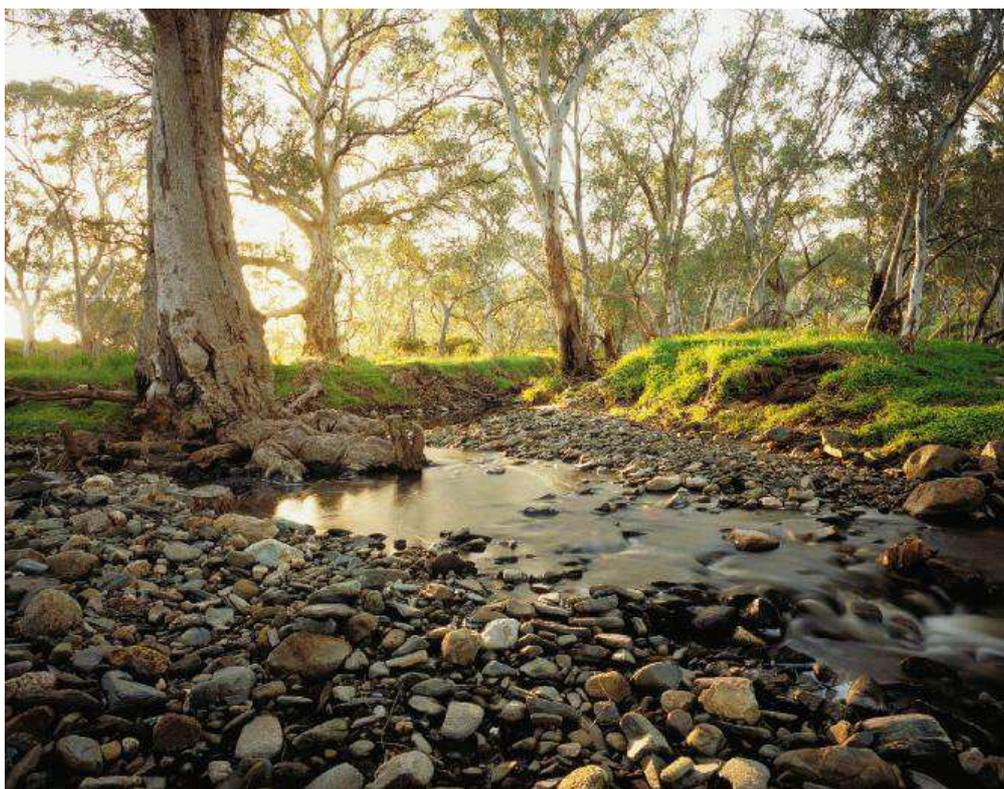




*2013 Pernod Ricard
CEO Water Mandate
Communication on Progress*



The CEO Water Mandate



**JACOB'S CREEK SITE
AUSTRALIA**



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

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

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, reducing spirits and formulating products. That is why Pernod Ricard has marked water management as one of the five strategic focuses in its environmental policy.

Direct operations

Pernod Ricard directly operated 97 production sites and 5,956 hectares of vineyards. For these direct operations, 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.

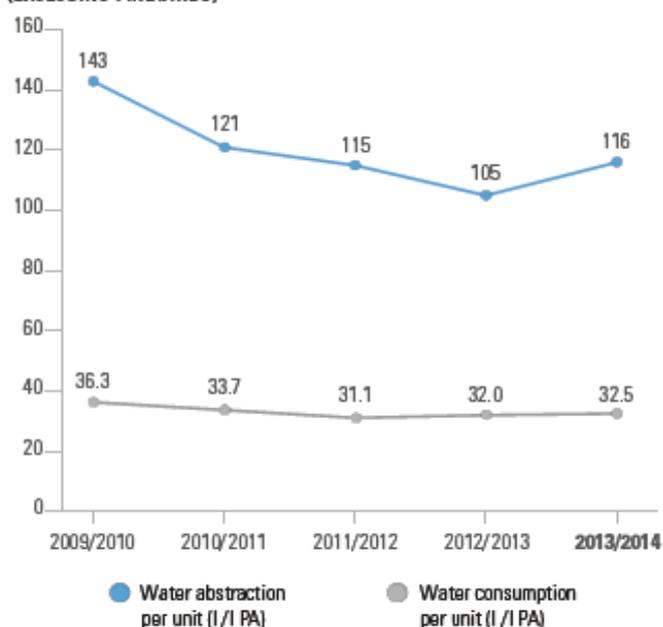
These actions are particularly important for sites located in geographical regions where water is a sensitive resource.

Production sites

FY14 Water abstraction and consumption

In 2013/2014, 28 million m³ of water was taken by the Group's industrial sites. Only 7.9 million m³ constitutes water consumption, 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. To measure the efficiency of water use in our processes, we use the following indicator: quantity of water / quantity of alcohol produced by the distilleries (m³/kl PA). Since 2009/2010, it has been reduced by **20%** for the water abstraction and by **10%** for the water consumption. This reduction is the result of improvement actions undertaken by all production sites, in particular distilleries. Indeed, 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. Since 2011, main production sites have completed detailed water flow mapping in order to identify new opportunities to reduce their consumption, leading to water savings.

TRENDS IN WATER CONSUMPTION AND WATER ABSTRACTION (EXCLUDING VINEYARDS)

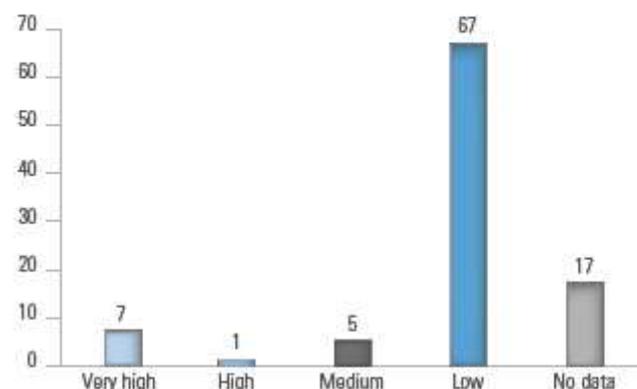


Areas of water stress: local action plans

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.

Thirteen of Pernod Ricard's total production units are located in or immediately next to regions with average or high water stress as measured by the Mean Annual Relative Water Stress Index and the Global Water Tool developed by the World Resource Institute. These 13 sites represent 5% of the Group's total consumption and are spread across 6 countries (Argentina, India, Australia, Spain, Armenia and Mexico). Of the 13 sites considered as most sensitive, 7 are located in areas where water is very scarce, and account for 2% of the Group's water consumption. Since 2009/2010, the total volume of water consumed by these 13 sites has decreased significantly: it has fallen from around 475,000 to 367,000 m³, representing a saving of **23%**.

BREAKDOWN OF NUMBER OF GROUP PRODUCTION SITES ACCORDING TO THE INTENSITY OF WATER STRESS IN THE REGION (EXCLUDING VINEYARDS)



The good performances for water consumption recorded are the result of efforts made by all these sites, the most notable of which are mentioned below:

- since 2008, the Behror site has reduced its water consumption per unit produced by 26%: the production site situated in the dry region of Rajasthan in India, including a whisky distillery and a bottling plant, has been significantly modified with the aim of being able to reuse and recycle water at all stages of production. With the exception of water which is recycled for the irrigation of green spaces, the site no longer emits effluent;
- in Mexico, the vinification site at Ensenada and the Hermosillo distillery have reduced their water consumption per unit produced by 82% and 30% respectively 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

Wastewater treatment

Several types of processes are used by the Group's factories to reduce the water organic load and make it suitable for reuse or to be released into the environment: these include bio-digestion (hence producing biogas), aerobic lagoon treatment, membrane filtration, or even the use of grass to purify the water in the so-called "filter gardens", such as that put in place in 2010 by Pernod Ricard Argentina.

Vineyards Estates

Main water management practices

Pernod Ricard 5,956 hectares of vineyards' are located in seven main countries: New Zealand (45%), Australia (18%), Argentina (13%), France (12%), Spain (6%), China (5%) and the United States (1%). Since 2012/2013, specific annual environmental reporting has been in place for all vineyards. The objective is to monitor their practices and to measure different performance indicators, including water. It shows that around 75% of the land is worked using drip irrigation; this technique has resulted in a significant reduction of the water supplied to the plant, an optimisation of the fertiliser supply and a reduction of the need for weeding. It also highlighted that a portion of the water used in Argentina, France and Australia comes from waste water from winemaking sites located close to vineyards. Proper management of fertilizers and pesticides is another way to preserve groundwater reserves, by reducing the levels of residues.

Environmental certification

The majority of Group's vineyards are certified to environmental standards, representing 77% of surfaces covered by reporting:

- in New Zealand, all the vineyards run by the Group affiliates are certified to "Sustainable Wine Growing New Zealand", of which Pernod Ricard New Zealand was one of the founding members in 1995; 101 hectares are managed in line with organic standards;
- in Australia, Pernod Ricard is a member of "EntWine Australia", an environmental assurance programme for vineyards and winemaking sites. Since 2002, all of its vineyards are ISO 14001 certified;
- in France, the Martell & Co and Mumm Perrier-Jouet 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-Jouet 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. 15 hectares are managed according to organic farming principles.

Actions undertaken both by Group's production sites and vineyards illustrate the ambition of Pernod Ricard to act with exemplarity in order to engage its suppliers to contribute to water stewardship.

Supply chain and watershed management

In addition to the direct consumption of the Pernod Ricard production sites and vineyards, 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. This methodology consists in identifying the water resources used not only by the direct activities of the affiliates concerned, but also by the products and services they purchase along all the products lifecycle, such as agricultural raw materials, packaging, transportation etc... This study identified main challenges linked to the water resource along the production chain and evaluated that Group's water footprint to 675 million m³ per year, of which 99% is related to supplies of agricultural raw materials. Other elements of the production chain – including direct water consumption on industrial sites – only represent approximately 1% of the total. Challenges for Pernod Ricard relate therefore primarily to its agricultural suppliers and will consequently vary significantly from one region to the other and should therefore be dealt with at local level, taking specific climatic conditions into account.

Several steps have been undertaken with the Group's agricultural suppliers, in order to encourage them to work towards sustainable agriculture and thus acting to preserve water:

- in Australia, some 200 wine growers supplying Pernod Ricard Winemakers Australia are members of the "EntWine Australia Scheme". In 2013: 91% of Orlando Wines supplies are covered by this programme, 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 to obtain this certification. 100% of vineyards are accredited according to the sustainable agriculture standard;
- 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 favoured the development of insect populations, in particular bees, thus participating in maintaining biodiversity.

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

Collective actions

In 2009, Pernod Ricard has joined the Beverage Industry Environment Roundtable (BIER). This allows the Group to share best practices related to water stewardship with other industry leaders, and to promote water responsible management. After the development of a water Footprint methodology for beverage products in 2010, a BIER taskforce related to the Management of water-related Business risks and opportunities in the Beverage Sector was developed in 2011. Early 2012, a white paper on Impacts and Dependencies of the Beverage Sector on Biodiversity and Ecosystem Services” has also been drafted by The Nature Conservancy. It highlights the dependence of the beverage industry on agriculture and fresh water, as well as its impacts on the environment (in particular water), and provide recommendations to these beverage companies to reduce their pressure on the water resources. Since 2013 the BIER water Working Group works on a methodology for assessing the “True Cost of water” at each production sites.

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

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

Public policy

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

We deal with government ministries and agencies either directly or through trade associations which provide us with a platform to share our views on water conservation and other industry-wide issues. For example, the French Spirits Federation (FFS), the European Spirits Organization (CEPS), the Scotch Whisky Association (SWA), the Gin and Vodka Association (GVA), Distilled Spirits Council of the United States (DISCUS), the “Association Nationale des Industries Alimentaires” (ANIA), the European Confederation of Food and Drink Industry (CIAA), the International Federation of Wines and Spirits (FIVS), etc.

In addition, through the Beverage Industry Environment Roundtable (BIER), 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 remained actively involved in the French Minister of Ecology with a special participation in the “Biodiversity and Water Resources Protection” working groups as the voice of the French food and drink industry (ANIA). In 2014, it contributed to the development of water policy in order to promote a balanced water management system, allowing the government to achieve good ecological status for water bodies in France, taking into account economic and social issues.

Community engagement

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

- in New Zealand, in the humid regions of Kaituna, the Group's 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 the 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 series;
- 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 frogs, fish and birds. This iconic project has become a reference model for Pernod Ricard throughout the world;

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

- In Haiti, Pernod Ricard had a long time partnership with a NGO involved in building water cisterns for villagers. After the earthquake that dramatically heart the country, special support was delivered from funds granted from the company, as well as from voluntary contribution of the employees.
- The Paul Ricard Oceanographic Institute undertakes water resources education and awareness programs but also carry out specific research water projects with stakeholders. For Instance:
 - ✓ A study with regards to the sea desalinization impacts on the marine environment is underway for Veolia environment.
 - ✓ Researches on marine resurgence of spring water alongside the Mediterranean basin are also ongoing.
- In 2013, in partnership with Good planet, Pernod Ricard financially participated to mangrove plantation in Benin. Apart from the mangrove restauration, restauration of local people have been sensitised to the mangrove importance in their environment and some of them benefited from micro-credits in order to develop IGA (Income Generating Activities).

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Transparency

Every year, Pernod Ricard publishes its reference document which includes environmental section. This section 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. Detailed information related to water policy, targets, results and actions implemented is available in the "reference document 2013/2014" page 66 to 68:

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

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