSR fundamentals considered as prerequisites to our CSR policy: respect for our employees, our shareholders, our partners and our local communities, including the respect of Human Rights.
- **two principal priorities:**
 - responsible drinking: Pernod Ricard aims in particular to set an excellent example on the issues of drink driving and education,
 - environment: to reduce its environmental impacts, the Group has defined five issues to be addressed, namely environmental management, sustainable farming, water use, energy use/CO2 emissions and packaging materials;
- **two optional priorities:**
 - cultural initiatives;

March 28th, 2012

- o actions that favor entrepreneurship.

This platform has been presented in cascade training sessions from the CSR leaders to the employees.

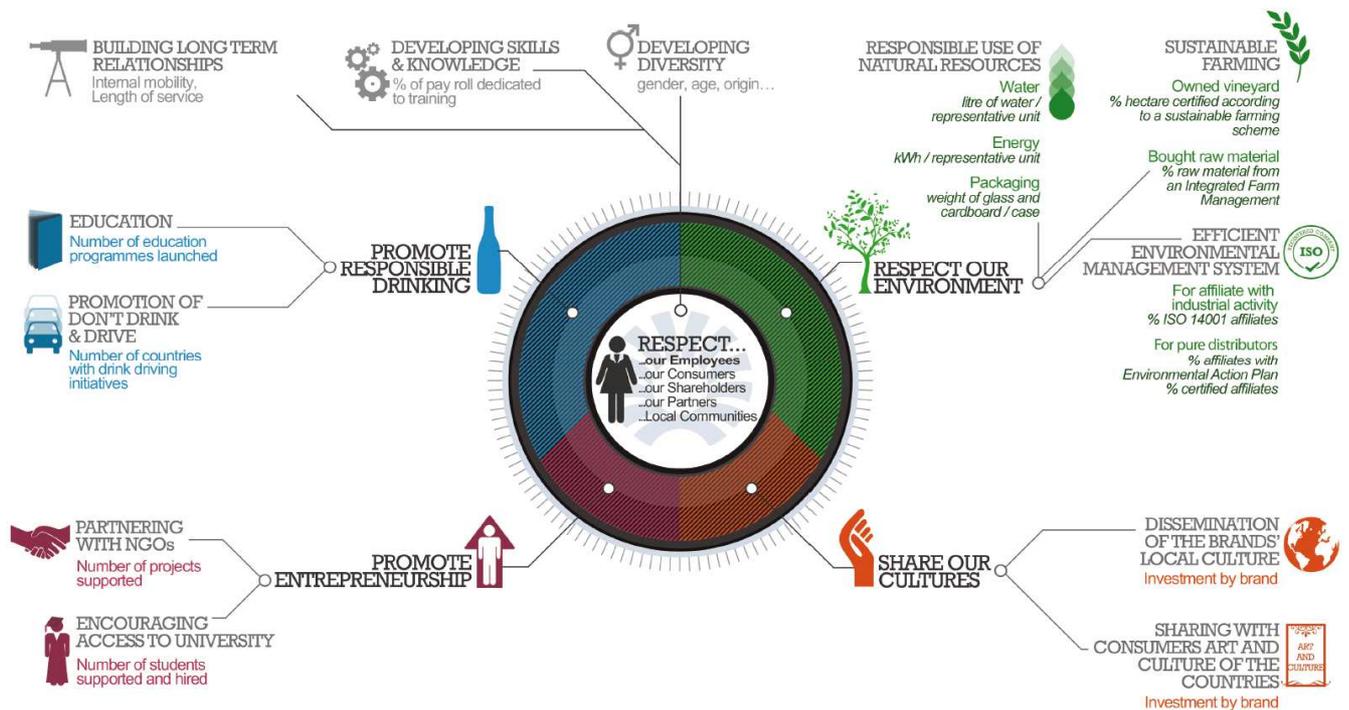
Employee CSR training

A training initiative has been introduced to enable appropriation of the platform by all employees and adaptation in accordance with local requirements: a series of Corporate Social Responsibility cascade training courses have been organized and an e-learning course has been launched (at Group scope).

The CSR training module describes the concept of Sustainable Development and Corporate Social Responsibility, explains the Corporate Social Responsibility issues for Pernod Ricard, develops each area of Corporate Social Responsibility strategy in detail and encourages employees to become involved. A section of the training was dedicated to the Global Compact.

Through Corporate Social Responsibility cascade training, 15,031 employees received face-to-face training on Corporate Social Responsibility during the 2010/2011 financial year. The feedback from employees on this training was very positive.

In order to confirm and examine the knowledge of employees about Corporate Social Responsibility, an e-learning module of around 40 minutes was launched on 26 April 2011. This is an online Corporate Social Responsibility training course, completed on a voluntary basis. From 26 April to 30 June 2011, 8,333 employees completed this module.



BEST PRACTICE N°2 – PRINCIPLE 1-PERNOD RICARD GROUP RESPONSIB'ALL DAY 2011

In 2009, Pernod Ricard group launched a major internal project –the 'Agility' project- to update the Group's business model and improve its performance.

Group Management decided that Corporate Social Responsibility should be one of six areas marked for this internal initiative. Following the recommendation of the taskforce dedicated to CSR, the Group adopted a new CSR policy (please, refer to Best Practice N°1). First of all, the group designed in 2010 a new CSR platform and implemented dedicated governance and in 2011, all employees have been trained to CSR. Then, the Group decided to go further by implementing the "Responsib'All Day": it is a company-wide day of action, bringing together the 18 000 employees worldwide.



The objective of the Responsib'All Day is to raise employees' awareness as well as stakeholders on a shared CSR theme and to promote the sharing of good practices. It was a Group-wide challenge. The first Responsib'All Day, held 23 May 2011, was devoted to the fight against drink driving, in order to dovetail with the concomitant launch by the United Nations of the first decade actions for road safety. The day's program was structured around several key activities, shared by all affiliates. These included:

- the exhibit of drink driving prevention campaigns conducted by the Group and with local prevention associations,
- an information session (with lectures by experts on risks),
- the execution of a symbolic act such as displaying a banner or flag with the message 'Don't Drink and Drive' on a monument (the Great Wall of China, Machu Picchu, Times Square etc.)



Most importantly, the signing by each employee of a manifesto with an individual commitment against drink-driving: the 'Pernod Ricard Act'. 15,055 employees, or 84% of the workforce, signed it—a particularly high score. Each individual commitment gave rise to a donation from the Group to non-profit organisations and NGOs to develop new initiatives, particularly in emerging markets.

March 28th, 2012



Speech, presentation & signing of Pernod Ricard ACT.

All Affiliates, all around the world took part in this day of actions. For example:

- **New Zealand:** 320 staff attended an event at Eden Park Stadium, home of the Rugby World Cup 2011, where they launched an anti-drink-drive billboard campaign which ran during the Rugby World Cup.
- **Korea:** Pernod Ricard partnered with the Smart Driving Foundation to launch a poster campaign competition. Local Pernod Ricard employees have been ‘tweeting’ all day long their commitments on Twitter.
- **France:** huge Tifos (banners) have been deployed in the heart of Paris, as well as on all major sites in Cognac, Champagne and Marseille. Patrick Ricard, Chairman of the Board of Directors, concluded the ‘Responsib’ALL day’ at the Holding company.
- **USA:** Pernod Ricard employees, together with Pernod Ricard CEO Pierre Pringuet, deployed a Tifo ‘Don’t Drink & Drive’ on Times Square before gathering together for talks with Century Council representative Ralph Blackman.
- **Hong Kong:** tramways and buses carried the “Don’t Drink and Drive” message whilst Pernod Ricard employees distributed promotional material in the on-trade.
- **Italy:** trucks with ‘Don’t Drink & Drive’ banners circulated in the city of Milano, in parallel with a “Party & Taxi” initiative, offering consumers buying bottles in store a 10 € taxi voucher.
- **Vietnam:** the new, 1 month-old, Pernod Ricard subsidiary has fully embraced the concept and rolled out an exhibition and interactive think-tanks.
- **Peru:** Pernod Ricard employees climbed the Machu Picchu, carrying a ‘Don’t Drink & Drive’ banner and ran educational actions in the center of Cuzco.
- **Ecuador:** a Tifo was deployed on the Ecuador line, and in **Cuba** a 3-Mile walk on the beach of Havana united the local Pernod Ricard team.



Pernod Ricard Act - Employee's commitment to Don't Drink and Drive

March 28th, 2012

BEST PRACTICE N°3 - PRINCIPLE 1-CASA PEDRO DOMEcq -“O TOMAS O MANEJAS”

In Mexico, alcohol is the leading cause of car accidents among young people between 15 to 24 years of age.

These alarming statistics have prompted the local subsidiary, Casa Pedro Domecq through its foundation Domecq, to conduct in 2009 / 2010 a major prevention campaign called, ‘O tomas O manejas’ (“Either Drink or Drive”), in association with government institutions, universities, and NGOs.



The campaign, “EITHER DRINK OR DRIVE” involves Jaime Camil (an actor very popular within young people), Domecq Foundation Ambassador, who joins the concern to encourage moderation and responsibility in alcoholic consumption among Mexico’s young people. The Mexican actor said that “We have to give an unadorned, dramatic message of what can happen when you drink and drive”.

In the words of the Domecq Foundation president, “With its clear, forceful message, the Domecq Foundation’s aim with the “EITHER DRINK OR DRIVE” campaign is to create an awareness among young people and society of how important responsibility and moderation in alcohol consumption are”. He added that “our campaign especially emphasizes the zero compatibility between alcohol and the steering wheel in order to avoid fatal consequences that affect not only personal safety, but the wellbeing of others”.

The “EITHER DRINK OR DRIVE” campaign has been broadcasted in media such as free and pay TV, radio, movie houses, at bus stops and on printed material, in places where alcohol is consumed and that have valet parking service, and internal screens, as well as in talks at schools and universities, where videos and testimonials were presented and informative pamphlets distributed (website: <http://www.fundaciondomecq.org/>)



With this project, the Domecq Foundation renewed its commitment to youth and to society in general through its different plans of action together with other foundations, and educational and government institutions. The three guiding principles are: responsible, moderate consumption; drink or drive; and

March 28th, 2012

zero tolerance for the sale of alcoholic beverages to minors and for its consumption by underage individuals.

The Domecq Foundation is striving daily for a culture of “Responsible Consumption” through many actions that allow it to reach the population with the aim of achieving a better, more moderate manner of drinking without risking personal health or the health of those around us.

In 2011, the Domecq Foundation created a new campaign “O Tomas O Manejas2”.

The new spot deals now with underage drinking, parents’ responsibility in underage drinking, and a major concern in Mexico nowadays: youngsters using social media to avoid breath test police controls.

On December 16th 2011, in a press conference with 38 media representatives, **Fundación Domecq** launched the new version of the “**O TOMAS O MANEJAS**” campaign which aims for a national impact on the society, especially among the youth, regarding the importance of responsible drinking of alcoholic beverages.



This Corporate Social Responsibility campaign emphasizes the importance of the breath test platform implemented by the Mexico City Government, which has proven to reduce 30% drink-and-driving accidents in the last 8 years and recently started decreasing its effectiveness due to youngsters using social media to avoid these control points.



“O tomas o manejas” 2012 TV commercial

Cedric Retailleau, President and CEO of Casa Pedro Domecq and President of Fundación Domecq, said: “The campaign is having a very high impact and I congratulate all people involved in its creation. Both, the Company and Foundation will do any necessary effort to inform our consumer about the right use of alcohol; now via a TV campaign. We also want to encourage targeted activities in universities, schools (with the appropriate partners), and with other decision-makers involved in avoiding underage drinking and drink-and-driving, mainly parents, and always supporting government activities when implementing measures which really contribute to eliminate the harmful use of alcohol, such as the breath test platform in Mexico City.”

March 28th, 2012

During the presentation of the campaign, Mauricio Soriano, VP of Legal and Corporate Affairs and Director of Fundación Domecq, stated the main concerns derived from recent statistics in Mexico:

- Alcohol consumption starts at age 12 and 13, mostly in family parties.
- Drinking and driving is the first cause of death among youngsters.
- Explosive consumption of alcohol (drinking too much in little timespan)
- Lack of communication between parents and children as a risk factor for underage drinking and drink driving.



Press conference. From left to right. Fernando Rovzar –Lemon Films Director-, Othón Sánchez – Chief of Police in charge of breath test platform-, Mauricio Soriano –VP Legal & Corporate Affairs and Director of Fundación Domecq, and celebrity Jaime Camil.

Dr. Othón Sánchez, Chief of Police in charge of the Mexico City breath test platform, stated during the press conference that the breathalyzers platform should be seen as an ally rather than an enemy to both society and the wine and spirits industry, and congratulated Casa Pedro Domecq Pernod Ricard Mexico for its commitment in helping the government reduce the consequences of the harmful use of alcohol through a “tough” campaign, which from his viewpoint is the only way to make people conscious about not drinking and driving and not avoiding breath test controls.

“O TOMAS O MANEJAS” in its 2009 and 2010-2011 versions received significant awards such as the first place at the “Yellow Rhombus”, silver medal in the 2010 EFFIE Awards.

About the Foundation Domecq

Fundación Domecq was established in 2006. Its mission is to contribute to the wellness of society through the development of projects that enforce the values and best practices regarding Corporate Social Responsibility. Being consistent with the concern of Pernod Ricard Group globally, Casa Pedro Domecq has appointed Fundación Domecq to be the institution in charge of Corporate Social Responsibility actions of the company.

March 28th, 2012

BEST PRACTICE N°4: PRINCIPLE 1-PREMIUM WINE BRANDS ENTREPRENEURSHIP INITIATIVE - MARLBOROUGH TRAINING OPPORTUNITIES PROGRAM

The Context

Marlborough, at the north tip of South Island, New Zealand, has relatively low but rapidly increasing unemployment, particularly affecting younger men. The number of people on unemployment benefit rose by 300% in the 12 months to March 2011 (compared to a national increase of 63%), of which 71% were men aged between 25 and 39. It is hard for those with few skills to get positions in a new industry as employers are not replacing workers because of the economic situation, plentiful labour supply and high competition for jobs.

As a major employer in Marlborough and a good corporate citizen, Pernod Ricard New Zealand (PRNZ) felt it had a responsibility to provide training and employment opportunities for people in the local region. Furthermore, PRNZ requires a pool of skilled labour in the region, to secure its production base in case of future uplifts in demand and for harvest.

The Programme

In February 2011, PRNZ took part in programme funded & developed by the Ministry of Social Development & Nelson Marlborough Institute of Technology (NMIT) for Work and Income New Zealand (WINZ) clients in the Marlborough region. (NMIT is a New Zealand public tertiary education Institution and WINZ provides financial assistance and employment services to New Zealanders.) PRNZ provided staff training time, premises, and in-kind support for work placements. The four week entry level Cellarhand course took place in February/March 2011. Forty-five unemployed applicants were interviewed to assess work readiness and fifteen were selected to take part. Basic industry training was provided in consultation with industry partners, to explain the general duties and provide the skills that are required to work as a Cellarhand during yearly harvesting. Elements of the course included:

- Workplace healthy & safety
- Communication skills
- Literacy and numeracy
- Winery equipment use
- Confined space training
- Wine technology
- Individual learning plans
- Computer literacy
- Wine production
- Chemical handling
- CV creation

The course was then divided into smaller groups of five. Each morning the students received classroom training at NMIT (e.g. fork lift training, numeracy, literacy), before undertaking a half day of work experience. Over the training each of the students worked a week at each of the supporting wineries.



March 28th, 2012

The outcome was to provide work ready skills for the wine industry harvest season of late February to April, with the aim of securing ongoing employment in the Marlborough wine industry for those who completed the course. Literacy and numeracy skills were imbedded in each element of the course, practical and communication skills were taught and workplace visits were provided prior to potential employment.

The Impact

The students identified transferable skills from other occupations and gained specific skills in the wine industry, including receiving confined space training and certification from PRNZ. Eleven graduates received job offers over vintage from participating companies, two of whom gained permanent employment, whilst other students found work at other local companies.

The programme was cost effective, as leveraging government funding allowed PRNZ to train participants at minimal cost. Winemaking requires skilled labour, particularly at vintage, so having a pool of local staff who are familiar with PRNZ's operations and trained to our standards, enables us to more effectively manage peak demand.

Eric Hughes PRNZ's Marlborough Winery Manager said "We see it as investing in the community. There are people out there looking for work and hopefully through this course they will be given an opportunity they might not of had."

This type of programme has a high level of generalization potential. Unemployment is a global phenomenon & Pernod Ricard has wine making and distilling operations in a wide range of countries. While training was specific to the New Zealand and funding was government provided, opportunities exist for similar collaboration with education providers and government agencies in other countries.

March 28th, 2012

BEST PRACTICE N° 5 – PRINCIPLE 2- RICARD, PERNOD, PERNOD RICARD, AND MUMM PERRIER JOUET: THE 10 COMMITMENTS CHARTER FOR RESPONSIBLE PROCUREMENT

In December 2010, Philippe Savinel (CEO of Ricard) signed for Ricard the “*Charte des 10 engagements pour des achats responsables*” (“*The 10 commitments charter for responsible procurement*”). In January 2012, César Giron (CEO of Pernod) and Pierre Pringuet (CEO of Pernod Ricard) signed the Charter for Pernod, Pernod Ricard and Mumm Perrier-Jouet.

This charter has been drawn up jointly by *Médiation du Crédit* and the *Compagnie des Dirigeants et Acheteurs de France (CDAF)* to solve a certain number of problems in SMEs’ (small and medium-sized enterprises) relations with their major contractor customers.

Companies which signed the charter commit to improve their Relationship with their Suppliers, especially when they are small and medium-sized enterprises (SMEs-VSE).

The Signatory contractors commit to apply the good practices described in the Charter and commit to work in an environment of mutual trust with their suppliers, based on the full knowledge of and respect For Each party's rights and obligations.

The 10 commitments that the signatory contractors must respect are:

- Guarantee fair financial treatment for suppliers
- Promote co-operation between large contractors and strategic suppliers
- Reduce the risks of mutual dependence between contractors and suppliers
- Involve the large contractors in their sector
- Evaluate the total purchase cost
- incorporate environmental concerns
- Corporate regional responsibility
- Purchases: a function and a process
- A Purchasing Function tasked with steering the supplier relationship as a whole
- Define a consistent purchaser remuneration policy



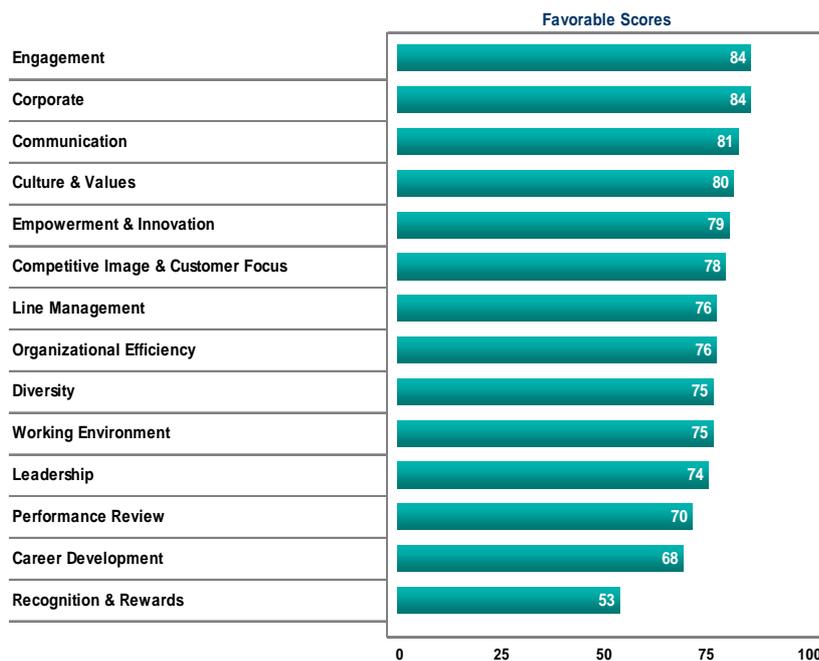
March 28th, 2012

BEST PRACTICE N°6 – PRINCIPLE 6- PERNOD RICARD GROUP: I SAY OPINION SURVEY

In July 2011, Pernod Ricard launched for the first time in the Group, a global opinion survey. The survey is called “I Say”. The purpose was to give employees a chance to have their say in order to better know their point of view and find path of improvement; 80 % of the employees answer the opinion survey, a high participation rate. Results will trigger specific action plans for improvement.

For all questions, External Benchmarks have been conducted to compare results to other companies similar to Pernod Ricard and to national standard.

Overall Results were very favorable:



Regarding the overall CSR policy, score were really high:

- 95% of employees agreed to the question “I am well aware of Pernod Ricard Social Responsibility Priorities (respect employees, promote responsible drinking, respect environment, share our culture and promote entrepreneurship).”
- 88% of employees agreed to the question “I feel involved in Pernod Ricard Sustainable Development initiatives”

Regarding the dedicated part on diversity, the results as well were really good:

- 76% of our employees agrees « my company provides equal opportunities to its employees regardless of gender differences”
- 80% of our employees agrees « my company provides equal opportunities to its employees regardless of ethnic differences”
- 78% of our employees agrees « my company provides equal opportunities to its employees regardless of difference in cultural background or lifestyle”

March 28th, 2012

BEST PRACTICE N° 7- PRINCIPLE 9-PERNOD RICARD ARGENTINA - GREEN TECHNOLOGY FOR WASTE WATER TREATMENT

Pernod Ricard Argentina has a strong objective to reduce its environmental impact of its operation in its Etchart Cafayate Winery.

The QSE team was challenged to achieve the objective of reduce the environmental impact of the operations. That's how after several months of analysis, they decided to install a green technology based on the natural sources available in the area.

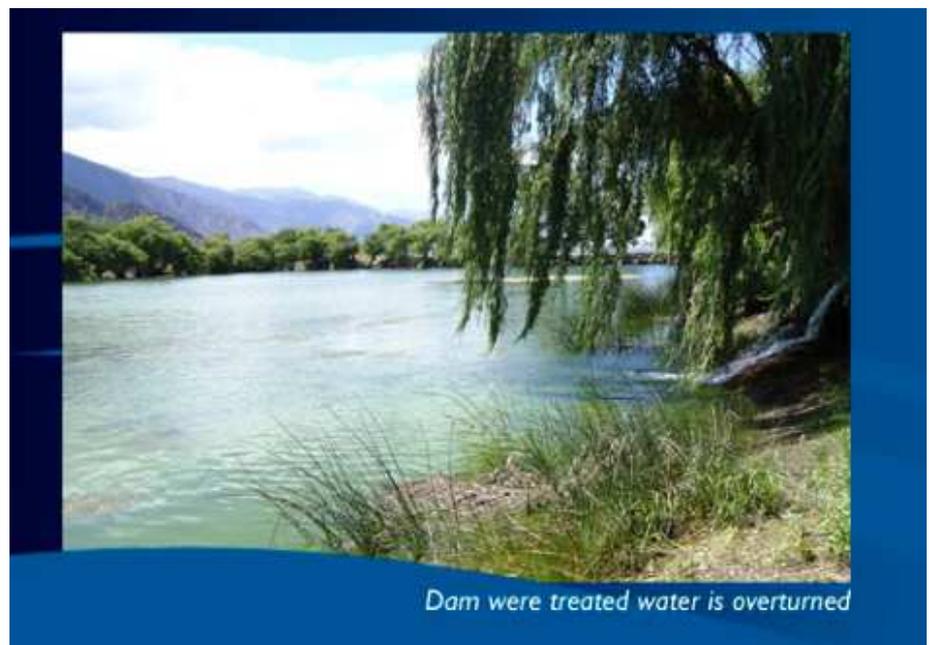
The system is called "overland flow" and it consists in land cells built on a slope taking advantage of the natural pendant valley. The cells are sowed with a familiar grass in which roots live thousands of micro-organisms responsible for the biological degradation of the organic matter.

Waste water is firstly treated through a basic primary treatment where solids are separated and ph is neutralized. Secondly it is flooded under a controlled flow through the cells where bacteria do the main job. Finally, at the end of the cells, treated water is collected and sent to a dam and reused to irrigate the vineyards.

This system was built at the beginning of 2009 and will be tested during the first harvest this year.

Several results and benefits rose from this project: it consume only a low amount of energy and 100% of water and sludge is reused in vineyards and there is a high resistance to salinity and ph.

Furthermore, there is no odour generation from the system and the visual impact is really low.



March 28th, 2012

BEST PRACTICE N°8 – PRINCIPLE 9-LIGHT WEIGHT GLASS AT JACOB’S CREEK

Current information suggests that the greenhouse gas emitted during the production of glass bottles contributes the greatest impact to the carbon emissions for wine.

For Jacob’s Creek wine, glass accounted for approximately 30% of the total carbon emissions. Reduction in the weight of the bottle used was therefore seen as one of the best opportunities to significantly reduce carbon emission.

Furthermore, transport weight regulations meant that 20 foot rather than the more efficient 40 foot sea containers had to be used. A reduction in the weight of the bottles would enable the use of 40 foot sea containers without exceeding the load limits, leading to more efficient use of the road and sea transports networks.

The decision to adopt a locally produced lightweight bottle for Jacob’s Creek was made only after extensive consumer testing and consultation with both affiliates and customers. In addition to the environmental benefits, the lighter bottle is easier to handle and pour, making it a real benefit to consumers in everyday use.

Considerable planning was then undertaken to co-ordinate the introduction of the new bottle in relevant markets. An information kit was provided as required to markets, including PR releases, Q&A sheets, product specifications, images and samples. The introduction of the new bottles also required modifications to the bottling equipment, with a particular focus on minimising changeover times for the slightly narrower bottles.

The project has had a great impact on greenhouses gas emissions, as well as significant cost benefits. The introduction of the lightweight bottle for the Jacob’s Creek range alone has reduced greenhouse gas emissions by approximately 10,000 tonnes of carbon dioxide per year across its distribution network by:

- saving 9,600 tonnes of glass
- reducing the number of shipping containers used
- improving warehouse storage efficiencies by decreasing the number of pallets
- reducing the number of trucks needed for transport

This project was carried in close cooperation between Orlando Wines and Pernod Ricard UK.



BEST PRACTICE N°9 – PRINCIPLE 9-CASA PEDRO DOMEQC- AGAVE BAGASS COMPOST DAMPED WITH VINASS TO PRODUCE ORGANIC FERTILIZER

In Casa Pedro Domecq, some environmental issues rose from the production:

- Uncontrolled vinasses irrigation over agave bagasse and sowing fields
- Legal breaches because of the risk of water bearing mantles contamination
- Bad scents caused by vinasses decomposition
- Neighbourhood complaints

In order to solve those issues, Casa Pedro Domecq invested in Hydraulic facilities and 2.7 hectares of asphalt to avoid subsoil infiltration. They bought composting machine and constructed appropriate warehouse and as well as sack machinery.

The process after distillation is made in several steps:

- Vinasses neutralization by CaO [3.5 gm/lt];
- Exclusive drainage to let vinasses flow under asphalt floor;
- vinasses supplies to refill composting pipe machine;
- bagasse hydration with vinasses and mix with a composting machine;
- process cycle life: 120 – 150 days to get a batch of fertilize;
- humidity and temperature control;
- fertilizer removal to sacking machine;
- fertilizer 40 kg sacks for 2.17 Ton P/Y: Fertilize shipment to sowing fields

This project allowed to have today, better controlled vinasses irrigation and to get the maximum use of vinasses and bagasse. Furthermore, there is no subsoil infiltration of leaches and there is rainwater recovery for sowing fields irrigation.

Results and benefits:

The chemical fertilizer consumption significantly decreased, Pernod Ricard Argentina using its own organic fertilizer.

Furthermore, there is no organic waste from distillation.

Casa Pedro Domecq is the only one tequila's company in Mexico which process its own residues in an effective way.

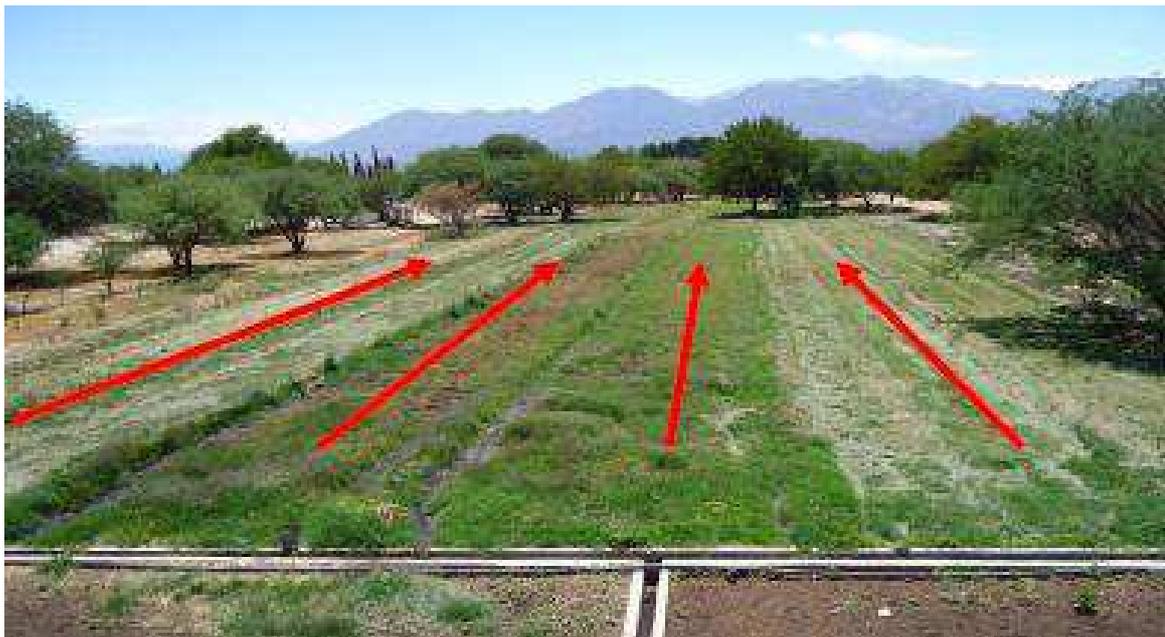




2011 PERNOD RICARD- CEO WATER MANDATE - COMMUNICATION ON PROGRESS



The CEO Water Mandate



OVERLAND FLOW (NATURAL SYSTEM) FOR WASTE WATER TREATMENT

Pernod Ricard Argentina



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

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

Direct operations

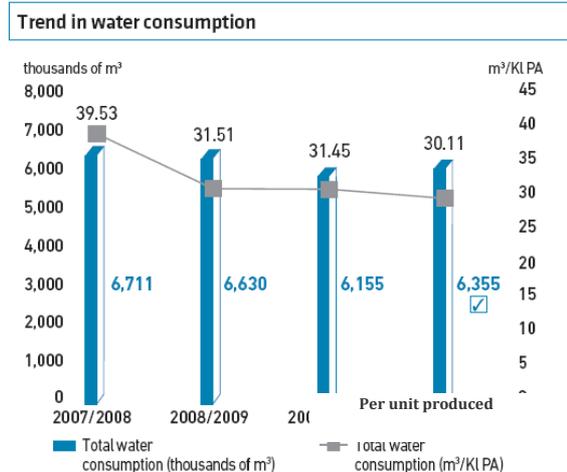
All the 98 manufacturing sites are undertaking actions to reduce their water consumption to meet the 10% water consumption reduction per unit produced target between 2008 and 2012. These actions are based on the following principles::

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

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

FY11 Water consumption: a steady decline,

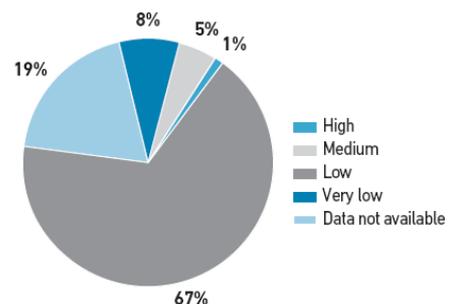
In 2011, based on the quantity of alcohol produced, water consumption declined by 4.3% compared to last year, to 30.1 litres per litre of distilled alcohol. Water management is the subject of long-term policies and investments by the distilleries and bottling plants to monitor their consumption and improve their production processes. For example, the Yerevan Brand Company in Armenia has slashed its consumption by 26% since 2007/2008 as a result of a thorough renovation programme of the pipe network, as well as the improvement of its production process;



Areas of water stress: local action plans

In 2011, Pernod Ricard again mapped its sites to assess their water supplies. Thirteen of the Group's water production units were identified as being located in areas where water is a sensitive resource, particularly in India, Australia, Argentina, Mexico, Spain and Armenia. These sites located in arid regions, represent 7% of the Group's water consumption. Action plans to optimise water resources have all been stepped up in these sites. Such is the case in Mexico, where Casa Pedro Domecq has reduced its water consumption by 23% since 2007/2008 through several measures including the optimisation of the output of reverse osmosis units, high pressure cleaning of distilling equipment and the recovery of condensates from reverse osmosis units

Breakdown of number of group production sites according to the intensity of water stress in the region



Wastewater treatment

Several types of processes are used by the Group's factories to reduce the organic water burden 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 the so-called 'filter gardens'. In 2010, Pernod Ricard Argentina was equipped with an entirely natural waste water treatment system: after a first filtration, the waste water is spread on grassed parcels and purified as a result of the bacteria that develop there. The water is recovered and stored, and is then used for the irrigation of vineyards..



Supply chain and watershed management

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

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

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

- In New Zealand Pernod Ricard is committed to engage all its grape suppliers in the Sustainable Wine Growing New Zealand certification scheme which it strongly supports, and where it seats as a board member.
- In Australia a similar initiative is being developed based on the Freshcare scheme and Entwine association, and contributes to promote sustainable water management by our suppliers.
- in Sweden, The ABSOLUT Company is supplied exclusively with wheat produced locally, in line with stringent sustainable agriculture standards;

In 2011, 74% of our own vineyards are certified against an Environment standards (ISO 14001 or other), which illustrates the ambition of the Group to act with exemplarity in order to engage our suppliers to contribute to water stewardship.

During this 2011 year, Pernod Ricard decided to calculate comprehensive water footprint with available methodologies for its Behror site in India, which produces whisky. It helps the Indian site to identify the water hotspots along its entire supply chain and contribute to test the water footprint methodology. Another similar pilot will be re conducted in 2012 with a wine-producing site in order to assess the possibility to develop an analytical tools for the whole Group.

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

Extract of the Pernod Ricard policy on responsible procurement:

"At Pernod Ricard we believe that our success is strongly linked to the way we do business, acting responsibly all along the supply chain, inspired by our corporate values:

- Entrepreneurial spirit,

March 28th, 2012

- Mutual trust,
- Sense of ethics.

We are committed to contributing to Sustainable Development through our operations and in our sphere of influence. Our policy is to work in close relationships with our suppliers across the world and to improve our indirect impact on society and the environment, hence contributing to Sustainable Development.

The aims of this policy are to encourage our suppliers to improve their practices and to assist them, therefore improving the quality of life of the people we touch indirectly and contributing to the protection of the environment.”

Collective actions

In 2009, Pernod Ricard has joined the Beverage Industry Environment Roundtable (BIER). This allows the Group to share best practices related to water stewardship with other industry leaders, and to promote water responsible management. After the development of a water Footprint methodology for beverage products in 2010, a BIER taskforce related to the Management of water-related Business risks and opportunities in the Beverage Sector was developed in 2011. Early 2012, a white paper on “Impacts and Dependencies of the Beverage Sector on Biodiversity and Ecosystem Services” has also been drafted by The Nature Conservancy. It highlights the dependence of the beverage industry on agriculture and fresh water, as well as its impacts on the environment (in particular water), and provides recommendations to these beverage companies to reduce their pressure on the water resources.

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

- An example of collective action is the development of a joint venture dedicated to the treatment of Cognac vinasses in France. Open to all distillers of the cognac area, it was promoted by Martell, and offers an sustainable solution to avoid river pollution

Public policy

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

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

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

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

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

Among the decisions taken by the “Grenelle de l’Environnement”, some have a direct impact on Water Conservation and Resources Protection, for example: the purchase of 20,000 hectares of wetlands, the upgrading

March 28th, 2012

of all water treatment plants by 2012 to meet current standards, launching a drinking-water-saving action plan, and finally, also by 2012, improving the feeding grounds in at least 500 important or threatened water catchments.

Community engagement

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

- In New Zealand, Pernod Ricard contributed to the restoration of wetland areas at Kaituna and Brancott Estates in Marlborough which is of high ecological importance. In particular, Pernod Ricard rehabilitated the natural water levels and flows to restore native wetland vegetation and removed artificial obstructions to ensure the passage of native fish. The subsidiary also contributes to the protection of the falcon thanks to a fund supported by the gift of one New Zealand dollar for each bottle of wine sold from the Living Land range
- In Australia, Orlando Wines worked over the last 12 years in Jacob's Creek River fragile ecosystem to restore indigenous plant species in order to retain and improve the remaining native biodiversity. The restoration of biotopes in the Jacob's Creek river area has been carried out in collaboration with the Natural Resources Management Board; Additionally, Orlando Wines Menge's Island and Centenary Hill properties, that sit within the Jacob's Creek catchment, has recently been removed from agricultural production and rehabilitated. The projects are a once in a generation opportunity to return a large amount of land to native vegetation in a region that has less than 13% of its pre-European native vegetation remaining. Finally, 3,000 native plants have been planted in the gardens of the Jacob's Creek visitors' centre. This garden has been recognised by the Botanic Gardens of Adelaide as one of 26 sustainable native gardens of South Australia.
- In California, Pernod Ricard USA has supported a project in the Napa valley to improve aquatic habitat, hence protecting the fresh water shrimp. Actions implemented include in particular the bank erosion limitation through the construction of log and boulder, the reduction of sedimentation deposition by maintaining the low depth/width ratio, the enhancement of the Creek bank stabilization through willow plantation.

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

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

Transparency

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

- Pernod Ricard water impact section is available in the 2010/2011 corporate report through the following link – page 97: http://www.pernod-ricard.com/medias/Finance/PDF/RapportAnnuel/20102011/RA_PR_VGB_MiseEnLigne_23112011.pdf
- Detailed information related to water policy, targets, results and actions implemented is also available in the “reference document” page 55 and 56: [http://www.pernod-](http://www.pernod-ricard.com/medias/Finance/PDF/RapportAnnuel/20102011/RA_PR_VGB_MiseEnLigne_23112011.pdf)

March 28th, 2012

ricard.com/medias/Finance/PDF/RapportAnnuel/registration-document-%202010-11.pdf

Additionally, Pernod Ricard pledges to inform all its employees of its environmental commitments through its sustainable charter available on its website http://pernod-ricard.com/medias/resources/static/Entreprendre/chartegb_def.pdf.

In 2011, the Pernod Ricard group participated for the first time to the CDP Water Disclosure.