Universal REGISTRATION DOCUMENT

including the annual financial report

2020-2021

Pernod Ricard

Créateurs de convivialité

CONTENTS

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

Pernod Ricard
Créateurs de convivialité

Universal REGISTRATION DOCUMENT

including the annual financial report

2020-2021

AMF

This Universal Registration Document has been filed on 22 September 2021 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.
The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

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Pernod Ricard AT A GLANCE

Excellent rebound with Sales and PRO above FY19 levels **and strong growth momentum**

WORLD N°1

FOR PREMIUM SPIRITS[a]

>160 COUNTRIES

WHERE OUR BRANDS ARE DISTRIBUTED

470,000

STUDENTS SENSITIZED ON RESPONSIBLE DRINKING

96

PRODUCTION

SITES[b]

27%

REDUCTION IN WATER CONSUMPTION[c]

17.5%

REDUCTION IN CO_2 EMISSIONS[c]

ALEXANDRE RICARD,
Chairman & CEO, declared:

The business rebounded very strongly during FY21 to exceed FY19 levels. We expect this good Sales momentum to continue in FY22 with, in particular, a very dynamic Q1. I would like to take this opportunity to praise the exceptional commitment of our teams during this difficult time and express my support to those who have been or continue to be impacted by this pandemic.

We will stay the strategic course, accelerating our digital transformation and our ambitions Sustainability & Responsability roadmap. Thanks to our solid fundamentals, our teams and our brand portfolio, we are emerging from this crisis stronger.

KEY FIGURES

€ million	Net sales	Profit from Recurring Operations		Group Net Profit from Recurring Operations (1)	Group Net Profit	Proposed dividend
FY21	8,824	2,423	27.5%(2)	1,612	1,305	€3.12€ per share(3)
Organic growth(1)	+9.7%	+18.3%				
Reported growth	+4.5%	+7.2%				
FY20	8,448	2,260	26.8%(2)	1,439	329	2.66€ per share

(1) Alternative performance indicators are defined in note 5.5 - Definitions and reconciliation of alternative performance indicators with IFRS indicators of the Management Report (2) Operating margin. (3) Dividend proposed for approval by the Shareholders' Meeting of 10 November 2021.

An international and decentralised groupe

AMERICA	EUROPE	ASIA/REST OF THE WORLD
€2,627M	€2,557M	€3,640M
€803M	€624M	€996M
3,698 (d)	9,470 (d)	5,138 (d)

The decentralised model which characterises Pernod Ricard is a major strategic advantage that enables the Group to seize every opportunity for growth. This highly flexible organisation, based on proximity to consumers and customers, 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 it well positioned to benefit from future growth drivers.

(a) Source: "The Pernod Ricard Market View", based on IWSR volume data at end 2020.
(b) Majority stake at 30 June 2021.
(c) Reduction per unit of production between FY10 and FY21.
(d) Headcount at 30 June 2021.
(e) Source: Impact Databank 2021, published in March 2020.
(f) Source: "iSay" survey 2019

A unique portfolio of premium brands

Pernod Ricard has built a unique portfolio of Premium brands on an international scale that is one of the most comprehensive on the market. This portfolio is managed thanks to the "House of Brands", a dynamic tool that allows our affiliates to more efficiently prioritise their marketing investments.

€8,824M

IN NET SALES

€2,423M

PROFIT FROM RECURRING OPERATIONS

18,306

EMPLOYEES(d)

WORLD N°1

FOR WINES AND SPIRITS

16 BRANDS

AMONGST THE WORLD'S TOP 100 FOR PREMIUM SPIRITS (e)

94%

OF EMPLOYEES ARE PROUD TO WORK FOR THE GROUP(f)

SECTION 01

EXTRACTS FROM THE INTEGRATED ANNUAL REPORT

Message from Alexandre Ricard

CHAIRMAN & CEO
OF PERNOD RICARD

"NEVER LET A CRISIS GO TO WASTE."

The saying "Never let a crisis go to waste" is famously credited to the acerbic wit of Winston Churchill. There is no denying that the global pandemic has had a terrible impact on the world, in both human and economic terms. As a company, we sadly lost some of our own employees and my thoughts go out to the very many people around the world who have been affected in this way. The upheaval created by the crisis has been terrible, but at the same time it has brought new opportunities for those who are able to see and create them. Now, 18 months down the line, I am convinced this crisis has strengthened your Group, and we are even better placed now to face the future.

I would say without a doubt that the main factor enabling a company to get through periods of turbulence is the resilience and engagement of its people. It is thanks to the strength of our inclusive culture and the exceptional commitment of our teams that we were able to gain precious time by reacting quickly and effectively in the face of the storm. Combining the strength of a large group with the agility of a start-up is every CEO's dream, and I cannot praise our people enough as they were once again the determining factor in this year's performance. With operating profit internal growth of +18%, we are already above pre-crisis levels[1]. That is why I am proud to announce that in FY22 the Group will launch a new Employee Share Ownership Plan. This will enable our employees to buy Pernod Ricard shares on favourable terms and benefit from the ongoing transformation they are building every day and everywhere to accelerate our Group's future growth.

"This crisis has strengthened your Group."

The danger now would be to believe that the crisis is already behind us when this is far from being the case. I would argue that hardly matters: the real challenge is to firmly establish this rebound by continuing our transformation. We are determined to remain focused on creating

(1) At constant currency rates.

the conditions for future growth every day - solid, sustainable growth that benefits all our stakeholders. This is the true leadership we have been aiming towards since your Group was founded. And it is thanks to support from you, our valued shareholders, that we are in a position to build our future with serenity and confidence in times of crisis.

The solidity of our foundations was confirmed by the fall-out from the pandemic, which above all enabled us to rapidly put in place new ways of working that are more agile, more direct, and more flexible than before. We are monitoring our resources on an ongoing basis to ensure that they are allocated optimally to each growth opportunity, we are innovating constantly and are continuing to manage our portfolio dynamically. In terms of cost control, we have pooled our skills through the creation of Centres of Excellence, from IT to HR to innovation and consumer research, which are now available to everyone, freeing up time and energy to enable us to focus on what is essential: seizing every opportunity for growth in every market. And it is these new practices, behaviours, and mindsets that we are continuing to expand to ensure ever greater operational excellence.

Crises often play the role of accelerator for both existing and emerging trends and the pandemic has been no different in this respect. In the light of Covid-19, I think it is fair to say that our Transform & Accelerate strategic plan was incredibly far-sighted and a great testimony to the strong insight we brought to its development. Our strategic intuitions have since become operational certainties, convincing us to fast-track our changes - even at the height of the pandemic. Our current plan has the strength of simplicity and the relevance of a proven vision, and we will remain in full deployment mode, focusing on out-sized performance to outperform the competition.

> “Our strategic intuitions have since become operational certainties.”

The three critical areas of focus I would like to share with you as we look forward are talent management, social responsibility, and our digital transformation. The most important is obviously to manage our talents: if we are ‘consumer-centric’, we must also be ‘employee-centric.' Our vision is to make Pernod Ricard the workplace of the future, blending performance and convivialité as our unique differentiating model, by focusing on diversity and inclusion, and striving to simplify our ways of working. The Island, our new home in Paris, is the real-life realisation of our vision for collaborating without silos, promoting well-being, flexibility, agility, and creativity in our working lives. This has also been reflected in our investment in other office locations such as London, with the coming together of Chivas Brothers, Global Travel Retail, PRUK and The Gin Hub.

The second major area of work is that of social responsibility, embodied by our 'Good Times from a Good Place' roadmap, and I would like to acknowledge here the work of all our teams on Sustainability & Responsibility. There is real positivity to the progress we have made to date, while recognising that our ambitions and aspirations go much further. Since 2010, we have reduced the carbon emissions of our own operations by 17.5% in absolute value, and we are now committed to reaching net zero in our direct operations by 2030 at the latest and net zero overall by 2050. This involves working with all our supply chain – farmers, suppliers, and partners - to pick up the pace and level of investment in many critical areas as we position ourselves to meet and ideally exceed our goals. I would also like to see us take a pioneering position in regenerative agriculture and in the development of 'packaging of the future' within our industry, such as the promising paper bottle initiative developed by Absolut Vodka, in partnership with other industry leaders.

As for responsible consumption, it remains an integral part of everything we do, as shown by the training given last year to our employees, while on the consumer side, we launched a global 'Drink More… Water' campaign this summer to raise awareness among young adults. In the same spirit, we confirmed earlier this year that all our products will from now on bear a 'prohibited for minors' logo on their labels in addition to the warning labels already in place against drink driving and drinking during pregnancy.

The last area of focus, and certainly the most transformative, is digital acceleration. The consumer is at the heart of our business model and data is nothing more than the digital signature of our consumers and their behaviour. I am not just talking about e-commerce, where our growth rates have exploded. Our ambition is much bigger. In the coming months, we will be presenting our Mission to transform Pernod Ricard into the world's leading Conviviality Platform Company. We will leverage the power of data and artificial intelligence to unleash the real power of our distribution network and our portfolio, enabling us to get the right product, at the right price, at the right time, to the right consumer, for every occasion, in every market.

By offering products and services that are ever more relevant and activating more brands in any given market, we will be able to capitalise on more growth opportunities. This is the Pernod Ricard of the future, and it will undoubtedly accelerate our path to leadership in our industry.

"The pandemic has really confirmed our need to be together socially."

Never before in our history has our vision, "Créateurs de convivialité", been so closely aligned with the aspirations of the 3.8 billion people who today make up what is known as the global affluent and middle classes, and whose numbers are predicted to double again by 2050. Perhaps because of the hardship it created, the pandemic has really confirmed our need to be together socially. The gradual reopening of cafés and restaurants led to real moments of joy and I am proud that our brands were part of these long-awaited events. How could anyone think for a moment that our restaurants, bars, cafés, and clubs were not essential when they bring such happiness to our lives? These partners were hit hard by the pandemic and the past few months have been critical for them. As I began this letter with our colleagues, I would like to wrap it up with a shout-out to the motivated and passionate women and men of the hospitality sector. We wanted to pay tribute to them through our Carte Blanche, which this year brings together our employees and partners for the very first time. The campaign presented here represents Olivier Culmann's long journey to meet the people who are deeply committed to keeping conviviality alive – even during a pandemic.

Ladies and gentlemen,
I salute you.

Our STORY









01 — **1975**

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

02 — **1988**

Acquisition of leading Irish whiskey producer Irish Distillers – owner of Jameson.

03 — **1993**

Creation of joint venture between Pernod Ricard and the Cuban rum company, Cuba Ron to market and sell Havana Club.

04 — **2001**

Acquisition of Seagram and their whisky brands (Chivas Regal, The Glenlivet, Royal Salute) and cognac (Martell) categories.

— **2003**

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

05 — **2005**

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

Membership in the International Alliance for Responsible Drinking (formerly ICAP[(1)]).

— **2007**

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

06 — **2008**

Acquisition of Vin & Sprit – owner of Absolut Vodka.

— **2010**

Adhesion to the United Nations CEO Water Mandate.

— **2011**

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

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

— **2012**

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

— **2015**

Appointment of Alexandre Ricard as Chairman & CEO.

08 — **2016**

Acquisition of the super-premium gin Monkey 47.

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

The Institut Océanographique Paul Ricard celebrates its 50th anniversary.

09 — **2017**

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

— **2018**

Nomination of Pernod Ricard as a member company of Global Compact LEAD[(2)].

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

— **2019**

Launch of new 2030 Sustainability & Responsibility roadmap 'Good Times from a Good Place.'

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

Breaking ground for the first single malt distillery in continental China at Emeishan (Sichuan).

— **2020**

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

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

11 Inauguration of The Island, the Group's new flagship in Paris, which brings together all its Parisian offices and 900 employees.

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

12 — **2021**

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

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

01	02	03
04	05	06
07	08	09
10	11	12

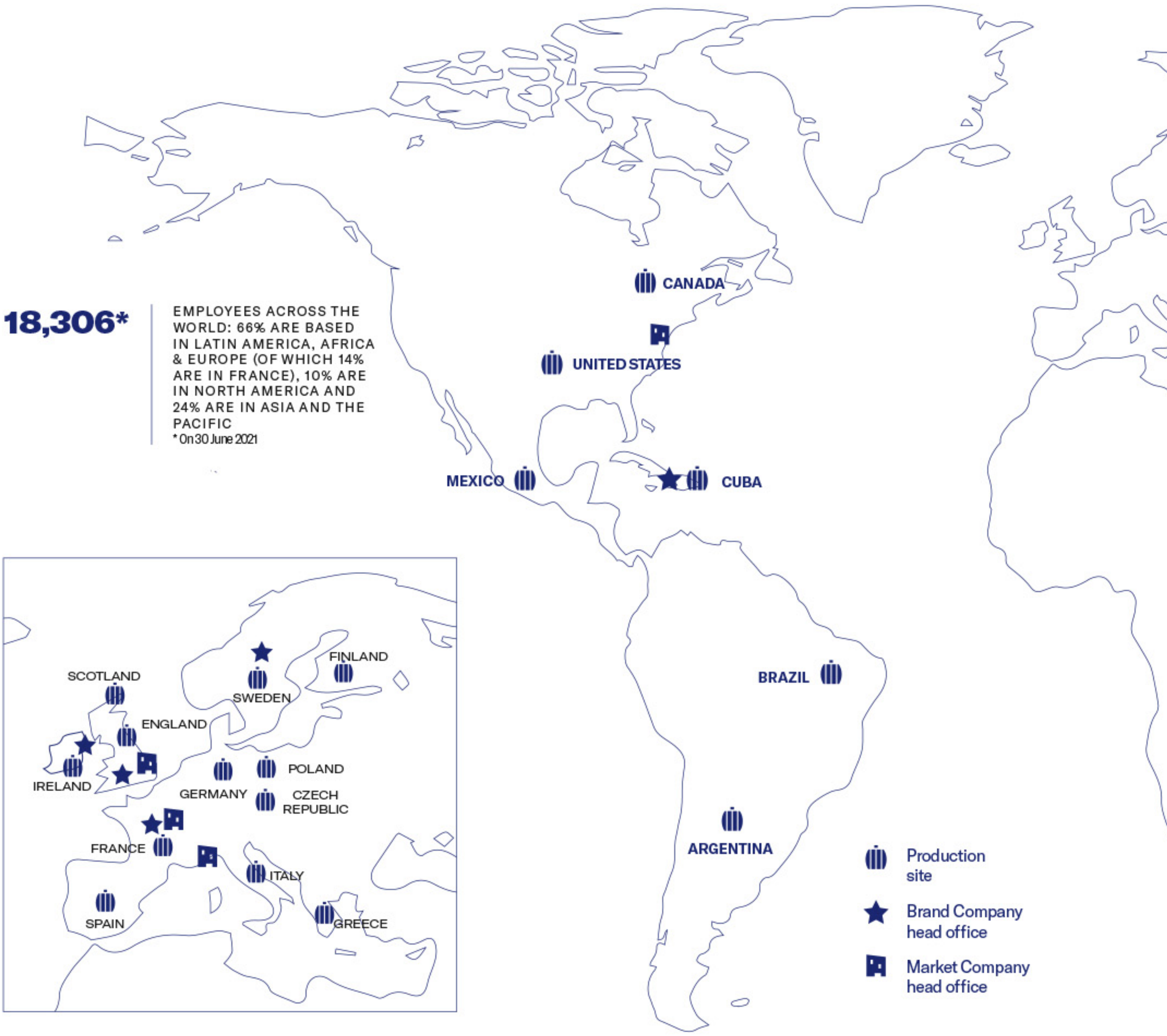
(1) : International Center for Alcohol Policies
(2) : www.unglobalcompact.org/take-action/leadership/gc-lead

Our decentralised ORGANISATION

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

18,306* EMPLOYEES ACROSS THE WORLD: 66% ARE BASED IN LATIN AMERICA, AFRICA & EUROPE (OF WHICH 14% ARE IN FRANCE), 10% ARE IN NORTH AMERICA AND 24% ARE IN ASIA AND THE PACIFIC

* On 30 June 2021



4 MUST-WIN MARKETS: UNITED STATES, CHINA, INDIA & GLOBAL TRAVEL RETAIL

+ 160 COUNTRIES IN WHICH OUR BRANDS ARE DISTRIBUTED

73 COUNTRIES WITH OUR OWN SALES FORCE

96 PRODUCTION SITES IN 25 COUNTRIES*

* Operating sites on 30 June 2021.

Pernod Ricard headquarters

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

Brand Companies

- THE ABSOLUT COMPANY
- CHIVAS BROTHERS
- MARTELL MUMM PERRIER-JOUËT
- IRISH DISTILLERS
- PERNOD RICARD WINEMAKERS
- HAVANA CLUB INTERNATIONAL

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

Market Companies

(On 30 June 2021)

- PERNOD RICARD NORTH AMERICA
- PERNOD RICARD ASIA
- PERNOD RICARD EMEA & LATAM(1)
- PERNOD RICARD GLOBAL TRAVEL RETAIL
- PERNOD RICARD FRANCE(2)

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

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

Our Mindset, A KEY ADVANTAGE

Often described as one of our Group's major assets, our employees all share a common mindset, the 'Pernod Ricard Mindset for Growth,' which is the result of a successful cocktail of a consumer-focused business model and a culture driven by three core values: entrepreneurial spirit, mutual trust and ethics.

01

THE MEN AND WOMEN OF PERNOD RICARD: PRIDE AND COMMITMENT

Our 18,306 employees are committed to the Group's vision of "Créateurs de convivialité" and to achieving our leadership ambition. At Pernod Ricard, we are:

- Proud to belong to our company
- Going the extra mile
- Dedicated to our stakeholders

Pernod Ricard has achieved record levels of engagement, as evidenced by the latest editions of the independent *I Say* employee opinion survey [1]. For the past ten years, the levels of commitment, pride and support for the Group's values have been above external market benchmarks and in line with top performing organisations, according to external comparative data from our most recent employee opinion survey results. In 2019, 94% of our employees were proud to belong to Pernod Ricard. The organisation of Pernod Ricard's activities around its purpose, "Créateurs de convivialité," has also earned it a place among the world's most admired companies [2], the 'best employers' in France [3] and the companies preferred by business school students [4].

02

OUR ECONOMIC MODEL: DECENTRALISATION

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

- Decision-making based closely on the market
- Fast responses to consumer needs

The Group pilots major cross-functional projects and pools certain areas of expertise so that local subsidiaries can focus on the essentials: growing their business in their market by putting the consumer at the centre of their efforts. This is particularly the case for the IT function, which is developing regional and global Centres of Excellence around the world, offering a catalogue of services and infrastructures to meet the needs of subsidiaries.

03

OUR CORE VALUES: AT THE HEART OF OUR CORPORATE CULTURE

Our three core values shape our culture and create a bond between all Pernod Ricard employees, regardless of their function, region or subsidiary.

ENTREPRENEURIAL SPIRIT

- Autonomy
- Initiative
- Boldness
- Taste for risk

This entrepreneurial spirit has been one of the key differentiating factors since Pernod Ricard was established and we cultivate this entrepreneurial spirit by encouraging creativity and innovation within our teams. Furthermore, the Pernod Ricard Leadership Model also fosters this entrepreneurial spirit through a set of specific competencies such as cultivating innovation, courage, driving vision and purpose, decision quality, resourcefulness, etc., which are part of the six Leadership Attributes used globally for assessing, developing and growing our leaders and teams.

MUTUAL TRUST

- Freedom of initiative
- Open dialogue
- Right to fail

We work in the spirit of cooperation and mutual trust. There can be no entrepreneurial spirit without trust in the person taking the initiative. In the same way, trust is the basis of our relationships both internally and externally. As part of our S&R roadmap, for example, we work with our partners to identify and map the social and environmental risks in our supply chains.

SENSE OF ETHICS

- Respect
- Transparency
- Good relationships with stakeholders

There is no conviviality without responsibility and a strong sense of ethics. With this in mind, we launched a worldwide massive open online course (MOOC) on alcohol and responsible drinking. Mandatory for all our employees, its aim is both to inform and to encourage a strong individual commitment to responsible drinking. In addition to the nature of our business, which is the production and distribution of alcoholic products and its inherent need for a strong sense of responsibility, ethics is a core element of our culture and daily activity. In the same way that trust is inseparable from the entrepreneurial spirit, there can be no mutual trust without respect for others. Respect is one of the key ingredients for a diverse and inclusive corporate culture where everyone can be themselves and grow. As part of our Diversity & Inclusion roadmap, this year we launched our new internal ‘Live Without Labels’ campaign and Catalysis Inclusion survey.

04

AN ATTITUDE: CONVIVIALITY, THE BASIS OF OUR PURPOSE

Conviviality is the last element of our Mindset, and probably the most important since the founding of Pernod Ricard. First, because our three core values only make sense if they are expressed within a convivial environment: there is no mutual trust or initiative without conviviality, which requires simple, informal, direct and transparent relationships. Second, conviviality is our purpose and our business. Our ambition is to transform any social interaction into a moment of authentic, sincere and responsible sharing. In today's uncertain environment, where we need to be ever more agile and fast-paced, conviviality serves as a performance accelerator by maximising exchanges and collaboration. In fact, 83% of our employees believe that conviviality is what makes Pernod Ricard unique [1].

(1) Data for the 2021 survey was not available at the time of this report, so the figures presented are taken from the July 2019 *I Say* survey, Willis Towers Watson.
(2) In the 2021 ranking of the 680 World’s Most Admired Companies, conducted by Fortune magazine.
(3) In the 2021 ranking of the 500 Best Employers in France, carried out by the magazine Capital.
(4) In the 2021 Universum ranking, produced by the Swedish company Universum.

Our Brand PORTFOLIO

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

OUR HOUSE OF BRANDS

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

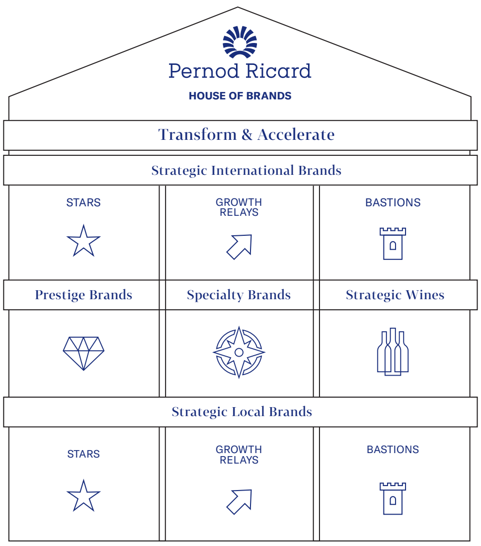
Strategic International Brands represent the largest part of our business and our international potential. They are our worldwide top priorities and the reference brands in each category.

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

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

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

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



PRIORITISING OUR INVESTMENTS

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

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

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

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

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

OUR HOUSE OF BRANDS

STRATEGIC INTERNATIONAL BRANDS

63% | OF SALES

+11% | GROWTH COMPARED TO FY20

PRESTIGE BRANDS

13% | OF SALES

+15% | GROWTH COMPARED TO FY20

SPECIALTY BRANDS*

5% | OF SALES

+28% | GROWTH COMPARED TO FY20

STRATEGIC WINES

5% | OF SALES

STABLE | GROWTH COMPARED TO FY20

STRATEGIC LOCAL BRANDS

18% | OF SALES

+7% | GROWTH COMPARED TO FY20

* non-exhaustive list.

Becoming a CONVIVIALITY PLATFORM

Since launching our strategy 'Transform & Accelerate' in 2018, we have transformed the Group by accelerating growth and gaining in agility and operational efficiency. These qualities have laid the groundwork for our new mission: to become the world's leading Conviviality Platform. To achieve this, we will need to leverage digital and data to strengthen our connection with consumers, offer new experiences and increase the value of our portfolio.

A CONSUMER-DRIVEN STRATEGY

Today's consumer landscape is constantly in flux, shaped by a number of forces. Consumers are connected and searching for authentic experiences that are new and exciting, but that also mirror their social and environmental beliefs. Around the world, consumption patterns are evolving as the base of middle-class and affluent consumers grows in developing parts of the world, and mindsets continue to shift towards a preference for local consumption and genuine relationships with brands.

Technology and digital communication play a significant role in this transformation by disrupting the traditional relationship between businesses and customers, requiring brands to develop more innovative and personalised types of engagement.

These changes, which have accelerated with the Covid-19 crisis, have a direct impact on our business: for our strategic choices to best reflect their aspirations, it is essential to be even closer and more attentive to our consumers. Additionally, the rapid pace of change requires our decision-making to be quick and agile. For these reasons, the collection and analysis of the data that stakeholders share on social media or directly with our brands has become essential.

PERNOD RICARD, A CONVIVIALITY PLATFORM COMPANY

As "Créateurs de convivialité," the Group's vision is to ensure that each of our brands is at the heart of every shared moment, transforming these social occasions into true experiences of conviviality. To honour this vision, as we embark on the decade that will lead us to 2030, we have announced a new mission: to be the world-leading Conviviality Platform. We will do this by leveraging the role of data and innovative technologies in every aspect of our business. This is not a new strategy, but an evolution in our focus. By embracing data and cutting-edge technologies, we will be able to meet the challenges of tomorrow and achieve the ambition of our founders Paul Ricard and Jean Hémard: to be the wine & spirits industry leader.

'TRANSFORM & ACCELERATE' TO WIN IN OUR BATTLEGROUNDS

To 'Prepare the Future' and accelerate our growth by getting 'More from the Core,' our strategic plan 'Transform & Accelerate' relies on our business model. This consumer-centric model is built around four Essentials, based on our historical strengths, and four Accelerators, aimed at responding to changing trends in our markets. Just as it helped us to weather the Covid-19 crisis of 2020 and 2021 with amazing resilience, this model is sufficiently agile to be the foundation of our future. It also enables us to be competitive in the four key battlegrounds identified in our strategic plan: we are accelerating growth by winning in key markets (US, China, India, Global Travel Retail) and e-commerce; building passion brands to bring conviviality to life; funding the journey in a responsible and profitable manner; and valuing people, from our employees and consumers to communities, partners and customers.

VISION

Créateurs de convivialité

MISSION

Conviviality Platform

AMBITION

Leads the industry growth ← **The leader of the wine & spirits industry** → **Change the rules**

BUSINESS MODEL

CONSUMER CENTRIC

4 essentials

- OPERATIONAL EXCELLENCE
- TALENT DEVELOPMENT
- SUSTAINABILITY & RESPONSIBILITY
- ROUTE-TO-MARKET/CONSUMER

4 accelerators

- PORTFOLIO MANAGEMENT
- PREMIUMISATION & LUXURY
- INNOVATION
- DIGITAL ACCELERATION

KEY BATTLEGROUNDS

1 __ **Winning in key markets**

2 __ **Building passion brands**

3 __ **Funding the journey**

4 __ **Valuing our people**

Data-driven CONVIVIALITY

Becoming the world's leading Conviviality Platform will rely on the implementation of new digital tools. To develop ever more relevant products and launches for increasingly demanding consumers, the collection and analysis of consumer data will form the core of our business strategy. In time, the Group will be able to promote a much larger number of brands in each market. Over the next decade, technology and data analysis will be the cornerstone of Pernod Ricard's business approach.

While our ambition to become the world's premier wine and spirits company has not changed, the market has continued to evolve. In an increasingly fragmented landscape, we must continue to transform our business and work smarter to connect and engage with our stakeholders.

Becoming a Conviviality Platform is not a new strategy but a logical evolution in our focus. It builds on our strengths, complements our current vision and will deliver competitive advantage for the future.

Concretely, we wish to promote direct and transparent interactions that bring together all the players in our sector - particularly consumers, but also our partners, customers, wholesalers, brands and employees.

To achieve this goal, we will leverage the data generated by our activities to offer products and services that are increasingly relevant.

Above all, we must harness the power of data to offer the right product, at the right time, to the right consumer - in every market, for every occasion, and at the right price. When pertinent data is collected properly and respectfully, it is a real asset that we can capture and transform into useful information that allows us to optimise our rich portfolio, activate more brands in any given market and capitalise on growth opportunities. Today, we are able to efficiently activate around 10 brands in any given market. Tomorrow, we want to triple our distribution and activation capabilities to ensure that every product and service covers every possible moment of conviviality in a consistent manner.

Technology is showing us the way. Thanks to advances in data and new digital tools, our vision of being "Créateurs de convivialité" can be infinitely more powerful. Our aim is to offer a one-stop shop conviviality experience based on direct and transparent real-time interactions with all our stakeholders. With digital, our network will be limitless and we will reach even more convivialists.

Becoming a Conviviality Platform is not about replacing real-life contacts, but enhancing them. As a data-driven company, we will be able to better understand and connect with all our stakeholders. True to our consumer-centric model, we will create the future of conviviality together. With artificial intelligence and insights from across the company, we can invent new products and services faster and meet ever more specific needs – including personalised recommendations for our trade partners. And through new skills, capabilities and ways of working, we can empower our teams.

To achieve this ambitious goal, we are accelerating our digital transformation, boosting our existing processes through data and new technology and reinventing the way we do business by exploring new opportunities.

"The Conviviality Platform will build on our strengths and deliver competitive advantage for the future. It's about leveraging the power of data to offer the right product to the right consumer at the right time, in every market, for every occasion, and at the right price."

ALEXANDRE RICARD

Sustainability & Responsibility
OUR ROADMAP

Our 2030 Sustainability and Responsibility (S&R) roadmap, 'Good Times from a Good Place,' is integrated into all Pernod Ricard activities, from grain to glass. It is a key business driver and is proving an important lever to accelerate transformation, by driving innovation, building purposeful brands, attracting talents and bringing to life our vision of a more convivial world.

VANESSA WRIGHT, CHIEF SUSTAINABILITY OFFICER

OUR S&R ROADMAP WAS LAUNCHED IN 2019, WHAT PROGRESS HAVE WE MADE SINCE THEN?

V.W. — More than just progress, we've seen a real acceleration in all four of our key pillars thanks to the drive and commitment of everyone at Pernod Ricard. We've met all of our 2020 environmental targets for CO_2 reduction, water consumption and waste disposal, and we've launched a number of initiatives to build a more inclusive culture and promote responsible consumption. The new global Diversity & Inclusion roadmap 'Live without labels' and our partnership with UNITAR[1] to educate drivers about the risks of drinking and driving are two good examples of this. Our S&R roadmap has been instrumental in responding to major environmental and social shifts and focusing the business on what matters most to our consumers and other stakeholders.

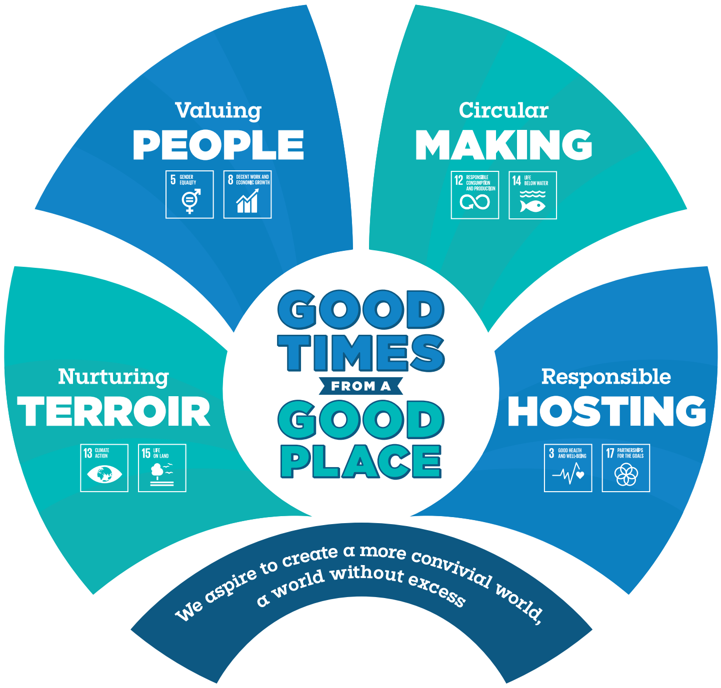
WHAT DO YOU BELIEVE IS KEY TO THE SUCCESSFUL DELIVERY OF OUR S&R AMBITION?

V.W. — As "Créateurs de convivialité", we believe in the power of human connections and bringing people together in a meaningful way to unlock the magic and strengthen what we do collectively. That's why we believe in a collaborative approach that includes all stakeholders from across our value chain – employees, farmers, suppliers, partners and communities. Our roadmap was developed through extensive consultation and collaboration between teams, external partners and experts, and is supported by multidisciplinary projects, most often carried out with the help of local or international organisations. We know that by sharing knowledge, challenging each other and trialling solutions together, we can learn and improve. We also have a strong S&R governance in place which was reinforced this year with the creation of a dedicated Board Committee on S&R, led by our Independent Lead Director.

WHAT DO YOU SEE AS THE CHALLENGES AHEAD?

V.W. — Our S&R roadmap is instrumental in addressing consumer needs and material risks facing the Group today such as climate change and biodiversity loss. But everything is moving very quickly, so we need to continue to be agile and challenge ourselves to reach our targets even sooner. This year for example, we accelerated our carbon reduction targets with a commitment to reaching net zero in scopes 1 & 2 by 2030 at the latest and in scope 3 by 2050. Our work on future scenarios has helped confirm that our strategy addresses all the key risks and opportunities facing the Group, including securing our supply chain (especially raw agricultural materials), advancing circularity, ensuring the local relevance of our S&R roadmap and strengthening our preventive actions against the harmful use of alcohol.

(1) The United Nations Institute for Training and Research.



NURTURING TERROIR

As all our products come from nature, we have made it a priority to combat climate change (the 13th SDG(1) designated by the UN) and protect life on land (SDG 15). To ensure we maintain healthy and resilient ecosystems that allow us to continue producing quality products for the generations to come, we are committed to nurturing every terroir and its biodiversity. To address our agricultural footprint across the 325,000 hectares from which we source our ingredients, we are developing sustainable and regenerative agricultural practices across our business.

VALUING PEOPLE

As "Créateurs de convivialité", our purpose is about sharing, warmth, care and respect for people everywhere. We strive to provide decent work and sustained economic growth (SDG 8) along the entirety of our value chain, and we champion gender equality (SDG 5) throughout our business. To create shared value for all our stakeholders, we are continuously reinforcing our commitments to human rights, diversity and inclusion across our leadership and in regard to health and safety. We are also committed to responsible procurement and training, particularly for bartenders.

CIRCULAR MAKING

The world is made of finite resources that are under huge pressure. By contributing to responsible consumption and production (SDG 12) and protecting life below water (SDG 14), our goal is to help preserve natural resources. In moving towards a more circular business model - from the packaging we use, to the promotional items we produce, to the way we distribute our products and how they are ultimately recycled – we are actively striving to minimise our carbon footprint and protect our natural resources.

RESPONSIBLE HOSTING

We want to ensure that our brands are enjoyed responsibly. Creating conviviality requires us to help adult consumers make responsible choices about whether and when to drink alcohol, and if they do so, in quantities that respect the maximum recommended levels of moderate consumption. We have an important role to play in combating the harmful use of alcohol and supporting health and well-being (SDG 3). To this end, we develop responsible drinking campaigns and programmes, on our own and in partnership with others, to inform consumers and our employees about the risks of excessive drinking. We have committed each of our brands to respecting responsible marketing practices.

(1) SDG: Sustainable development goal

Some of this year's HIGHLIGHTS

Two years after the launch of our 2030 Sustainability & Responsibility roadmap, we are grateful to all our stakeholders for the progress we have made so far. We asked some of our partners and experts to reflect on our collaboration and what we have achieved by working together.

NURTURING TERROIR

In order to strengthen our agricultural supply chains, we've mapped our 59 priority terroirs so that we can identify pressing sustainability risks and opportunities for each of them and know where all our ingredients come from. In parallel, we have also developed the Key Principles for Sustainable Agriculture, which we are implementing across the business to ensure that 100% of our key raw materials are eventually certified sustainable. In our vineyards and terroirs, we are working with our farmers, winemakers and partners to develop sustainable and regenerative agricultural practices that help with carbon sequestration, enhance the biodiversity of these exceptional ecosystems and guarantee long-term growth for all stakeholders.

"From the moment I started working with the teams at Pernod Ricard, I was taken by their enthusiasm, passion and long-term commitment. The private sector is instrumental in accelerating the transition to regenerative agriculture practices, because it has that constant drive for more efficiency and to meet consumer expectations, while also working closely with a large network of farmers, suppliers and other partners."

Sébastien Roumegous, Founder & CEO of Biosphères

Our leading commitments

- Engage all our direct affiliates in a strategic biodiversity project addressing the most pressing local issues (2030).
- Deploy regenerative agriculture pilot schemes within owned vineyards in eight wine regions (2025).
- Map and risk-assess 100% of our agricultural raw materials (2022) and then certify them (2030).

VALUING PEOPLE

At Pernod Ricard, we strongly believe in blending performance with conviviality. We apply this mindset to everything we do within our company and beyond. This year saw the launch of our new Diversity & Inclusion initiative 'Live without labels' to help foster a more diverse and inclusive culture. Following last year's launch of the 'Bar World of Tomorrow' training course, in partnership with the Trash collective and the Sustainable Restaurant Association, to develop more sustainable bartending practices, we are delighted that Relais & Châteaux, the Hilton and the Marriott have made it part of their bartender training.

"Our strategic partnership with Pernod Ricard provides many collaborative opportunities to create shared value. Sustainability is a key driver within the modern hospitality field. Raising awareness and educating on this topic is essential for the future. Programmes like 'Bar World of Tomorrow' act as the catalyst we need to affect meaningful cultural and environmental change. That is why we have made it a strategic pillar of the ongoing training agenda for our bartenders."

Robert Juntke, VP Food & Beverage, Marriott International EMEA

Our leading commitments

- Ensure equal gender pay (2022) and a gender-balanced top management (2030), and offer future-fit training for our employees at least every three years so that they can acquire new skills (2030).
- Train 10,000 bartenders in sustainable techniques needed for the 'Bar World of Tomorrow' (2030).




CIRCULAR MAKING

Since 2010, we've reduced our carbon emissions by 17.5% in absolute value within our own operations. We are committed to reaching net zero in our own operations by 2030 at the latest and overall by 2050. Within our own operations, we are turning to new technologies and alternative energies, procuring renewable electricity and looking at neutralising residual emissions through projects to reduce or capture carbon emissions. We are also working with our supply chain to help reduce our overall carbon footprint linked to the procurement of packaging and agricultural materials as well as transportation. Beyond our business, we have become partners of the Net Zero Pubs & Bars initiatives, supporting UK pubs on their journey to net zero.

"We have accelerated our journey towards becoming the most sustainable packaging producer. The collaborative work we've been doing with customers such as Pernod Ricard is instrumental in shaping our holistic approach to sustainability. We are constantly challenging each other and working together to design new solutions that make our glass packaging more sustainable, with regards to the way it is produced, transported and infinitely recycled."

Jim Nordmeyer, VP Global Sustainability, O-I Glass, Inc.

Our leading commitments

- Ban all point-of-service single-use plastic and have 100% recyclable, reusable or compostable packaging (2025); develop five R&D projects on the circular distribution of our products (2030).
- Replenish 100% of water consumption from production sites in high-risk watershed areas (2030); reach net zero in scope 1 & 2 by 2030 at the latest and in scope 3 by 2050. All scope reduction targets are being revised to align the Group with the 1.5°C trajectory defined by the Intergovernmental Panel on Climate Change.

RESPONSIBLE HOSTING

In partnership with UNITAR, this year saw the launch of the Autosobriety Training Programme to prevent drink-driving. It is a comprehensive e-learning course with practical training, which we are piloting in South Africa and the Dominican Republic. As a member of the International Alliance for Responsible Drinking (IARD), we are playing an active role in the industry to promote the principles of responsible drinking across all our communication channels. This year, we made a significant contribution to the signing of the IARD Global Standards for Online Alcohol Sale and Delivery, alongside 14 prominent global and regional online retailers, e-commerce and delivery platforms.

"The private sector has a role to play in enabling bolder ideas and greater impact through its investment, expertise, technology, reach and data. Being part of the solution and tackling harmful drinking are central to the long-term sustainability of companies such as Pernod Ricard that support IARD. That is why IARD members have developed and implemented innovative partnerships with hundreds of organisations, and reached millions of people through programmes focused on preventing underage drinking and combating drinking and driving, as just two examples."

Henry Ashworth, President & CEO of IARD

Our leading commitments

- Deploy at least one ambitious and scaled prevention programme aimed at combating alcohol misuse in all affiliates, with partners, and subject to evaluation (2030).
- Expand the Responsible Party programme to reach at least 3 million young adults (2030) and 30 million via digital campaigns (2025).

Our Board of DIRECTORS

The Board of Directors oversees the governance of Pernod Ricard in an ethical and transparent manner while ensuring that the business is managed in the best interests of its stakeholders. Composed of 13 members bringing complementary skills and experience, the Board ensures that the Group pursues its business strategy, with the primary goal of increasing the value of the Company.

ORGANISATION

In accordance with the AFEP-MEDEF Code of Corporate Governance for listed companies, Pernod Ricard respects the independence criteria established in the Code. The Board is comprised of 13 members, six of whom are independent and two of whom represent Group employees. Following the recommendation of the Nominations, Governance and CSR Committee (now known as the Nominations and Governance Committee), as of 23 January 2019, the Board appointed a Lead Independent Director.

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

FY21 ACTIVITY

Over the course of FY21, the Board met nine times, with an attendance rate of 100%. The average length of the meetings was approximately four hours. Their main activities were to:

- approve the half-year and annual financial statements;
- review the budget;
- oversee the preparations for the Annual Shareholders' Meeting;
- review and approve the work of the committees;
- review presentations of the activities of the functional departments and affiliates;
- review its own functioning and that of its committees;
- manage the health crisis.

COMMITTEES OF THE BOARD OF DIRECTORS

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

54.5% INDEPENDENT DIRECTORS

30.8% NON-FRENCH DIRECTORS

45.4% FEMALE DIRECTORS

100% ATTENDANCE RATE

01	02	03	04
05	06	07	08
09	10	11	12
13			

01 Alexandre Ricard
Chairman & Chief Executive Officer, Executive Director

02 Maria Jesus Carrasco Lopez
Employee Director
CSR Committee Member

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

04 Paul-Charles Ricard
Director
Permanent Representative of Société Paul Ricard
Strategic Committee Member

05 César Giron
Director
Nominations and Governance Committee Member

06 Veronica Vargas
Director
CSR Committee Member

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

08 Stéphane Emery
Employee Director
Compensation Committee Member

09 Wolfgang Colberg
Director
Audit Committee member

10 Virginie Fauvel
Independent Director

11 Kory Sorenson
Independent Director
Compensation Committee Chairwoman
Audit Committee Member

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

13 Ian Gallienne
Independent Director
Strategic Committee Member
Compensation Committee Member

Our Executive Board & EXECUTIVE COMMITTEE

01	02	03
04	05	

Executive Board & Executive Committee

(on 30 June 2021)

The Group's general management is led by the Chairman & CEO, who is assisted by the Executive Committee. The Executive Board is the permanent body responsible for coordinating and leading the Group, in cooperation with the Chairman & CEO, whom it assists with his responsibilities. The Executive Board reviews all decisions related to Group affairs and submits various matters to the Board of Directors when approval is required.

It steers and coordinates the major transformation projects, organises the work of the Executive Committee and defines objectives for its members, in particular by signing off on the strategic plan, the budget and regular business reviews.

The Executive Committee, the Group's managing body, has 15 members – the entire Executive Board (see composition above) as well as the Managing Directors of the main Group affiliates – who meet once per month, either at headquarters or at an affiliate site. Under the direction of the Chairman & CEO, the Committee helps to define the Group's strategy and plays an essential coordinating role between Headquarters and the affiliates, and amongst the affiliates themselves (Brand Companies and Market Companies). The Committee is responsible for overseeing the Group's business activities and ensuring that its main policies are applied. More specifically, the Committee analyses the performance of the Group's business in relation to its market plan (budget and strategic plan); actively participates in setting financial and operational objectives (financial results, debt and qualitative objectives); periodically reviews the brand and market strategies; analyses performance and evaluates changes in the organisation as needed; and approves and ensures compliance with the Group's main policies.

01 Alexandre Ricard
Chairman & Chief Executive Officer

02 Christian Porta
Managing Director, Global Business Development

03 Hélène de Tissot
EVP, Finance, IT & Operations

04 Anne-Marie Poliquin
Group General Counsel & Compliance Officer

05 Cédric Ramat
EVP, Human Resources, Sustainability & Responsibility

Executive Committee members

(on 30 June 2021)

01	02	03	04
05	06	07	08
09	10	11	12
13	14	15	

01 Alexandre Ricard
Chairman & Chief Executive Officer

02 Hélène de Tissot
EVP, Finance, IT & Operations

03 César Giron
CEO of Martell Mumm Perrier-Jouët

04 Conor McQuaid
CEO of Irish Distillers Group

05 Bryan Fry
CEO of Pernod Ricard Winemakers

06 Christian Porta
Managing Director, Global Business Development

07 Anne-Marie Poliquin
Group General Counsel & Compliance Officer

08 Stéphanie Durroux
CEO of The Absolut Company

09 Cédric Ramat
EVP, Human Resources, Sustainability & Responsibility

10 Jean-Christophe Coutures*
CEO of Chivas Brothers

11 Gilles Bogaert
CEO of Pernod Ricard Europe, Middle East, Africa and Latin America

12 Ann Mukherjee
CEO of Pernod Ricard North America

13 Philippe Guettat
CEO of Pernod Ricard Asia

14 Mohit Lal
CEO of Pernod Ricard Global Travel Retail

15 Philippe Coutin
Chairman of Pernod Ricard France

* Following his departure from the Group on 30 June 2021, Jean-Christophe Coutures was replaced on 1 July 2021 by Jean-Etienne Gourgues, previously Managing Director of Pernod Ricard China.

Our
VALUE CREATION MODEL

Our resources

HUMAN CAPITAL
We employ 18,306[1] skilled and committed employees who provide the Group with agility and adaptability in an increasingly volatile context.

INTELLECTUAL CAPITAL
We never stop innovating products, services and experiences that respond to our consumers' expectations.

FINANCIAL CAPITAL
Our investors and shareholders provide the Group with necessary financial resources and stability.

INDUSTRIAL CAPITAL
We strive to optimise our manufacturing and distribution processes in terms of safety, quality and efficiency.

SOCIAL CAPITAL
We are deeply rooted in local communities and committed to building long-standing and ethical relationships with all our partners.

ENVIRONMENTAL CAPITAL
We are committed to nurturing our terroir and producing our products within the circular economy to secure our supply chains and preserve natural resources.

What we do

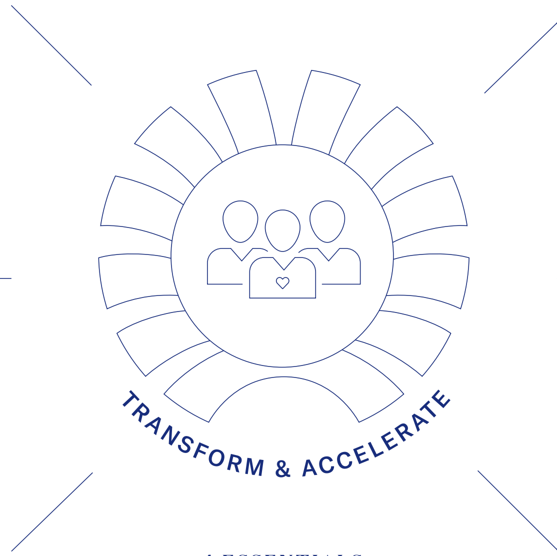
1 / CONSUMER INSIGHTS
Understanding and anticipating our consumers' tastes and habits is key to our business. Our Consumer Insights team focuses on identifying and responding to new trends and consumer patterns, capitalising on digital technology to create closer connections with our brands, markets and regions.

2 / INNOVATION
Our Brand Companies and Market Companies make the most of these consumer insights to innovate and develop new, high-quality products and services. **25% of the Group's growth comes from innovation.**

3 / PRODUCING & SOURCING
To produce our iconic products, we source over one hundred ingredients from 350 terroirs in 66 countries. We work with our farmers and suppliers to develop sustainable and regenerative agricultural practices. We also work with our suppliers to create sustainable packaging solutions and promotional items. In FY21, we removed all single-use plastic items at point-of-sale.

OUR VALUE CHAIN

CONSUMER CENTRIC



4 ESSENTIALS
Operational experience
Talent development
Sustainability & responsibility
Route-to-market/Consumer

4 ACCELERATORS
Portfolio management
Premiumisation & luxury
Innovation
Digital acceleration

(1) FY21 average. (2) According to the 2019 *I Say* survey. (3) Organic growth. (4) On 30 June 2021. (5) Scope 1: direct emissions from our own operations, Scope 2: indirect emissions from energy production, Scope 3: indirect emissions from the Company's activity.

At Pernod Ricard, we believe in creating sustained value for all our stakeholders, starting with our consumers, who are at the heart of our strategy. True to our vision of "Créateurs de convivialité," we work closely with all the contributors of our value chain in a permanent quest for cohesion and efficiency.

4/ MANUFACTURING & LOGISTICS

We take great care in the manufacturing, packaging and distribution of our products and ensure we comply with health, safety and environmental standards at every stage. **We have 96 production sites across 25 countries.**

5/ MARKETING & SALES

We have our own sales force in **73 countries** who leverage their knowledge of each market's needs and regulations in order to sell our products efficiently and responsibly. We are also fast-tracking our digital transformation, developing interactive platforms that link people to new conviviality experiences and using data-driven tools to improve the effectiveness of our brand marketing and activations.

6/ MOMENTS OF CONVIVIALITY

Our on-trade and off-trade partners distribute our products to consumers in 160+ countries. We work closely with them and other industry members, NGOs, local authorities and UN bodies to promote responsible consumption and fight the harmful use of alcohol.

The value we create

EMPLOYEES

We are committed to promoting an inclusive and diverse culture and creating a work environment that combines conviviality, performance and professional development.
94% of our employees say they are proud to work for us(2).

CONSUMERS & CUSTOMERS

We offer high-quality products, services and experiences to our consumers and customers.
16 of our brands are in IWSR's Top 100 worldwide.

SHAREHOLDERS & INVESTORS

We strive to create long-term value for our shareholders and investors by delivering profitable and sustainable growth.
Sales up by 10% in FY21(3).

FARMERS & SUPPLIERS

We work with our farmers and suppliers to source high-quality, sustainable ingredients and to develop sustainable packaging solutions.
8,830 farmers empowered, trained or supported in FY21.

COMMUNITIES & SOCIETY

We engage with our communities, NGOs, industry organisations and public authorities to understand challenges and find solutions together. **Our Responsible Party programme reached more than 470,000 young adults, and six million digitally(4).**

PLANET

We aim to minimise our impact on the environment by helping to preserve our terroirs, limiting waste and the use of natural resources and reducing our carbon footprint.
We are committed to reaching net zero in scopes 1 & 2 by 2030 at the latest and in scope 3 by 2050(5).

Our key FINANCIAL FIGURES

Leadership positions

No.1

WORLD NO. 1 FOR PREMIUM [1]

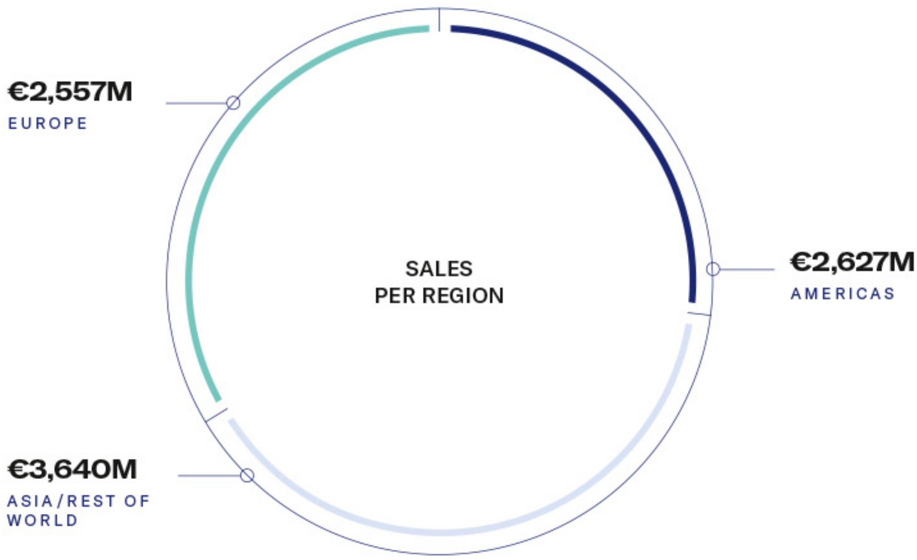
No.2

WORLD NO. 2 IN WINE & SPIRITS INDUSTRY [1]

16

BRANDS AMONGST THE WORLD'S TOP 100 [2]

Financial metrics FY21



€1,612M

NET PROFIT FROM RECURRING OPERATIONS (GROUP SHARE)

€2,423M

PROFIT FROM RECURRING OPERATIONS

€8,824M

NET SALES

(1) Source: *The Pernod Ricard Market View*, based on IWSR volume data ending 2020. (2) Source: *Impact Databank, March 2021*, based on 2020 data.

Our key NON-FINANCIAL FIGURES

Nurturing Terroir

10

PROGRAMMES FOR REGENERATIVE AGRICULTURE AND BIODIVERISTY, INCLUDING TWO REGENERATIVE VITICULTURE PILOTS IN OUR TERROIR

100

INGREDIENTS PRODUCED OR SOURCED ACROSS 66 COUNTRIES TO PRODUCE OUR ICONIC BRANDS

Valuing People

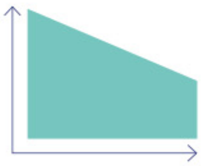
1.8%

GENDER PAY GAP REDUCED TO 1.8%

29%

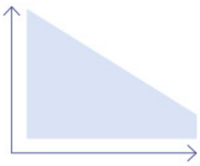
WOMEN IN TOP MANAGEMENT

Circular making



17.5%(1)

REDUCTION IN CO_2 EMISSIONS SINCE FY10(2)



27%

REDUCTION IN WATER CONSUMPTION SINCE FY10(3)

Responsible hosting

470,000

YOUNG ADULTS REACHED BY RESPONSIBLE PARTY PROGRAMME AND ANOTHER 6 MILLION DIGITALLY SINCE APRIL 2020

(1) Pernod Ricard has accelerated its carbon reduction ambitions and is now measuring progress in absolute value instead of intensity, in order to account for the Group's growth.
(2) Greenhouse gas emissions at production sites (scopes 1 and 2). (3) Per unit of production.

SECTION —— 02

CORPORATE GOVERNANCE

The purpose of this section is to present the report of the Board of Directors on corporate governance as required by article L. 225-37 of the French Commercial Code.

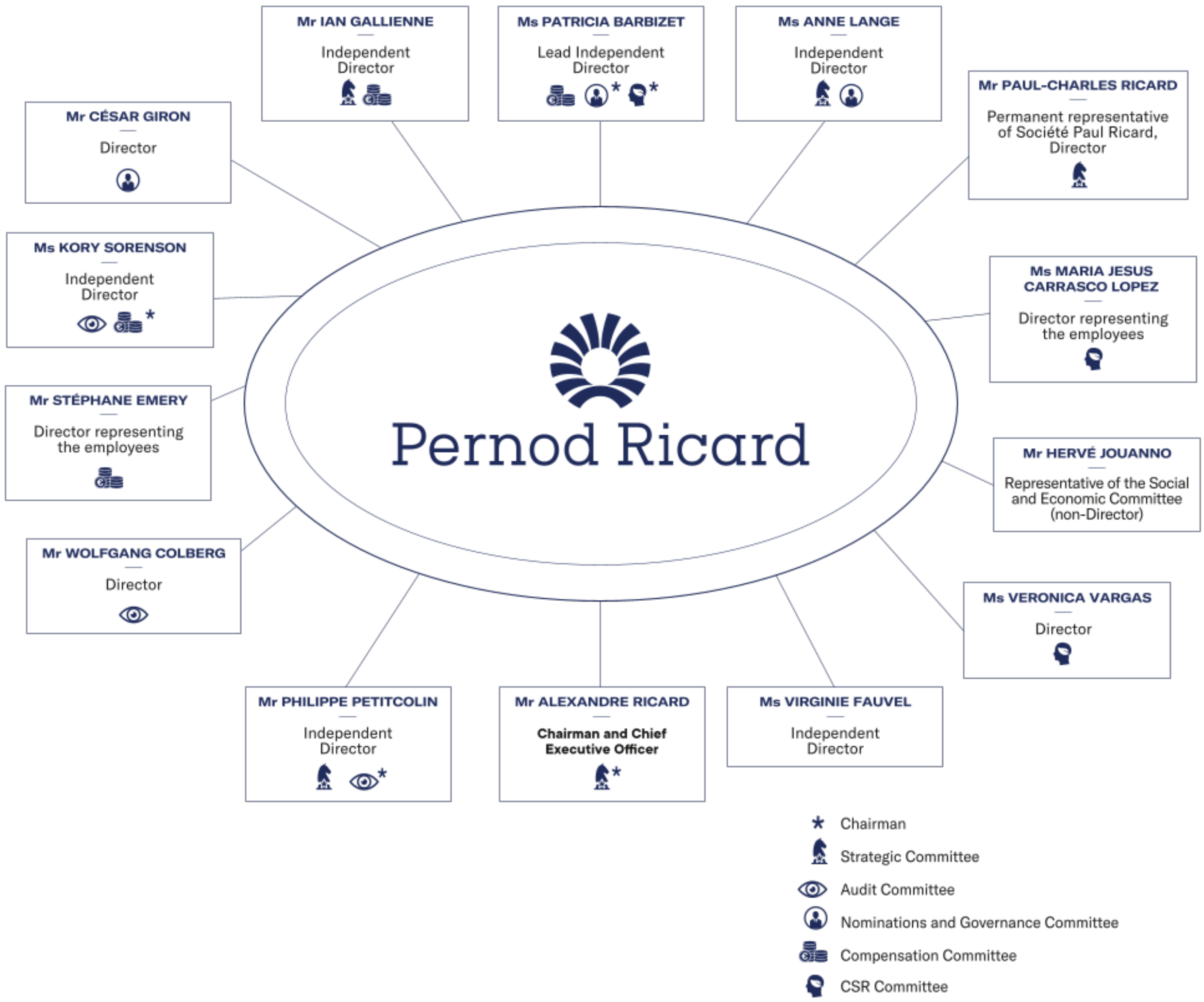
It describes, in the context of the preparation of the financial statements for FY21, the conditions governing the preparation and organisation of the work performed by the Board of Directors and its Committees, the powers entrusted to the Chairman and CEO, the principles and rules used to determine compensation and other benefits granted to the corporate officers, the compensation policies applicable to the Chairman and CEO and to the corporate officers, in accordance with articles L. 22-10-8 and L. 22-10-9 of the French Commercial Code, as well as other information pursuant to articles L. 22-10-10, L. 22-10-11 and L. 225-37 *et seq.* of the French Commercial Code.

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

This report was approved by the Board of Directors on 31 August 2021, following the examination by the Board's Committees of each section relating to their area of competence and was shared with the Statutory Auditors.

Report of the Board of Directors on corporate governance

2.1 Composition of the Board of Directors on 30 June 2021



2.2 Overview of the composition of the Board of Directors and its Committees

Name	Age	Gender	Date of first appointment	Date of expiry of term of office	Number of years on the Board	Audit Committee	Compensation Committee	Nominations and Governance Committee	Strategic Committee	CSR Committee
Executive Director										
Alexandre Ricard Chairman and CEO *French*	49	M	29.08.2012	2024 AGM	9				(Chairman) ✓	
Directors considered as independent by the Board										
Patricia Barbizet Lead Independent Director *French*	66	F	21.11.2018	2022 AGM	3		✓	(Chairwoman) ✓		(Chairwoman) ✓
Virginie Fauvel *French*	47	F	27.11.2020	2024 AGM	1					
Ian Gallienne *French*	50	M	09.11.2012	2022 AGM	9		✓		✓	
Anne Lange *French*	53	F	20.07.2016	2021 AGM	5			✓	✓	
Philippe Petitcolin *French*	69	M	08.11.2019	2023 AGM	2	(Chairman) ✓			✓	
Kory Sorenson *British*	52	F	06.11.2015	2023 AGM	6	✓	(Chairwoman) ✓			
Directors										
Wolfgang Colberg *German*	61	M	05.11.2008	2024 AGM	13	✓				
César Giron *French*	59	M	05.11.2008	2024 AGM	13			✓		
Société Paul Ricard (Represented by Paul-Charles Ricard) *French*	39	M	09.06.1983	2021 AGM	38				✓	
Veronica Vargas *Spanish*	40	F	11.02.2015	2021 AGM	6					✓
Directors representing the employees										
Maria Jesus Carrasco Lopez *Spanish*	50	F	05.12.2018	05.12.2022	3					✓
Stéphane Emery *French*	50	M	13.12.2017	13.12.2021	4		✓			
NUMBER OF MEETINGS FY21					**9**	**4**	**6**	**4**	**2**	**1**
AVERAGE ATTENDANCE RATE					**100%**	**100%**	**96,43%**	**100%**	**100%**	**100%**

2.3 Duties performed by the Directors

Age : **49 years old**

French

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

Number of shares held on 30 June 2021:
158,566

MR ALEXANDRE RICARD

CHAIRMAN AND CEO

Strategic Committee (Chairman)

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

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

OFFICES AND MAIN FUNCTIONS HELD ON 30.06.2021 OR AT THE DATE OF RESIGNATION WHERE APPLICABLE

Within the Group

FRENCH COMPANIES

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

NON-FRENCH COMPANIES

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

Outside the Group

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

OFFICES THAT HAVE EXPIRED OVER THE LAST FIVE YEARS

Within the Group

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

(1) Listed company.

Age : **66 years old**

French

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

Number of shares held on 30 June 2021:
3,160

MS PATRICIA BARBIZET

LEAD INDEPENDENT DIRECTOR

Nominations and Governance Committee (Chairwoman) **CSR Committee (Chairwoman)** **Compensation Committee**

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

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

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

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

OFFICES AND MAIN FUNCTIONS HELD OUTSIDE THE GROUP ON 30.06.2021 OR AT THE DATE OF RESIGNATION WHERE APPLICABLE

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

OFFICES HELD OUTSIDE THE GROUP THAT HAVE EXPIRED OVER THE LAST FIVE YEARS

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

(1) Listed company.

Age : **61 years old**

German

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

Number of shares held on 30 June 2021:
1,076

MR WOLFGANG COLBERG

DIRECTOR

Audit Committee

Mr Wolfgang Colberg holds a PhD in Political Science (in addition to qualifications in Business Administration and Business Informatics). He has spent his entire career with the Robert Bosch Group and the BSH Group. After joining the Robert Bosch group in 1988, he became Business Analyst (Headquarters), and then went on to become Head of Business Administration at the Göttingen production site (1990/93), then Head of the Business Analyst Team and Economic Planning (Headquarters) (1993/94), before being appointed as General Manager for the Group's Turkey and Central Asia affiliate. In 1996, he was appointed Senior Vice-President – Central Purchasing and Logistics (Headquarters).

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

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

OFFICES AND MAIN FUNCTIONS HELD OUTSIDE THE GROUP ON 30.06.2021 OR AT THE DATE OF RESIGNATION WHERE APPLICABLE

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

OFFICES HELD OUTSIDE THE GROUP THAT HAVE EXPIRED OVER THE LAST FIVE YEARS

- Industrial Partner, CVC Capital Partners (Germany)

(1) Listed company.

Age : **47 years old**

French

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

Number of shares held on 30 June 2021:
50

MS VIRGINIE FAUVEL

INDEPENDENT DIRECTOR

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

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

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

OFFICES AND MAIN FUNCTIONS HELD OUTSIDE THE GROUP ON 30.06.2021 OR AT THE DATE OF RESIGNATION WHERE APPLICABLE

- Director of Quadient (1) (2)
- CEO of Harvest SAS
- CEO of Holding Winnipeg
- Consultant at Creadev

OFFICES HELD OUTSIDE THE GROUP THAT HAVE EXPIRED OVER THE LAST FIVE YEARS

- Director of Europcar Mobility Group (1)

(1) Listed company.
(2) Virginie Fauvel resigned from her position as a Director of Quadient on 2 September 2021.

Age : **50 years old**

French

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

Number of shares held on 30 June 2021:
1,000

MR IAN GALLIENNE

INDEPENDENT DIRECTOR

Compensation Committee **Strategic Committee**

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

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

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

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

OFFICES AND MAIN FUNCTIONS HELD OUTSIDE THE GROUP ON 30.06.2021 OR AT THE DATE OF RESIGNATION WHERE APPLICABLE

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

OFFICES HELD OUTSIDE THE GROUP THAT HAVE EXPIRED OVER THE LAST FIVE YEARS

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

(1) Listed company.

Age : **59 years old**

French

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

Number of shares held on 30 June 2021:
4,765

MR CÉSAR GIRON

DIRECTOR

Nominations and Governance Committee

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

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

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

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

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

OFFICES AND MAIN FUNCTIONS HELD ON 30.06.2021 OR AT THE DATE OF RESIGNATION WHERE APPLICABLE

Within the Group

- Chairman and CEO of Martell Mumm Perrier-Jouët
- Chairman and CEO of Martell & Co SA
- Chairman and CEO of Champagne Perrier-Jouët
- Chairman and CEO of GH Mumm & Cie SVCS
- Chairman of Domaines Jean Martell
- Chairman of Augier Robin Briand & Cie
- Chairman of Le Maine au Bois
- Chairman of Financière Moulins de Champagne
- Chairman of Spirits Partners SAS
- Director of Société des Produits d'Armagnac SA
- Director of Mumm Perrier-Jouët Vignobles et Recherches

Outside the Group

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

OFFICES HELD OUTSIDE THE GROUP THAT HAVE EXPIRED OVER THE LAST FIVE YEARS

- None

Age : **53 years old**

French

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

Number of shares held on 30 June 2021:
1,000

MS ANNE LANGE
INDEPENDENT DIRECTOR

Nominations and Governance Committee **Strategic Committee**

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

She later founded Mentis, from which she sold her shares at the end of 2017. As a start-up specialised in the technology of application platforms and connected objects, Mentis collaborates with major groups on mobility solutions and management of urban space, placing it at the centre of the connected territories' revolution.

Meanwhile, Anne Lange created ADARA, a consulting and investment company, and Chrysallis, a company that is developing a network of shared houses. She is a Senior Advisor working for major high-tech groups, strategy consulting firms and more traditional businesses seeking to find their own path to transformation. She is a member of the Boards of Directors of several listed companies (Pernod Ricard, Orange, Inditex, Peugeot Invest).

Ms Anne Lange has expertise in innovation and digital technology, which she developed for 20 years in both private and public sectors, from a global perspective.

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

OFFICES AND MAIN FUNCTIONS HELD OUTSIDE THE GROUP ON 30.06.2021 OR AT THE DATE OF RESIGNATION WHERE APPLICABLE

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

OFFICES HELD OUTSIDE THE GROUP THAT HAVE EXPIRED OVER THE LAST FIVE YEARS

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

(1) Listed company.

Âge : **69 years old**

French

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

Number of shares held on 30 June 2021:
310

MR PHILIPPE PETITCOLIN

INDEPENDENT DIRECTOR

Audit Committee (Chairman)

Strategic Committee

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

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

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

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

He was also appointed Director of Suez in February 2021.

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

OFFICES AND MAIN FUNCTIONS HELD OUTSIDE THE GROUP ON 30.06.2021 OR AT THE DATE OF RESIGNATION WHERE APPLICABLE

- Director of EDF [(1)]
- Director of Suez [(1)]
- Chairman of KNDS

OFFICES HELD OUTSIDE THE GROUP THAT HAVE EXPIRED OVER THE LAST FIVE YEARS

- Chief Executive Officer and Director of Safran [(1)]
- Chairman of Safran Identity & Security
- Chairman and CEO of Safran Identity & Security
- Chairman of the Board of Directors of Safran Identity & Security North America (formerly Morpho Track, LLC) (USA)
- Chairman of the Board of Directors of Morpho Detection International, LLC (USA)
- Chairman of the Board of Directors of Safran Electronics & Defense, Chairman and President of Morpho USA, Inc.
- Director of Safran Identity & Security USA (formerly Morpho Detection, LLC) (USA)
- Member of the Supervisory Board of Safran Identity & Security GmbH (formerly Morpho Cards GmbH) (Germany)
- Member of the Supervisory Board of Institut Aspen France

(1) Listed company.

Age : **39 years old**

French

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

Number of shares held by Mr Paul-Charles Ricard on 30 June 2021:
182,226

Number of shares held by Société Paul Ricard on 30 June 2021:
28,196,482

MR PAUL-CHARLES RICARD

PERMANENT REPRESENTATIVE OF SOCIÉTÉ PAUL RICARD (1), DIRECTOR

Strategic Committee

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 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 GH Mumm International Brand Manager at Martell Mumm Perrier-Jouët before being appointed MMPJ Head of Prestige & Craft Developments.

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 (Director of Pernod Ricard) since 29 August 2012.

OFFICES AND MAIN FUNCTIONS HELD OUTSIDE THE GROUP ON 30.06.2021 OR AT THE DATE OF RESIGNATION WHERE APPLICABLE

- Chairman of Le Delos Invest III (Société Paul Ricard)
- Vice Chairman of the Supervisory Board of Société Paul Ricard (Mr Paul-Charles Ricard)

OFFICES HELD OUTSIDE THE GROUP THAT HAVE EXPIRED OVER THE LAST FIVE YEARS

- None

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

Age : **52 years old**

British

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

Number of shares held on 30 June 2021:
1,000

MS KORY SORENSON

INDEPENDENT DIRECTOR

Compensation Committee (Chairwoman)

Audit Committee

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

Ms Kory Sorenson is currently Director and Chairwoman of the Audit Committee of SCOR SE (listed on the Paris stock exchange), Director and Chairwoman of the Compensation Committee of Phoenix Group Holdings (listed in the United Kingdom), Director and Chairwoman of the Audit Committee of SGS SA (listed in Switzerland), member of the Supervisory Board of Bank Gutmann, a private bank in Austria, and member of the Comgest Partners' council in France.

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

OFFICES AND MAIN FUNCTIONS HELD OUTSIDE THE GROUP ON 30.06.2021 OR AT THE DATE OF RESIGNATION WHERE APPLICABLE

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

OFFICES HELD OUTSIDE THE GROUP THAT HAVE EXPIRED OVER THE LAST FIVE YEARS

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

(1) *Listed company.*

Age : **40 years old**

Spanish

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

Number of shares held on 30 June 2021:
9,820

MS VERONICA VARGAS

DIRECTOR

CSR Committee

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

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

Ms Veronica Vargas is a Permanent representative of Rigivar SL, a member of the Supervisory Board of Paul Ricard since 2009. She is also a Director of the Business Policy International Advisory Board of San Telmo Business School since 2020, and a member of the Investment Committee of the Africa Conservation & Communities Tourism Fund since 2021.

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

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

OFFICES AND MAIN FUNCTIONS HELD OUTSIDE THE GROUP ON 30.06.2021 OR AT THE DATE OF RESIGNATION WHERE APPLICABLE

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

OFFICES HELD OUTSIDE THE GROUP THAT HAVE EXPIRED OVER THE LAST FIVE YEARS

- None

Age : **50 years old**

Spanish

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

MS MARIA JESUS CARRASCO LOPEZ

DIRECTOR REPRESENTING THE EMPLOYEES

CSR committee

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

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

In addition to her position, she was appointed Director representing the employees on the Board of Directors of Pernod Ricard SA in December 2018.

OFFICES AND MAIN FUNCTIONS HELD OUTSIDE THE GROUP ON 30.06.2021 OR AT THE DATE OF RESIGNATION WHERE APPLICABLE

- None

OFFICES HELD OUTSIDE THE GROUP THAT HAVE EXPIRED OVER THE LAST FIVE YEARS

- None

Age : **50 years old**

French

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

MR STÉPHANE EMERY
DIRECTOR REPRESENTING THE EMPLOYEES

Compensation Committee

Mr Stéphane Emery graduated from the ESCO Paris/Wesford (Business and Management School).

He started his career in July 1994 within the Pernod Ricard Group and joined the Ricard teams in Paris as On Trade Area Manager, followed by On Trade Sales Manager in Bourgogne (from 2000 to 2005) and Off Trade Sales Manager in Paris (from 2005 to 2017). He currently holds the position of Public Relations Manager at Pernod Ricard France in Paris.

In December 2017, following his election by the Group Committee (France), he was appointed Director representing the employees within the Board of Directors of Pernod Ricard SA.

Highly involved in the Group, Stéphane Emery has also been an employee representative at Ricard (SIPGR trade union representative, then member of the employee Committee/works' council and works' council secretary prior to becoming a delegated representative for France on the European Committee).

Mr Stéphane Emery was also a Director representing the employees of the Ricard Corporate Foundation from 2010 to 2020.

OFFICES AND MAIN FUNCTIONS HELD OUTSIDE THE GROUP ON 30.06.2021 OR AT THE DATE OF RESIGNATION WHERE APPLICABLE

- None

OFFICES HELD WITHIN THE GROUP THAT HAVE EXPIRED OVER THE LAST FIVE YEARS

- Director representing the employees of the Ricard Corporate Foundation

The Directors hold no other employee positions in the Group, with the exceptions of: Mr César Giron, Chairman and CEO of Martell Mumm Perrier-Jouët; Mr Paul-Charles Ricard (Permanent Representative of Société Paul Ricard, Director), MMPJ Head of Prestige & Craft Developments at Martell Mumm Perrier-Jouët; Ms Maria Jesus Carrasco Lopez, Director representing the employees who is Regional Trade Marketing Manager at Pernod Ricard España, and Mr Stéphane Emery, Director representing the employees, who is Public Relations Manager at Pernod Ricard France in Paris.

2.4 Governance Structure

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

Since Mr Pierre Pringuet's term of office as Chief Executive Officer expired on 11 February 2015, and since the Chairwoman of the Board of Directors at the time (Ms Danièle Ricard) wished to step down from the Board, during its meeting of 11 February 2015 the Board resolved, in accordance with the French Commercial Code and the AFEP-MEDEF Code adopted by the Company, to combine the positions of Chairman and CEO and appointed Mr Alexandre Ricard as Chairman and CEO.

The Company has appointed a Lead Independent Director since 23 January 2019. In addition, in order to provide the checks and balances necessary in the exercise of such powers, as well as good governance, the Company sought to establish certain guarantees, notably:

- as part of the Group's General Management, the Chairman and CEO relies on two management bodies: the Executive Board, which endorses all major decisions relating to the Group's strategy, and the Executive Committee, which ensures coordination between the Headquarters and its affiliates, in accordance with the Group's decentralised model;
- limitations on the powers of the Chairman and CEO by the Board of Directors: prior authorisation by the Board of Directors is necessary in particular for external growth transactions or disinvestments for amounts greater than €100 million and for loans exceeding €200 million (see the subsection "Limitation on the powers of the Chairman and CEO" hereinafter); and
- five specialised Committees, responsible for preparing the work of the Board of Directors relating to the following topics: compensation; audit; nominations and governance; strategy and CSR. The majority of the members of these Committees are Independent Directors [1], and the Company meets or exceeds the recommendations of the AFEP-MEDEF Code with respect to the percentage of Independent Directors (Audit Committee: 67% *vs.* the recommended 67%; Compensation Committee: 100% *vs.* the recommended 50%; Nominations and Governance Committee: 67% *vs.* the recommended 50%; Strategic Committee: 60% *vs.* no recommendation and CSR Committee: 50% *vs.* no recommendation).

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

2.4.2 Powers of the Chairman and CEO

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

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

2.4.3 Limitation on the powers of the Chairman and CEO

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

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

On 27 November 2020, the Board of Directors authorised the Chairman and CEO, for a period of one year, to grant pledges, sureties or guarantees in the name of the Company up to an overall limit of €100 million, and for an unlimited amount to tax and customs authorities.

2.4.4 Role, missions and reporting activity of the Lead Independent Director

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

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

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

Since taking up her duties, the Lead Independent Director has participated, with the Executive Management, the Investor Relations and Legal Departments, in several meetings dedicated to the governance of the Company (roadshows). She has also met a large part of the teams of Pernod Ricard and some of its affiliates. Furthermore, she conducted the tri-annual assessment of the functioning of the Board of Directors, with the assistance of a specialist external firm, based in particular on individual interviews with each Director as described in paragraph 2.6.4 below.

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

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

2.4.5 Reference Corporate Governance Code: AFEP-MEDEF Code

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

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

2.5 Composition of the Board of Directors

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

The members of the Board of Directors are listed above.

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 and are described below. The Board of Directors of the Company comprises no fewer than three 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 recommend that, during their term of office and no later than two years following their appointment, Directors acquire a minimum number of Company shares equivalent to one year's worth of compensation (fixed and variable portions) payable to a Director who has attended all meetings of the Board of Directors (excluding compensation related to participation in Committees) [1].

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

In accordance with the law of 22 May 2019 on business growth and transformation (PACTE law) and the Company's bylaws, the number of Directors representing the employees who are members of the Board depends on the number of Directors of the Board. Following the General Meeting of 9 November 2017, one Director representing employees was appointed by the Group Committee (France) on 13 December 2017 to sit on the Board of Directors for four years. As the Company's Board of Directors comprises 11 members, a second Director representing the employees was appointed by the European Group Committee on 5 December 2018.

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

The Board of Directors may, upon a 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, following the Board of Directors' proposal, appoint Directors or renew their term of office for a period of two years so as to enable a staggered renewal of the Board of Directors.

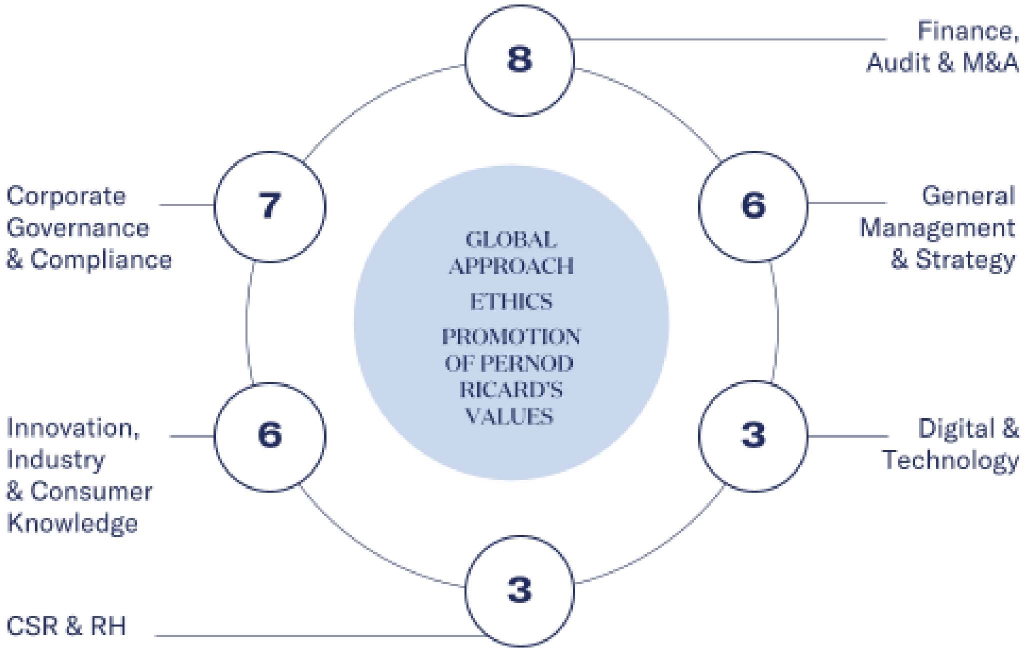
The Board of Directors and the Nominations and Governance Committee regularly evaluate the composition of the Board and its Committees as well as the different skills and experience brought by each Director. They also identify the guidelines to be issued in order to ensure the best balance possible by seeking complementary characteristics from both an international and diversity perspective, in terms of nationality, gender, and experience. In accordance with article L. 22-10-10 of the French Commercial Code, the table below describes the Board of Directors' diversity policy, indicating the criteria taken into consideration, the targets set by the Board, the way it has been implemented and the results achieved over FY21.

(1) This requirement and this recommendation are not applicable to Directors representing the employees.

2.5.2 Board of Directors' diversity policy and Directors' expertise

Criteria	Objectives	Implementation and results achieved in FY21
Composition of the Board of Directors	Balanced representation of women and men within the Board of Directors	**Representation of women:** Gradual evolution: • 25% at the Shareholders' Meeting of 6 November 2015; • 42% at the Shareholders' Meeting of 17 November 2016; • 46.1% at the Shareholders' Meeting of 21 November 2018; • 42% at the Shareholders' Meeting of 8 November 2019; and • 50% at the Shareholders' Meeting of 27 November 2020. At the end of Shareholders' Meeting of 10 November 2021, the Board will comprise 50% female Directors.
	Guidelines to be issued in order to ensure the best balance possible by seeking complementary characteristics from both international and diversity perspectives, in terms of nationality, gender and experience	**Directors with foreign nationality:** Evolution: • 31.2% at the Shareholders' Meeting of 6 November 2014; • 38.5% at the Shareholders' Meeting of 21 November 2018; • 42.8% at the Shareholders' Meeting of 8 November 2019; and • 35.7% at the Shareholders' Meeting of 27 November 2020. At the end of Shareholders' Meeting of 10 November 2021, 35.7% of the Directors will be of foreign nationality.
		Expertise: • While the expertise of the members of the Board corresponds to the Group's strategic challenges (see diagram below), Pernod Ricard is continuing its quest to continuously improve its Board. In this context, in FY21 the Shareholders' Meeting appointed Virginie Fauvel, who provides the Board with the benefit of her particular expertise in digital transformation. At the Shareholders' Meeting of 10 November 2021, shareholders will be asked to appoint Namita Shah, whose expertise on CSR topics will be particularly valuable to the Board.
	Appointment of one or two Directors representing the employees (see article 16 of the bylaws)	Two Directors representing the employees since the Shareholders' Meeting of 2018: • appointment on 13 December 2017 by the Group Committee (France) of the first Director representing the employees (term of office ends on 13 December 2021); and • appointment on 5 December 2018 by the European Group Committee of the second Director representing the employees (term of office ends on 5 December 2022).
Independence of Directors	50% Independent Directors (see article 9.3, AFEP-MEDEF Code) + significant representation of Independent Directors (see article 3, Internal Regulations)	• 54.5% Independent Directors. At the end of the Shareholders' Meeting of 10 November 2021, 58.33% of Directors will be considered independent.
Age of Directors	No more than one-third of Directors older than 70 years (see article 18, paragraph 4 of the bylaws)	Target achieved, given that the average age on the Board is 52,6 years old and the median is 50 years old.

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



2.5.3 Selection process for candidates as Independent Directors

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

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

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

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

2.5.4 Changes in the composition of the Board of Directors

During FY21

The Shareholders' Meeting of 27 November 2020 renewed the appointment of Mr Alexandre Ricard, Mr César Giron and Mr Wolfgang Colberg as Directors for a term of four years expiring at the end of the Shareholders' Meeting to be held in 2024 to approve the financial statements for the previous financial year. In addition, at the same Shareholders' Meeting, Ms Virginie Fauvel was appointed as a Director for a term of four years. Morever, Mr Gilles Samyn had informed the Board of Directors of his decision to resign from his position as Director at the close of the Shareholders' Meeting of 27 November 2020. Finally, Ms Esther Berrozpe Galindo has submitted her resignation as Director of Pernod Ricard on 22 December 2020 to devote herself fully to the exercise of her new executive functions within a listed company.

During FY22

As the terms of office of Ms Anne Lange, the Company Paul Ricard represented by Mr Paul-Charles Ricard and Veronica Vargas will expire at the close of the Shareholders' Meeting held on 10 November 2021, it will be proposed that the Shareholders' Meeting (4th, 5th and 6th resolutions), in accordance with the recommendations of the Nominations and Governance Committee, renew their directorships for a four-year period expiring at the close of the Shareholders' Meeting to be held in 2025 to approve the financial statements for the previous financial year.

Ms Anne Lange provides the Board with the benefit of her experience particularly in the areas of Digital and Technology, Mr Paul-Charles Ricard brings his skills in the field of Innovation and his knowledge of industry, and Ms Veronica Vargas brings her experience in Finance and M&A in large companies.

Furthermore, the Board of Directors has decided, on the recommendation of the Nominations and Governance Committee, to propose the appointment of Ms Namita Shah (7th resolution) as Director. Her term of office would be conferred for a term of four years expiring at the end of the Shareholders' Meeting to be held in 2025 to approve the financial statements for the previous financial year.

The Nominations and Governance Committee and the Board of Directors reviewed the candidate. In particular, they appreciated Ms Namita Shah 's high-level international career in CSR, legal and managerial functions, as well as her recent appointment to the Executive Committee of a CAC 40 company. Following a review, they also confirmed that Ms Namita Shah fulfilled the AFEP-MEDEF independence criteria adopted by the Company.

Thus, at the close of the Shareholders' Meeting of 10 November 2021, the Board of Directors would comprise 14 members (including two Directors representing the employees), of which seven Independent Directors (58.3%) and six women (50%), in accordance with the recommendations of the AFEP-MEDEF Code and the law on balanced representation of women and men within Boards of Directors and professional equality. Additionally, five Directors would be of foreign nationality.

Ms Namita Shah 's background is presented below:

Ms Namita Shah

53 years old, Franco-Indian

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

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

2.5.5 Independence of Directors

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

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

The AFEP-MEDEF independence criteria are the following:

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

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

X means the Director fulfils the independence criterion concerned.

* *Given the passive crossing of the 10% voting rights threshold by GBL in February 2017 by virtue of automatic acquisition of double voting rights, the Nominations and Governance Committee and the Board of Directors have examined this specific independence criterion and, in order to qualify Mr Ian Gallienne as an Independent Director, they have established that GBL does not participate in the control of Pernod Ricard and does not intend to do so, that GBL has no relation with any other shareholder or the Ricard family, the Group's reference shareholder, and that there is no potential conflict of interest situation that could compromise his freedom of judgement.*

** *In accordance with the AFEP-MEDEF Code, the Directors representing the employees are not taken into account when determining the independence percentage of the Board of Directors.*

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

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

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

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

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

- there is no significant business relationship between GBL and Pernod Ricard or its Group that could create a situation of conflict of interest and which could compromise his freedom of judgement;
- GBL's capital entry was made independently of any agreement with Pernod Ricard or the Ricard family;
- GBL has the reputation of being a diligent and demanding investor whose interests are aligned with those of all shareholders;

- there is no agreement between GBL and Pernod Ricard or the Ricard family relating to the presence of Mr Ian Gallienne or one or more GBL representatives on the Board of Directors. The presence of Mr Ian Gallienne is justified by his experience and his judgement, which are beneficial to the Board of Directors;
- Mr Ian Gallienne is not in a position to impose his view on the Board of Directors, which has 13 members (including the Directors representing the employees); and
- the breakdown of Pernod Ricard's capital is such that GBL does not have a dominant position that enables it to impose its views at Shareholders' Meetings, or the power to block extraordinary decisions.

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

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

After consideration and review of the AFEP-MEDEF Code criteria mentionned above, the Board of Directors' meeting held on 21 July 2021, in accordance with the recommendation of the Nominations and Governance Committee, confirmed that six out of 11 Board members (excluding the Directors representing the employees) are deemed to be independent: Ms Patricia Barbizet, Ms Virginie Fauvel, Ms Anne Lange and Ms Kory Sorenson and Messrs Ian Gallienne and Philippe Petitcolin, representing more than half of the Board of Directors (54.5%), as required by the AFEP-MEDEF Code.

2.5.6 Succession plan

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

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

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

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

2.5.7 Directors' Code of Conduct

Article 5 of the Internal Regulations, adopted by the Board of Directors on 17 December 2002, most recently amended on 21 April 2021, and article 16 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 undertakings prior to accepting the office. The Internal Regulations also outline the various rules in force with regard to the conditions for trading in the Company's shares on the stock market and the notification and publication requirements relating thereto.

Moreover, the Board of Directors' meeting of 16 February 2011 adopted a Code of Conduct to prevent insider trading and misconduct in compliance with new legal undertakings, to comply with European regulations on market abuse. This Code was updated on 21 April 2021.

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

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

2.5.8 Directors' Statement

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 corporate officers and their private interests or other duties.

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

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

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

Procedure to identify regulated agreements

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

Shareholders' agreements

On 8 February 2006, Pernod Ricard was notified that a 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 in order for them to 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.

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

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

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

Services agreements

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

Employee representatives

The representant of the Social and Economic Committee on the Board of Directors is Mr Hervé Jouanno (non-Director).

2.6 Structure and operation of the Board of Directors

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

2.6.1 Meetings of the Board of Directors

It is the responsibility of the Chairman to call meetings of the Board of Directors regularly, or at times that he or she considers appropriate. In order to enable the Board to review and discuss in detail the matters falling within their area of responsibility, the Internal Regulations 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 in charge of approving said statements.

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

Since FY17, the Directors hold a session at least once a year without the Directors from the Group Top Management (Executive Sessions). The purpose of these Executive Sessions is to assess the operation of the Board of Directors, the& performance of the Executive Director, as well as the review of his succession plan. One Executive Session was held in FY21.

2.6.2 Information provided to the Directors

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

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

2.6.3 Directors' attendance at Board and Committee meetings during FY21

During FY21, the Board of Directors met nine times with an attendance rate of 100%. The average duration of the meetings of the Board of Directors was approximately four hours.

	Board of Directors	Audit Committee	Nominations and Governance Committee	Compensation Committee	Strategic Committee	CSR Committee
Alexandre Ricard	9/9				2/2	
Patricia Barbizet (1)	9/9		4/4	6/6		1/1
Esther Berrozpe Galindo (2)	5/5					
Wolfgang Colberg (3)	9/9	4/4	2/2		1/1	
Virginie Fauvel (4)	5/5					
Ian Gallienne	9/9			6/6	2/2	
César Giron (5)	9/9		4/4		1/1	
Anne Lange (6)	9/9		2/2		2/2	
Philippe Petitcolin (7) (8)	9/9	4/4		4/4	1/1	
Gilles Samyn (9)	4/4	1/1				
Société Paul Ricard (7) **(represented by Paul-Charles Ricard)**	9/9				1/1	
Kory Sorenson	9/9	4/4		6/6		
Veronica Vargas (10)	9/9					1/1
Director representing the employees						
Maria Jesus Carrasco Lopez	9/9					
Stéphane Emery	9/9			5/6		

(1) Chairwoman of the CSR Committee from 27.11.2020, date of its creation.
(2) Five meetings of the Board of Directors took place prior to 22.12.2020, the date of her resignation.
(3) One meeting of the Strategic Committee and two meetings of the Nominations and Governance Committee took place prior to 27.11.2020, the date of the end of his terms of office as a member of these two Committees.
(4) During FY21, and since the appointment of Virginie Fauvel as Director, five meetings of the Board of Directors were held.
(5) One meeting of the Strategic Committee was held prior to 27.11.2020, the date of the end of his term of office as a member of this Committee.
(6) Two meetings have been held since 27.11.2020, the date of Anne Lange's appointment to the Nominations and Governance Committee.
(7) One meeting has been held since the appointment as members of the Strategic Committee of Philippe Petitcolin and Société Paul Ricard represented by Paul-Charles Ricard.
(8) Four meetings of the Compensation Committee took place prior to 27.11.2020, the date of the end of his term as a member of this Committee.
(9) Four meetings of the Board of Directors and one meeting of the Audit Committee took place prior to 27.11.2020, the date of his resignation.
(10) Member of the CSR Committee from 27.11.2020, date of its creation.

2.6.4 Board of Directors' review

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

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

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

Since the last triennial external reviewed was performed in FY18, the Board performed a formalised review of its operation and that of its Committees during the fiscal year with the help of an external consultant specialised in corporate governance issues, who conducted individual interviews of each Director.

This last review highlights that the Board has continued to improve over the past three years and the recommendations made in 2018 have been implemented.

The Board is still gaining maturity and strength, notably thanks to the addition of new and diverse profiles, as well as the open attitude and the sense of control displayed by its Chairman.

The culture of the Board has remained stable while continuing to evolve by combining conviviality, commitment, professionalism, goodwill and challenge.

As part of a constructive approach, the specialised external firm made a number of recommendations that the Nominations and Governance Committee and the Board of Directors decided to implement, including:

- continue to work on the composition of the Board in the medium term in light of the strategic challenges of Pernod Ricard;
- revisit the organisation of hybrid meetings in order to enhance the experience of all the Directors, especially those who attend online; and
- take advantage of the new digital format to bring in functional or sectoral experts and Group executives based abroad.

2.6.5 Roles and activities of the Board of Directors

Main roles	**In exercising its legal prerogatives, the Board of Directors, notably:** • rules on all decisions relating to the major strategic, economic, social and financial directions of the Company and oversees their implementation by 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 checks it considers appropriate, including the review of Company management; • approves investment projects and any transactions, especially any acquisitions or disposal transactions, that are likely to have a significant effect on the Group's profits, the structure of its balance sheet or its risk profile; • draws up the annual and half-yearly financial statements and prepares the 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 corporate officers responsible for managing the Company based on the proposition of the Nominations and Governance Committee; • 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 publishing the annual report and reports the outcome of this review to the shareholders in order to identify the Independent Directors; and • approves the report of the Board on corporate governance and the balanced representation of women and men; on the conditions governing the organisation of the Board's work; and on the internal control and risk management procedures implemented by the Company.
Main activities in FY21	• During FY21, the Directors were regularly informed of developments in the competitive environment, and the operational Senior Management of the main affiliates reported on their organisation, businesses and outlook; in the context of the Covid-19 crisis, the Directors also closely monitored its impact, both from a health point of view and on the Group's activity, by holding regular discussions with Top Management. • 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 half-yearly financial statements and the terms of financial communications, reviewed the budget, prepared the Combined Shareholders' Meeting and approved the draft resolutions. • The Board of Directors devotes a significant part of its agenda to the minutes and discussions related to the work entrusted to the different Committees and their recommendations. • The Strategic Committee was in charge of analysing 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 31 August 2021 established the FY22 compensation policy for the Chairman and CEO to be submitted to the approval of the Shareholders' Meeting (10th resolution) and evaluated his variable compensation for FY21 without him being present. • In accordance with the recommendations of the AFEP-MEDEF Code, Directors held an Executive Session without the Directors from the Group Top Management in attendance. Specific topics discussed during this meeting mainly related to the operations of the Board and its Committees, the performance of the Executive Director, as well as a review of the succession plan. • The Board of Directors also examined governance issues, including the composition of the Board of Directors with respect to the recommendations of the AFEP-MEDEF Code notably with regards to the diversity of the Directors' profiles. • The Board of Directors, held on 21 April 2021, carried out an external and formal review of its functioning, with the support of an external consulting firm, the conclusions of which are set out above.

2.7 Structure and operation of the Committees

2.7.1 Committees of the Board of Directors

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

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

2.7.2 Audit Committee

Composition	**At 1 September 2021, the Audit Committee comprised:** **Chairman:** Mr Philippe Petitcolin (Independent Director) **Members:** Mr Wolfgang Colberg (Director) Ms Kory Sorenson (Independent Director) Two of the three Directors who are members of the Audit Committee are Independent Directors (67%), it being noted that the AFEP-MEDEF Code recommends an independence rate of 67%. The members of the Audit Committee were specifically chosen for their expertise in accounting and finance, based on their academic and professional experience. The Internal Regulations of the Audit Committee were reviewed and adopted at the Board of Directors' meeting of 8 February 2017. **During FY21, the Audit Committee met four times, with an attendance rate of 100%.**
Main roles	**The main roles of this Committee are the following:** • reviewing the Group's draft annual and half-year Parent Company and consolidated financial statements, as well as draft financial press releases, 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; • making recommendations, if necessary, to ensure the integrity of the financial reporting process; • reviewing work on brand valuations and 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 statutory audit of the Parent 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 (in particular by the approval of non-audit missions); • reviewing conclusions and action plans resulting from the controls carried out by the *Haut Conseil du Commissariat aux Comptes*; and • supervising the procedure for selecting Statutory Auditors.
Main activities in FY21	In accordance with its Internal Regulations and in conjunction with the Statutory Auditors and the Consolidation, Treasury and Internal Audit Departments of the Company, the work of the Audit Committee focused primarily on the following issues: • review of the main provisions of French and foreign legislation or regulations, reports and commentaries with regard to corporate governance, risk management, internal control and audit matters; • review of the interim financial statements at 31 December 2020 during the meeting held on 9 February 2021; • review of the consolidated financial statements at 30 June 2021 (reviewed at the meetings held on 24 and 30 August 2021): the Audit Committee met with Management and the Statutory Auditors in order to discuss the financial statements and accounts and their reliability for the whole Group. In particular, it examined the conclusions of the Statutory Auditors and the draft financial reporting presentation; • monitoring of the Group's cash flow and debt; • risk management: the Group's main risks are regularly presented in detail to the Audit Committee (the meetings held on 9 December 2020 and 8 June 2021 were devoted mainly to risk management). At the meeting of 8 June 2021, the updated version of the Group's risk mapping was presented and discussed in detail, following a complete process involving the entire organisation (affiliates, functions);

Main activities in FY21 (continued)	• review of internal control: the Group sent its affiliates a self-assessment questionnaire to evaluate whether their internal control system was adequate and effective. Based on the Group's internal control principles and in compliance with the French Financial Markets Authority (AMF) reference framework for risk management and internal control ("*Cadre de référence de l'Autorité des Marchés Financiers* (AMF) *sur le dispositif de gestion des risques et de contrôle interne*") and the AMF's application guide published in 2007 and updated in July 2010, this questionnaire covers corporate governance practices, operational matters and IT support. Responses to the questionnaire were documented and reviewed by the Regions and the Group's Internal Audit Department. An analysis of the questionnaires returned was presented to the Audit Committee at the meeting held on 30 August 2021; • examination of the internal audit reports: in addition to the audits and controls carried out by the various affiliates on their own behalf, 25 internal audits were performed in FY21 by the internal audit teams (including IT audits). A full report was drawn up for each audit covering the types of risks identified – operational, financial, legal or strategic – and how they are managed. Recommendations are issued when deemed necessary. These are summarised for the Audit Committee, which is also regularly advised on the progress made in implementing the recommendations from previous audits; • approval of the Group internal audit plan for FY22 at the meeting held on 8 June 2021. The audit plan was prepared and approved, taking into account the Group's main risks; and • monitoring the roll-out of the Group's anti-corruption and influence peddling compliance programme.
Outlook for FY22	In FY22, 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 issues associated with preparing financial information, FY22 will be devoted to reviewing the management of the Group's major risks, as well as analysing reports on internal audits and the cross-disciplinary themes set out in the FY22 audit plan.

2.7.3 Nominations and Governance Committee

Composition	**On 1 September 2021, the nominations and Governance Committee comprised:** **Chairwoman:** Ms Patricia Barbizet (Lead Independent Director) **Members:** Mr César Giron (Director) Ms Anne Lange (Independent Director) Two out of the three Directors who are members of the Nominations and Governance a Committee are Independent Directors (67%), it being noted that the AFEP-MEDEF Code recommends an independence rate of 50%. Mr Alexandre Ricard, Chairman and CEO, is associated with the work of the Committee in matters relating to the appointment of Directors, in accordance with the AFEP-MEDEF Code. **In FY21, this Committee met four times, with an attendance rate of 100%.**
Main roles	The roles of this Committee, formalised in its Internal Regulations, are the following: • drawing up proposals concerning the selection of new Directors and proposing headhunting and renewal procedures; • periodically, and at least annually, discussing whether Directors and candidates for the position of Director or for membership of a Committee of the Board of Directors qualify as independent in light of the AFEP-MEDEF Code independence criteria; • ensuring the continuity of Management bodies by defining a succession plan for Executive Directors and Directors in order to propose options for replacement in the event of an unplanned vacancy; • being informed of the succession plan for key Group positions; • regularly reviewing the composition of the Board of Directors to monitor the quality (number of members, diversity of profiles, gender balance) and attendance of its members; and • carrying out annually assessments of the operation of the Board of Directors.
Main activities in FY21	In FY21, the main activities of the Nominations and Governance Committee included: • a review and recommendations to the Board of Directors on its composition and its Committees (appointments, renewals of mandates); • annual review of the Board members' independence (questionnaires sent to each Director, study of the significance of disclosed business relationships, specific criteria related to the passive crossing of the 10% voting rights threshold); • annual review of the Group's Talent Management policy and presentation of the succession plan for the Group Top Management; • annual review of Pernod Ricard SA diversity policy and professional and salary equity; • monitoring and reporting of the triennial formalised evaluation of the operation of the Board of Directors and its Committees; and • proposals to improve the operations of the Board of Directors and its Committees.
Outlook for FY22	In FY22, the Committee will continue with the tasks it is carrying out for the Board of Directors. It will not only review any issues relating to the composition of the Board and its Committees and the Directors' independence, but will pursue, led by its Chairwoman, the Company's Lead Independent Director, the diversity objectives in terms of skills on the Board of Directors and the robustness of the succession plan at all key levels in the Group.

2.7.4 Compensation Committee

Composition	**On 1 September 2021, the Compensation Committee comprised:** **Chairwoman:** Ms Kory Sorenson (Independent Director) **Members:** Mr Ian Gallienne (Independent Director) Ms Patricia Barbizet (Lead Independent Director) Mr Stéphane Emery (Director representing the employees) All of the Directors who are members of the Compensation Committee [1] are Independent Directors (100%), it being noted that the AFEP-MEDEF Code recommends an independence rate of 50%. **In FY21, Compensation Committee met six times, with an attendance rate of 96.43%.**

Main roles	The roles of this Committee, as confirmed by the Board of Directors on 12 February 2014, are the following:
	• reviewing and proposing to the Board of Directors the compensation to be paid to the Executive Directors as well as provisions relating to their retirement schemes and any other benefits granted to them;
	• proposing rules to this effect and reviewing these on an annual basis to determine the variable portion of the compensation of the Executive Directors and ensure that the criteria applied are in line with the Company's short-,medium- and long-term strategic orientations;
	• recommending to the Board of Directors the total amount of Directors' fees to be submitted for approval to the 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 Directors;
	• being informed of the compensation policy of the Senior Non-Executive Managers of the Group companies;
	• ensuring that the compensation policy for Senior Non-Executive Managers is consistent with the policy for Executive Directors;
	• proposing the general policy for allocation of stock options and performance-based shares, in particular the terms applicable to the Company's Executive Directors; and
	• approving the information provided to the shareholders on the compensation of the Executive Directors (in particular, the compensation policy and the components of the compensation submitted to the approval of the shareholders under the "Say on Pay" resolutions) and the policy for the allocation of stock options and performance-based shares.

Main activities in FY21	Further details of the work of the Compensation Committee are provided in section 2.8 "Compensation policy". During FY21, the members of the Compensation Committee were in particular asked to study the rules of governance and market practices concerning the compensation of Executive Directors including a specific analysis of the impact of the Covid-19 pandemic on the compensation of the Executive Director, as well as to review Pernod Ricard's long-term incentive policy with a view to renewing the related resolutions at the Annual General Meeting of Shareholders on 10 November 2021, at which the introduction of a CSR criteria will, in particular, be proposed. Finally, the Committee members oversaw the Group's plan to eliminate any gender pay gap.
Outlook for FY22	During FY22, the Committee will continue to perform the tasks entrusted to it by the Board of Directors and, in particular, continue to ensure that the compensation policy for corporate officers, and more specifically the Executive Director, is aligned with the corporate interest and contributes to the Company's business strategy and sustainability, while at the same time providing incentives in line with market practices and the interests of shareholders.

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

2.7.5 Strategic Committee

Composition	**On 1 September 2021, the Strategic Committee comprised:** **Chairman:** Mr Alexandre Ricard (Chairman and CEO) **Members:** Mr Ian Gallienne (Independent Director) Ms Anne Lange (Independent Director) Mr Philippe Petitcolin (Independent Director) Company Paul Ricard represented by Mr Paul-Charles Ricard (Director) Three out of the five Directors who are members of the Strategic Committee are Independent Directors (60%), it being noted that the AFEP-MEDEF Code does not make any recommendation regarding the Strategic Committee's independence. **In FY21, the Strategic Committee met twice, with an attendance rate of 100%.** All the Directors may, upon request, and even if they are not members of the Committee, participate in the meetings of the Strategic Committee.
Main roles	The roles of the Strategic Committee, as confirmed by the Board on 11 February 2015, are the following: • reviewing the key strategic issues of the Pernod Ricard company or of the Group; • drawing up and giving its prior opinion on significant partnership transactions, sales or acquisitions; and • generally, dealing with any strategic issues affecting the Company or the Group.
Main activities in FY21	During FY21, the members of the Strategic Committee reviewed the Group's strategic issues, in particular those relating to their digital transformation and changing consumption patterns in their markets, and were given presentations on the Group's key markets or brands.
Outlook for FY22	In FY22, the Committee will continue with the tasks it is carrying out for the Board of Directors. It will notably conduct a review and analysis of the key strategic orientations foreseen for the Group's development, as well as the study of any strategic issues affecting the Company or the Group.

2.7.6 CSR Committee

Composition	**On 1 September 2021, the CSR Committee comprised:** **Chairwoman:** Ms Patricia Barbizet (Lead Independent Director) **Members:** Ms Veronica Vargas (Director) Ms Maria Jesus Carrasco Lopez (Director representing the employees) One out of two Directors who are members of the CSR Committee [(1)] is an Independent Director (50%), it being noted that the AFEP-MEDEF Code does not make any recommendation regarding the CSR Committee's independence. **In FY21, the CSR Committee met once, with an attendance rate of 100%[(2)].**
Main roles	The roles and mission of the CSR Committee are the following: • examining, reviewing and evaluating the Group's S&R strategy; • implementing the Group's S&R strategy and carry out its monitoring in qualitative and quantitative terms; • assessing the risks and opportunities in terms of social and environmental performance; • monitoring reporting systems, preparing non-financial information and reviewing the annual non-financial performance statement; and • reviewing annually the summary of the ratings assigned to the Group by the rating agencies and by the non-financial analyses.
Main activities in FY21	During FY21, the CSR Committee's main activities included: • presenting the S&R strategy and progress on the achievement of objectives for each pillar; • introduction of CSR criteria to the LTIPs; • reflecting on the application of the Group's CSR commitments in relation to its various stakeholders; and • reviewing and monitoring of CSR reporting in the current context.
Outlook for FY22	In FY22, the Committee will continue with the tasks it is carrying out for the Board of Directors. In particular, it will ensure that the objectives of the CSR roadmap are monitored and achieved and that the non-financial information that is prepared is clear and relevant.

(1) In accordance with the AFEP-MEDEF Code, Directors representing the employees are not taken into account when determining the percentage of Independent Directors on the Board of Directors or its Committees.
(2) You are reminded that the CSR Committee was created on 27 November 2020.

2.8 Compensation policy

This section was prepared with the assistance of the Compensation Committee in accordance with the regulations in force, in particular the provisions of Order no. 2020-1142 of 16 September 2020 (hereinafter the "Order") supplemented by Decree no. 2020-1742 of 20 December 2020. This information also takes into account the provisions of the AFEP-MEDEF Code of Corporate Governance for listed companies.

Accordingly, the compensation of the corporate officers is presented as follows:

- a first subsection presenting the compensation policy for corporate officers, which, pursuant to Article L. 22-10-8 of the French Commercial Code, will be submitted for shareholder approval (*ex ante* vote) at the Combined Shareholders' Meeting of 10 November 2021 in the 11th resolution concerning the members of the Board of Directors (excluding the Chairman and CEO) and the 10th resolution concerning the Chairman and CEO;
- a second subsection containing the information referred to in article L. 22-10-9, I. of the French Commercial Code relating to all compensation paid during, or awarded for, FY21 to the corporate officers (other than the Chairman and CEO) for their duties, which, pursuant to article L. 22-10-34, I. of the French Commercial Code, will be submitted for shareholder approval (global *ex post* vote) at the Combined Shareholders' Meeting of 10 November 2021 in the 9th resolution;
- a third sub-section containing the information mentioned in Article L. 22-10-9, I. of the French Commercial Code and covering all compensation paid during, or awarded in respect of, FY21 to the Chairman and Chief Executive Officer by virtue of his term of office which, pursuant to Article L. 22-10-34, I. of the French Commercial Code, will be submitted to the shareholders for approval (overall ex-post vote) at the Combined Shareholders' Meeting of 10 November 2021 in its 9th resolution; this third sub-section also includes the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during, or granted in respect of, FY21 to Mr Alexandre Ricard, Chairman and Chief Executive Officer, and which, pursuant to Article L. 22-10-34, II. of the French Commercial Code, will be submitted to the shareholders for approval (specific ex-post vote) at the Combined Shareholders' Meeting of 10 November 2021 in its 8th resolution; and
- a fourth subsection presenting the overall and additional components of the compensation policy but is not subject to a shareholder vote.

2.8.1 Compensation policy for corporate officers

The compensation policy for corporate officers is reviewed each year to take into account changes in regulations, market practices and codes of corporate governance, as well as shareholder votes and, where applicable, the opinions expressed at Shareholders' Meetings. An in-depth analysis is carried out in great detail at the time of reappointment.

The current compensation policy was defined by the Board of Directors on 31 August 2021 on the proposal of the Compensation Committee. Pursuant to article L. 22-10-8 of the French Commercial Code, this policy is subject to the approval of the Shareholders' Meeting each year and upon each major change. In the absence of approval, the previously approved policy continues to apply.

2.8.1.1 General principles for the determination, review and implementation of the compensation policy for corporate officers

The Board of Directors follows the general guidelines, drawn up within the framework of the recommendations of the AFEP-MEDEF Code, for the determination, review and implementation of its compensation policy.

It thus ensures that this compensation policy is consistent with the principles of compliance, comparability, competitiveness, comprehensiveness, motivation, performance, intelligibility of the rules and measurement.

Compliance

In its analysis and proposals to the Board of Directors, the Compensation Committee is particularly careful to follow the recommendations of the AFEP-MEDEF Code, which the Company uses as reference.

Compliance with the corporate interest and relationship to strategy

The compensation policy adopted by the Board of Directors includes incentives that reflect the Group's strategy of long-term profitable growth through responsible actions and compliance with the interests of the Company and its shareholders, both in terms of the correlation of compensation with the Company's short- and long-term performance and in terms of the policy of giving the executive a share of the capital and the associated share of risk.

This compensation policy, which reflects the interests of the Company, is part of its business strategy and helps secure the Group's long-term future. The performance conditions of the compensation policy for corporate officers are directly linked to the Group's performance metrics.

Thus, the compensation policy of corporate officers:

- reinforces the alignment of the interests of the Executive Director with the Company's corporate interest insofar as it is in line with and supports the Company's strategy; and
- contributes to the Company's sustainability thanks in particular to its long-term compensation policy and its loyalty-building effects as well as its incentives for sustainable performance.

Comparability and competitiveness

Compensation is based on the responsibilities assumed, the tasks performed, results obtained and market practices. Studies are regularly conducted with the assistance of consulting firms to measure compensation levels and structures in relation to panels of comparable companies (in terms of both size and scope).

Comprehensiveness and balance

Compensation components and other benefits are analysed individually and as a whole in order to achieve the best balance between fixed and variable, individual and collective, short- and long-term compensation.

Coherence

The Compensation Committee ensures that the compensation policy for the Executive Director is consistent with the compensation policy for the Group's employees, and in particular that of the members of the Executive Committee.

Motivation and performance

In its recommendations to the Board of Directors, the Compensation Committee seeks to propose a compensation policy commensurate with the responsibilities of the recipients and in line with the practices of comparable large international corporations, ensuring both a good balance between fixed compensation, variable annual compensation, long-term compensation, and that the policy strengthens the link with performance.

Lastly, the variable compensation policy for the Executive Director (determining in particular the criteria for the annual variable portion as well as the performance conditions for long-term profit-sharing plans) is regularly reviewed in line with the Group's strategic priorities, to ensure it is aligned with the interests of shareholders and incorporates social responsibility criteria.

Intelligibility of the rules

The Group ensures that the compensation policy is clear and comprehensible and that each of the rules set out in this document is sufficiently explicit for everyone to understand.

Measurement

The Group takes into account the corporate interests, market practices, and performance of senior executives and stakeholders when determining its compensation policy.

Implementation

On the recommendation of the Compensation Committee, the Board of Directors ensures that the policy is applied in accordance with the rules approved by the Shareholders' Meeting.

The Group works to ensure that the compensation system is coherent and that payment of employees is fair.

Governance

The determination, review and implementation of compensation policies for Corporate Officers are established by the Board of Directors, on the recommendation of the Compensation Committee, and then submitted to the Shareholders' Meeting. The Compensation Committee ensures the strict application of all of those policies in accordance with the above-mentioned principles.

Conflicts of interest

The Compensation Committee is composed of four members, three of whom are independent and one who represents the employees.

The Board of Directors and the Compensation Committee ensure the prevention and management of any conflicts of interest that may arise in this decision-making process. As a result, the Chairman & CEO refrains from taking part in deliberations and voting on policies that concern him. In accordance with the provisions of the AFEP-MEDEF Code, an independent Director is a non-executive Corporate Officer of the Company or its Group and has no special ties with them.

Potential change of governance

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

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

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

2.8.1.2 Compensation policy for Directors (11th resolution)

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

Arrangements for allocating the compensation budget for FY21

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

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

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

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

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

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

Of the €1,250,000 allocated by the Shareholders' Meeting of 27 November 2020, total compensation of €1,007,292 was paid to Directors in FY21, in accordance with the rules set out above.

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

2.8.1.3 Compensation policy for the Chairman and CEO (10th resolution)

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

Accordingly, the Shareholders' Meeting of 10 November 2021 (in its 10th resolution appearing in Section 8 "Combined Shareholders' Meeting" of this universal registration document) will be asked to approve the following elements of the compensation policy of the Executive Director.

This report was prepared under the supervision of the Compensation Committee and makes a number of changes to the compensation policy previously approved by 94.23% of the shareholders at the Shareholders' Meeting of 27 November 2020.

The change in the components of compensation proposed below is in the context of the second term of office for the Executive Director. Changes in the compensation policy of Mr Alexandre Ricard had initially been considered at the time of the renewal of his term of office in November 2020; however the Compensation Committee and the Board of Directors had preferred to postpone any changes until this year, given the health context and economic impact of Covid-19.

These proposed changes take into account:

- the analysis of market practices of CAC 40 companies and peer panel companies with a view to aligning them with those of the CAC 40;
- the excellent management of the Group by Mr Alexandre Ricard with, in particular, the strong development of the Group and the Group's buoyant market capitalisation (this has doubled since FY15 during which Mr Alexandre Ricard was appointed Chairman and CEO);

while ensuring stability until the end of the current term of office.

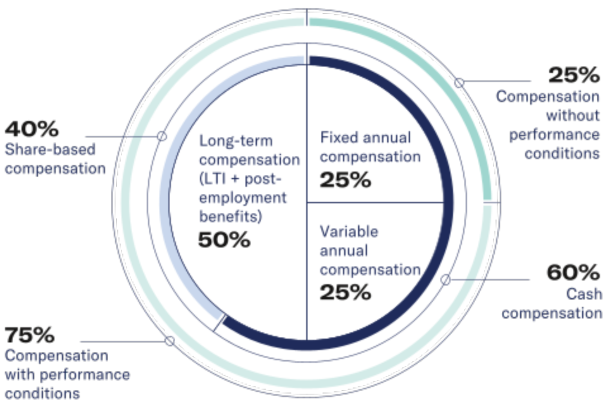
Compensation structure

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

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

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

Breakdown of target annual compensation



The components of the compensation structure are balanced and are allocated as follows:

- 50/50 between fixed and variable annual compensation, and long-term compensation;
- 60/40 between cash compensation and share-based compensation;
- 75/25 between performance-based compensation and non-performance-based compensation.

Fixed annual compensation

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

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

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

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

In light of the exceptional circumstances in 2020, on the recommendation of the Compensation Committee, the Board of Directors decided, on 1 September 2020, to postpone the review of Mr Alexandre Ricard's compensation by one year, despite the exceedingly high quality of his performance and the renewal of his term of office.

Accordingly, on 31 August 2021, the Board of Directors decided, on the proposal of the Compensation Committee, to increase the fixed annual compensation of Mr Alexandre Ricard to €1,250,000 until the end of his term of office, so that it is more closely aligned with the median practices of the CAC 40, given that Pernod Ricard's market capitalisation is above the median of the CAC 40.

In this decision, the Board of Directors took into consideration:

- the acceleration of Group Pernod Ricard's financial performance since his appointment in 2015;
- the excellent management during the health crisis which confirmed Mr Alexandre Ricard's leadership;
- the analyses carried out by two independent external firms which revealed a gap between his compensation (both fixed and total) compared to the median practice of CAC 40 companies and a greater gap with companies in the beverage sector (i.e. external condition panel); and
- fixed compensation of Mr Alexandre Ricard unchanged since August 2018.

The Board of Directors also ensured that this review was coherent with the compensation and salary conditions of the Group's employees, particularly in France.

Compensation as Chairman of the Board of Directors

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

Variable annual portion

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

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

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

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

PERFORMANCE CRITERIA

The criteria are reviewed regularly to ensure they are in line with the Company long-term strategy and may be modified on an occasional basis. For FY22, the Board of Directors, on the recommendation of the Compensation Committee, proposes that the following criteria be reapplied:

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

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

PERFORMANCE LEVELS

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

TERMINATION OF OFFICE

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

PAYMENT METHOD

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

Stock option and performance-based share allocation policy

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

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

During FY21, the Board of Directors reaffirmed its desire to give key personnel an interest in the performance of Pernod Ricard shares, and during its meeting of 27 November 2020, it decided to introduce a combined allocation plan made up of stock options and performance shares.

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

For the future, the Shareholders' Meeting of 10 November 2021 will be asked to authorise the Board of Directors to allocate free performance shares to employees and Executive Directors of the Company and Group companies (resolution no. 22), subject to the performance conditions detailed below. The Board of Directors wished to align itself with the market practices of CAC 40 companies by eliminating stock options and to introduce a corporate social responsibility criterion in line with its roadmap in this area.

ALLOCATION OF PERFORMANCE-BASED SHARES

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

- 50% of the allocation of performance-based shares, by value, will be subject to an internal performance condition linked to a criterion relating to profit from recurring operations;
- 30% of the performance-based share allocation, by value, will be subject to a relative external performance condition (TSR *versus* a peer panel);
- 20% of the performance-based share allocation, by value, will be subject to an internal performance condition relating to CSR criteria.

Details of performance conditions

PRO (Profit from Recurring Operations)	The shares will be definitively awarded if the average achievement of the Group's annual objectives for profit from recurring operations, restated for scope and exchange rate effects, over three consecutive financial years, is greater than 95 % of the Group's budgeted annual objectives for profit from recurring operations for these financial years: • if the average level of achievement over the three financial years of the budgeted profit from recurring operations is less than or equal to 0.95: no performance shares will vest; • if the average level of achievement is between 0.95 and 1: the number of performance shares vesting will be determined on a straight-line basis according to the percentage achievement between 0% and 100%; and • if the average level of achievement is 1 or more: 100% of performance shares will be vested. The determination of the final number of shares awarded will be assessed over a period of three consecutive financial years (including the year in which the shares were allocated). The final number of shares awarded is determined on a straight-line basis according to the percentage achievement between 0 and 100.
TSR (Total Shareholder Return)	The number of performance shares that vest will be determined by the positioning of the overall performance of the Pernod Ricard share (TSR) compared to that of the Panel of 12 peers over a period of three years following the allocation of the plan, in accordance with the following: • below the median (8th to 13th position), no performance shares will vest; • at the median (7th position), 66% of the shares will vest; • if in 6th, 5th or 4th position, 83% of the shares will vest; and • if in 3rd, 2nd or 1st position, 100% of the shares will vest. The Board of Directors has decided that, in addition to Pernod Ricard, the Panel shall comprise the following 12 companies: AB InBev, Brown Forman, Campari, Carlsberg, Coca-Cola, Constellation Brands, Danone, Diageo, Heineken, LVMH, PepsiCo and Rémy Cointreau. The composition of the Panel may be modified depending on changes in the companies, particularly in the event of acquisition, absorption, dissolution, spin-off, merger or change of activity, subject to maintaining the overall consistency of the sample and enabling application of the external performance condition in accordance with the performance objective set on allocation.
CSR (Corporate Social Responsibility)	The number of performance shares that vest will be determined based on the achievement of the following criteria assessed over a period of three consecutive financial years (including the year during which the shares were allocated): • Carbon: implementation of the roadmap to reduce the direct CO_2 emissions generated by our sites in order to achieve zero net emissions by 2030. • Water: implementation of the roadmap, which aims to reduce the water consumption of our distilleries by 20% by 2030. • Responsible consumption: Pernod Ricard's strategic brands will launch marketing campaigns focused on responsible drinking, with the aim of ramping this up each year over the next five years. • Employees: objective of achieving gender diversity in our Top Management (at least 40% of each gender) by 2030. The Board of Directors will determine, at the time of each allocation, the quantified objectives to be achieved for each of these four criteria. Number of shares that vest: • if no objectives are achieved: no shares will vest; • if one objective is achieved: 25% of the shares will vest; • if two objectives are achieved: 50% of the shares will vest; • if three objectives are achieved: 75% of the shares will vest; • if four objectives are achieved: 100% of the shares will vest.

MAXIMUM ALLOCATION AMOUNT

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

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

Furthermore, the maximum amount of performance shares allocated to the Executive Director is limited to 0.08% of the share capital on the grant date of the performance-based shares (in accordance with the 22nd resolution).

LOCK-IN PERIOD

The Board of Directors requires the Executive Director:

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

PRESENCE CONDITION AND TERMINATION OF OFFICE

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

HEDGING

In accordance with the Code of Conduct, the latest version of which was adopted by the Board of Directors on 20 July 2017, and the AFEP-MEDEF Code, the Executive Director has formally agreed to refrain from using hedging mechanisms for any performance shares received from the Company.

Policy on deferred commitments

IMPOSED DEPARTURE CLAUSE

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

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

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

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

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

NON-COMPETE CLAUSE

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

In accordance with the AFEP-MEDEF Code:

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

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

Supplementary pension scheme

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

The Board of Directors, on the recommendations of the Compensation Committee, decided at its meeting of 31 August 2021 to modify the level of the supplementary pension scheme implemented in 2016. This change was analysed in the light of market practices and in order to align itself as closely as possible with the CAC 40, both in terms of structure and level.

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

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

Multi-year compensation

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

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

Exceptional compensation

In accordance with the AFEP-MEDEF Code (24.3.4), the Board of Directors has adopted the principle by which the Executive Director may receive a special bonus in certain circumstances (particularly in the case of transformational operations), which must be explicitly disclosed and justified.

Moreover, in accordance with the AFEP-MEDEF Code (article 24.4), in the case of external recruitment of a new Executive Director, the Board of Directors may also decide to pay an amount (in cash or in shares) to compensate the new Executive Director for loss of all or part of his or her compensation (excluding retirement benefits) related to leaving his or her previous position. This compensation may not exceed the amount lost by the person in question.

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

Other benefits

COMPANY CAR

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

COLLECTIVE HEALTHCARE AND WELFARE SCHEMES

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

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

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

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

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

EMPLOYMENT CONTRACT/CORPORATE OFFICE (TABLE 11 AMF NOMENCLATURE)

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

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

2.8.2 Components of compensation paid or allocated during FY21 to the corporate officers (9th resolution)

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

Of the €1,250,000 allocated by the Shareholders' Meeting of 27 November 2020, a total of €1,007,292 in compensation was paid to Directors in FY21, in accordance with the rules set out in subsection 2.8.1 above. As a reminder, the Chairman and CEO does not receive compensation as a Director.

	FY20		FY21	
Members of the Board	**Amounts allocated**	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Ms Patricia Barbizet	136,833	122,333	166,375	151,625
Ms Esther Berrozpe Galindo (1)	37,833	8,833	30,417	59,417
Ms Nicole Bouton (2)	60,750	108,708	N/A	N/A
Mr Wolfgang Colberg	142,000	146,500	100,000	123,000
Ms Virginie Fauvel (3)	N/A	N/A	31,667	5,667
Mr Ian Gallienne	104,500	111,500	99,500	93,000
Mr César Giron	94,000	94,000	83,083	85,583
Ms Martina Gonzalez-Gallarza (2)	30,333	56,833	N/A	N/A
Ms Anne Lange	69,000	69,000	82,917	65,417
Mr Philippe Petitcolin (4)	46,167	8,167	111,167	98,667
Mr Pierre Pringuet (2)	48,500	90,833	N/A	N/A
Société Paul Ricard represented by Mr Paul-Charles Ricard (5)	56,000	52,000	62,917	56,417
Mr Gilles Samyn (6)	85,500	87,500	30,833	67,833
Ms Kory Sorenson	111,667	104,417	115,500	114,500
Ms Veronica Vargas	65,000	62,500	62,917	59,417
Ms Maria Jesus Carrasco Lopez	15,000	15,000	15,000	15,000
Mr Stéphane Emery	15,000	15,000	15,000	15,000
TOTAL	**1,118,083**	**1,153,124**	**1,007,292**	**1,010,543**

N/A: not applicable.

(1) Starting 8 November 2019 until 22 December 2020, the date of her resignation.
(2) Until 8 November 2019, the date of the end of his/her term as Director.
(3) Starting 27 November 2020, the date of her appointment by the Shareholders' Meeting.
(4) Starting 8 November 2019, the date of his appointment by the Shareholders' Meeting.
(5) Permanent representative of Société Paul Ricard, Director.
(6) Until 27 November, date of his resignation.

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

In addition to compensation received in respect of their office as Directors, Messrs César Giron and Paul-Charles Ricard received compensation in their respective capacities as Chairman and CEO of Martell Mumm Perrier-Jouët and Prestige & Craft Manager of Martell Mumm Perrier-Jouët.

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

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

FIXED COMPENSATION

Mr César Giron receives gross fixed compensation for his duties as Chairman and CEO of Martell Mumm Perrier-Jouët that amounted to €488,580 for FY21 (unchanged from FY20).

VARIABLE COMPENSATION

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

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

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

In this respect, during FY21, he received gross variable compensation in October 2020 of €228,949 relating to FY20, *i.e.* 46.86% of his fixed compensation for FY20.

EXCEPTIONAL COMPENSATION

No exceptional compensation was awarded or paid in respect of FY21.

ALLOCATION OF STOCK OPTIONS AND/OR PERFORMANCE SHARES

On 27 November 2020, the Board of Directors authorised a combined stock option and performance-based share allocation plan.

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

- 6,517 stock options with an external performance condition (€153,345 at IFRS value); and
- 2,078 performance shares with an internal performance condition (€306,711 at IFRS value).

The details of the overall stock option and performance-based share allocation policy are shown below (pages 82-83 of this universal registration document).

SEVERANCE BENEFITS

Mr César Giron receives no compensation for termination of service.

SUPPLEMENTARY PENSION SCHEME

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

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

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

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

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

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

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

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

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

In accordance with the provisions of article D. 22-10-16 of the French Commercial Code, at 30 June 2021, the estimated gross amount of the pension potentially paid under the supplementary defined-benefit pension scheme for Mr César Giron would amount to €151,781 per year.

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

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

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

COLLECTIVE HEALTHCARE AND WELFARE SCHEMES

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

OTHER BENEFITS

For FY21, Mr César Giron was provided with a company car.

Mr Paul-Charles Ricard, Permanent Representative of Société Paul Ricard, member of the Board of Directors and Prestige & Craft Manager at Martell Mumm Perrier-Jouët

FIXED COMPENSATION

Mr Paul-Charles Ricard receives gross fixed compensation for his duties as Prestige & Craft Manager at Martell Mumm Perrier-Jouët that amounted to €68,649 for FY21.

VARIABLE COMPENSATION

This variable portion is expressed as a percentage of the fixed annual portion. It may reach 15% of his gross fixed compensation if the (individual) qualitative targets are achieved.

In this respect, during FY21, he received gross variable compensation of €8,868 relating to FY20.

AMOUNTS RECEIVED IN RESPECT OF EMPLOYEE INCENTIVE AGREEMENT AND PROFIT-SHARING PLANS

Under the employee profit-sharing plans in effect within Martell Mumm Perrier-Jouët, Mr Paul-Charles Ricard received €7,898 from incentive agreements and €6,402 from profit-sharing.

COLLECTIVE HEALTHCARE AND WELFARE SCHEMES

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

OTHER COMPONENTS OF COMPENSATION

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

2.8.3 Components of the compensation paid or allocated during FY21 to Mr Alexandre Ricard, Chairman and CEO (8th and 9th resolutions)

The compensation paid or allocated for FY21 to Mr Alexandre Ricard, Chairman and CEO, was approved by the Board of Directors at its meetings of 1 September 2020, 20 October 2020 and 31 August 2021 on the proposal of the Compensation Committee. The total compensation decided complies with the compensation policy as approved by the Shareholders' Meeting of 27 November 2020 (12th resolution), and in particular with the relationship between the amounts of variable compensation and the assessment of both the short- and long-term performance of the Company, to which the Chairman and CEO has made a significant contribution.

Components of compensation	Amounts paid during the past financial year	Amounts allocated during the past financial year	Remarks
Fixed compensation	€1,100,000	€1,100,000	• At its meeting of 1 September 2020, the Board of Directors decided, on the recommendation of the Compensation Committee, to maintain the gross fixed annual compensation of Mr Alexandre Ricard at €1,100,000 for FY21.
Variable annual compensation	€297,000	€1,980,000	• At its meeting held on 31 August 2021, the Board of Directors, on the recommendation of the Compensation Committee and after approval of the financial elements by the Audit Committee, assessed the amount of the variable portion of Mr Alexandre Ricard's compensation for FY21. • Considering the quantitative and qualitative criteria set by the Board meeting on 21 October 2020 and the achievements recognised as of 30 June 2021, the amount of the variable portion was assessed as follows: • for the quantitative criteria, the variable portion amounted to 150% of Mr Alexandre Ricard's fixed annual compensation, *versus* a target of 80% and a maximum of 150%, breaking down as follows:

<table>
<tr><th>Components of compensation</th><th>Amounts paid during the past financial year</th><th>Amounts allocated during the past financial year</th><th>Remarks</th></tr>
<tr><td>Variable annual compensation (continued)</td><td></td><td></td><td>
<table>
<tr><th>Objectives</th><th>Target</th><th>Maximum</th><th>Level of achievement</th></tr>
<tr><td>Achievement of budgeted profit from recurring operations</td><td>20%</td><td>37.5%</td><td>37.5%</td></tr>
<tr><td>Achievement of budgeted Group net profit from recurring operations</td><td>20%</td><td>37.5%</td><td>37.5%</td></tr>
<tr><td>Achievement of budgeted Recurring Free Cash Flow</td><td>20%</td><td>37.5%</td><td>37.5%</td></tr>
<tr><td>Rate of cash conversion for profit from recurring operations (cash conversion)</td><td>20%</td><td>37.5%</td><td>37.5%</td></tr>
<tr><td>Overall rate of achievement of objectives</td><td>80%</td><td>150%</td><td>150%</td></tr>
</table>
for the qualitative criteria, the variable portion amounted to 41% of Mr Alexandre Ricard’s fixed annual compensation, versus a target of 30% and a maximum of 45%, breaking down as follows:
<table>
<tr><th>Objectives</th><th>Target</th><th>Maximum</th><th>Level of achievement</th><th>Assessment</th></tr>
<tr><td>Ability to effectively address the impacts of the COVID-19 pandemic and limit the impacts on the Group</td><td>12%</td><td>18%</td><td>18%</td><td>The Group has implemented material resources and procedures to protect the health and safety of its employees: supplies of protective equipment, implementation of health directives, permanent monitoring of the health situation, psychological support. The impacts of the health crisis were also limited thanks to effective cash management (refinancing, credit lines, transformation project, etc.) and agility in the reallocation of resources. The result of this effective management is the return to a pre-Covid level of activity and financial performance for the fiscal year.</td></tr>
</table>
</td></tr>
</table>

Components of compensation	Amounts paid during the past financial year	Amounts allocated during the past financial year	Remarks				
Variable annual compensation (continued)			**Objectives**	**Target**	**Maximum**	**Level of achievement**	**Assessment**
			CSR: demonstrate leadership both internally and externally through regular communications and promotion of the "Good Times from a Good Place" strategy.	6%	9%	6%	The objectives of the "Good Times from a Good Place" strategy set for the year were achieved: implementation of the "Health & Safety" roadmap in a Covid context, early achievement of the reduction in orders for single-use plastic promotional items. The commitment to responsible alcohol consumption and the ambitions in terms of carbon neutrality and regenerative agriculture were also strengthened. The Group continues to place CSR at the heart of its strategy and is increasingly integrating it into all of its activities. For the coming years, the Group's ambition is to increase its leadership and become a pioneer in these areas.
			Implementation of the Digital Transformation roadmap (KDP, Finance 4.0)	6%	9%	8%	The Group accelerated its Digital Transformation roadmap. For the Key Digital Programmes: the pilots delivered excellent results and are now being deployed in the affiliates. The necessary skills were developed internally to support the acceleration over the coming years and develop our competitive advantage. The Finance function also accelerated its digitisation with the deployment of new tools, supported by significant efforts in terms of change management.
			Dynamic management and agility in the reallocation of A&P resources.	6%	9%	9%	The good management and the great agility in the allocation of resources according to the dynamics of markets, channels and categories are reflected in the market shares and the excellent financial performance during the financial year.
			Overall rate of achievement of objectives	**30%**	**45%**	**41%**	
			• Consequently, the total amount of Mr Alexandre Ricard's variable compensation for FY21 as Chairman and CEO was set at €1,980,000, *i.e.* 180% of his fixed annual compensation for FY21 (*vs.* a target of 110%). The variable compensation in respect of FY20 and FY19 respectively represented 27% and 158.71% of his fixed annual compensation.				
Multi-year variable compensation	N/A	N/A	• Mr Alexandre Ricard does not qualify for any multi-year variable cash compensation.				

Components of compensation	Amounts paid during the past financial year	Amounts allocated during the past financial year	Remarks
Compensation as Chairman of the Board of Directors	N/A	N/A	• Mr Alexandre Ricard does not receive any compensation in his capacity as Chairman of the Board of Directors.
Special bonus	N/A	N/A	• Mr Alexandre Ricard does not qualify for any special bonus.

Allocation of stock options and/or performance shares		€549,990
		(IFRS total value of stock options with external performance condition)
		
		€549,953
		(IFRS total value of performance shares with internal performance condition)
		
		€549,949
		(IFRS total value of performance shares with external performance conditions)
			• During FY21, the Board of Directors' meeting held on 27 November 2020 decided, on the recommendation of the Compensation Committee, to grant Mr Alexandre Ricard:
			  • **23,374 stock options** (*i.e.* approximately 0.009% of the Company's share capital) fully subject to the external performance condition described in the 2019/20 universal registration document, "Allocation of stock options" paragraph in subsection 2.8.1.3 (page 60);
			  • **3,726 performance shares** (*i.e.* approximately 0.001% of the Company's share capital) fully subject to the internal performance condition described in the 2019/20 universal registration document, "Allocation of performance-based shares" paragraph in subsection 2.8.1.3 (page 60);
			  • **6,013 performance shares** (*i.e.* approximately 0.002% of the Company's share capital) fully subject to the external performance condition described in the 2019/20 universal registration document, "Allocation of stock options" paragraph in subsection 2.8.1.3 (page 60).This allocation represents, in IFRS value, 150% of his fixed annual compensation.
			This allocation represents, in IFRS value, 150% of his fixed annual compensation.
			• The same presence condition applies to Mr Alexandre Ricard and the other beneficiaries of the allocation plan.
			• It is noted that the Executive Director is subject to lock-in obligations in respect of shares resulting from the exercise of stock options and the effective transfer of performance shares (described in the 2019/20 universal registration document, "Stock option and performance-based share allocation policy" paragraph in subsection 2.8.1.3 (page 60)).

Welcome bonus or compensation for termination of office	No payment	No payment	• The detail of the non-compete clause and the imposed departure clause is provided in Section 2.8.2.

Supplementary pension scheme		€69,919
		(total IFRS value of performance shares with internal and external performance conditions)
		
		€69,850
		(payment in cash of 5% of the fixed and variable annual compensation)
			• 10% of his fixed and variable annual compensation in the form of a grant of performance shares (5%) and cash (5%).
			• Grant of:
			  • 237 performance shares, subject to an internal condition; and
			  • 382 performance shares subject to an external condition.
			The performance, presence and lock-in conditions applicable to these allocations are the same as those provided for in the Group's overall performance share allocation plan in force on the grant date (described in the Allocation of stock options" and "Allocation of performance-based shares" paragraphs in subsection 2.8.1.3 of the 2019/20 universal registration document).
			On the same principle as for grants of performance shares, Mr Alexandre Ricard is subject to lock-in obligations (described in the "Allocation of stock options" and "Allocation of performance-based shares" paragraphs in subsection 2.8.1.3 of the 2019/20 universal registration document).
			• Mr Alexandre Ricard has undertaken to invest the cash payment, net of social security contributions and tax, in investment vehicles dedicated to financing his supplementary pension.

Collective healthcare and welfare schemes			• Mr Alexandre Ricard qualifies for the collective healthcare and welfare schemes offered by the Company under the same terms as those applicable to the category of employees to which he belongs for the determination of his welfare benefits and other additional components of his compensation.
Other benefits	€ 7,294		• Mr Alexandre Ricard benefits from a company car.

N/A: not applicable.

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

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

(€)	FY20	FY21
Compensation due for the financial year (1)	1,404,394	3,087,294 (2)
Value of multi-year variable compensation allocated during the financial year	N/A	N/A
Value of options granted during the financial year	549,985	549,990
Value of performance shares allocated during the financial year	1,099,882	1,099,902
Value of performance shares allocated during the financial year in respect of the supplementary pension scheme (3)	142,312	69,919
Supplementary cash payment in respect of the supplementary pension scheme (3)	142,291	69,850
TOTAL	**3,338,865**	**4,876,955** (2)

N/A: not applicable.

(1) This total includes the use of a company car.
(2) The amount of the bonus due for the year will be subject to the ex-post vote of shareholders.
(3) Annual component equal to 5% of fixed and variable compensation.

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

	FY20		FY21	
(€)	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	1,100,000	1,100,000	1,100,000	1,100,000
Variable annual compensation (1)	297,000	1,745,810	1,980,000 (3)	297,000
Multi-year variable compensation	N/A	N/A	N/A	N/A
Special bonus	N/A	N/A	N/A	N/A
Compensation as Chairman of the Board of Directors	N/A	N/A	N/A	N/A
Benefits in kind (2)	7,394	7,394	7,294	7,294
TOTAL	**1,404,394**	**2,853,204**	**3,087,294**	**1,404,294**

N/A: not applicable.

(1) The variable compensation due in respect of the prior year is paid in the current year.
(2) Company car.
(3) The amount of the bonus due for the year will be subject to the ex-post vote of shareholders.

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

Date of plan n° 32	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
27.11.2020	Purchase	€549,990	23,374	€154.11	Positioning of the total performance of the Pernod Ricard share compared with the total performance of a panel of 12 companies over three years.	From 28.11.2024 to 27.11.2028

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

Date of plan n° 28	Number of options exercised during the financial year	Strike price
17.11.2016	26,062 (1)	€105.81

(1) The initial allocation was 31,400 options (the external performance condition confirmed the availability of 83% of the options initially allocated).

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

Date of plan n° 32	Number of shares awarded during the period	Value of shares according to the method used for the consolidated financial statements (IFRS)	Vesting date	Vesting date	Performance conditions
27.11.2020	3,726	€549,953	28.11.2024	28.11.2024	Average achievement of the annual budget targets in respect of profit from recurring operations in the current and subsequent two years (three consecutive years).
27.11.2020	237 (1)	€34,981	28.11.2024	28.11.2024	Average achievement of the annual budget targets in respect of profit from recurring operations in the current and subsequent two years (three consecutive years).
27.11.2020	6,013	€549,949	28.11.2024	28.11.2024	Positioning of the total performance of the Pernod Ricard share compared with the total performance of a panel of 12 companies over three years.
27.11.2020	382 (1)	€34,938	28.11.2024	28.11.2024	Positioning of the total performance of the Pernod Ricard share compared with the total performance of a panel of 12 companies over three years.

(1) Allocation under the supplementary pension scheme.

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

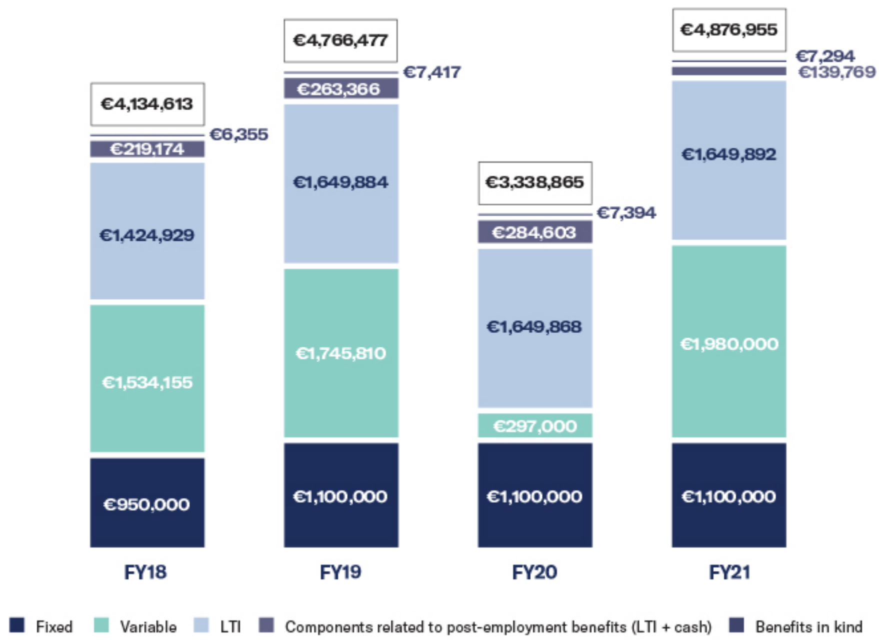
Date of plan n° 28	Number of shares vesting during the financial year	Vesting conditions
17.11.2016	5,000 (1)	• Average achievement of the annual budget targets in respect of profit from recurring operations in the current and subsequent two years (three consecutive years).
17.11.2016	6,806 (2)	• Average achievement of the annual budget targets in respect of profit from recurring operations in the current and subsequent two years (three consecutive years). • Positioning of the total performance of the Pernod Ricard share compared with the total performance of a panel of 12 companies over three years.
17.11.2016	8,989 (3)	No performance conditions (presence condition for three years).

(1) The initial allocation was of 5,000 shares (the internal performance condition was 100% met).
(2) The initial allocation was of 8,200 shares (the internal performance condition was 100% met and the external performance condition (sixth position in the panel) confirmed the vesting of 83% of the shares initially allocated).
(3) Second third of the Exceptional Bonus Share Plan granted to the Executive Director in exchange for the elimination of the supplementary defined-benefit pension scheme. This exceptional allocation was intended to compensate for vested rights and was not subject to any performance conditions. However, it spread the vesting of shares over a three-year period and includes a mandatory two-year lock-in period (see page 109 of the 2016/17 universal registration document).

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

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

Change in the annual compensation due to Alexandre Ricard over the last financial years



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

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

CALCULATION METHOD

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

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

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

The ratios and annual changes in compensation were calculated on the basis of the gross compensation components paid or awarded in the current year (thus including the variable compensation and profit-sharing allocated in respect of the prior year).

The legal scope of this information covers Pernod Ricard SA. In addition, in accordance with recommendation 26.2 of the AFEP-MEDEF Code, the ratios are also published for a broader scope, representative of the Group's business in France, including Pernod Ricard SA and all direct and indirect affiliates located in France.

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

ANNUAL CHANGES IN THE COMPANY'S COMPENSATION AND PERFORMANCE

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

	FY17	FY18	FY19	FY20	FY21
Change *(in%)* in the compensation of Mr Alexandre Ricard, Chairman and CEO(1)	19%	17%	19%	5%	-33%
Information on the scope of the listed company (2)					
Change *(in %)* in average employee compensation	0.5%	-8.1%	-0.4 %	7.8%	2.9%
Change *(in %)* in median employee compensation	4.3%	-1.4%	-1.2 %	4.5%	2.1%
Ratio compared to average employee compensation	*48.09*	*33.76*	*40.17*	*39.12*	*25.38*
Change *(in %)* compared to the previous financial year	114.8%	-29.8%	19.0%	-2.6%	-35.1%
Ratio compared to median employee compensation	*85.98*	*56.21*	*67.43*	*67.68*	*44.31*
Change *(in %)* compared to the previous financial year	106.8%	-34.6%	20.0%	0.4%	-34.5%
Additional information on the extended scope (3)					
Change *(in %)* in average employee compensation	(2)	N.C.	-0.5%	6.4%	0.6%
Change *(in %)* in median employee compensation		N.C.	0.1%	- 2.9%	4.2%
Ratio compared to average employee compensation		*54.15*	*64.49*	*63.71*	*42.24*
Change *(in %)* compared to the previous financial year		N.C.	19.1%	- 1.2%	-33.7%
Ratio compared to median employee compensation		*70.25*	*83.15*	*89.86*	*57.58*
Change *(in %)* compared to the previous financial year		N.C.	18.4%	8.2%	-36.0%
Company performance					
Profit from Recurring Operations	2,394	2,358	2,581	2,260	2,423
Change *(in %)* compared to the previous financial year (3)	3.3%	6.3%	8.7%	-13.7%	18.3%

N.C. Not calculable

(1) Elements explaining the variation of the ratio as regards the compensation of the Chairman and CEO taken into account:

- *FY17: exceptional payment of €2,668,000 in consideration for the abolition of the supplementary defined-benefit pension scheme (past service compensation – see 2016/17 universal registration document, page 109). For the purposes of comparing compensation over time, this exceptional payment has been separated out;*
- *FY18: payment of the FY17 bonus with an achievement rate of 131%, whereas the bonus paid in FY17 in respect of FY16 represented 96%;*
- *FY19: increase in the fixed compensation and payment of the bonus for FY18, with an achievement rate of 161%;*
- *FY20: payment of the bonus due in respect of FY19, with an achievement rate of 159%;*
- *FY21: impact of the Covid-19 crisis on the FY20 variable compensation paid during the financial year.*

(2) For technical reasons, it was not possible to reconstruct the entire extended scope for FY17.
(3) In internal growth, restated for foreign exchange and scope effects.

Taking into account the last vote of the Shareholders' Meeting of 27 November 2020

The Board of Directors, on the recommendation of the Compensation Committee, took into account the vote of the Shareholders' Meeting of 27 November 2020, which saw strong shareholder support (97.19% for the "ex post" vote and 94.23% for the "ex ante" vote) for the compensation policy put in place within the Group, and therefore decided to continue this policy according to the same principles and arrangements for FY22.

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

Overall stock option and performance-based share allocation policy

During FY21, the Board of Directors reaffirmed its desire to give key personnel an interest in the performance of Pernod Ricard shares, and during its meeting of 27 November 2020, it decided to introduce a combined allocation plan made up of stock options and performance shares.

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

The 27 November 2020 allocation plan consists of stock options with performance conditions and performance shares.

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

- subject all allocations (stock options and performance shares) to performance criteria;
- retain the external performance criterion applicable to stock options and a portion of the performance shares allocated to the Executive Director: positioning of the overall performance of Pernod Ricard shares compared with the overall performance of a panel of 12 comparable companies over three years, only considering positioning on the median or higher;
- maintain the internal performance criterion applicable to performance shares, *i.e.* the average achievement of annual targets for profit from recurring operations, assessed over three consecutive financial years;
- maintain a balanced allocation between stock options and performance shares for the members of the Executive Committee, including the Executive Director, thus allowing fair compensation based on the achievement of internal and external criteria; and
- maintain allocations of performance shares for all beneficiaries, with the volume varying according to the classification of their position within the Group.

ALLOCATION OF STOCK OPTIONS WITH EXTERNAL PERFORMANCE CONDITIONS

The volume of stock options with performance conditions allocated by the Board of Directors' meeting of 27 November 2020 stood at 136,711 stock options.

All of the stock options under the plan are subject to an external performance condition and will become exercisable from November 2024 depending on the positioning of the overall performance of Pernod Ricard shares compared to the overall performance of a panel of 12 comparable companies. This condition will be evaluated over a three-year period following the plan allocation.

The number of shares that will ultimately be granted will be determined by comparing the overall performance of the Pernod Ricard share and the overall performance of a Panel from 27 November 2020 to 27 November 2023 inclusive (three years). Accordingly, if the total performance of the Pernod Ricard shares (TSR) is:

- below the median (8th to 13th position), no options will be exercisable;
- at the median (7th position), 66% of the options will be exercisable;
- in 6th, 5th or 4th position, 83% of the stock options will be exercisable; and
- in 3rd, 2nd or 1st position, 100% of the stock options will be exercisable.

At the grant date, the Board of Directors decided that the Panel shall comprise, in addition to Pernod Ricard, the following 12 companies: AB InBev, Brown Forman, Campari, Carlsberg, Coca-Cola, Constellation Brands, Danone, Diageo, Heineken, LVMH, PepsiCo and Rémy Cointreau.

The Panel's composition is subject to change, based on the above-mentioned companies' development. The Board of Directors shall, with a duly reasoned decision and following the recommendation of the Compensation Committee, exclude a company from or add a new company to the Panel, for example, in the case of an acquisition, absorption, dissolution, spin-off, merger or change of business of one or more of the Panel's members, subject to maintaining the overall consistency of the Panel and enabling the application of the external performance condition in line with the performance objective set upon allocation.

The vesting period for the stock options is four years followed by an exercise period of four years.

ALLOCATION OF PERFORMANCE-BASED SHARES WITH AN EXTERNAL PERFORMANCE CONDITION

At its meeting of 27 November 2020, the Board of Directors granted 7,689 performance shares with an external performance condition (excluding shares related to the supplementary pension scheme).

All of the performance shares under the plan are subject to internal and external performance conditions and will vest from November 2024 based on the positioning of the overall performance of Pernod Ricard share compared to the overall performance of a Panel of 12 comparable companies (see above). This external condition will be assessed over a period of three years following the allocation of the plan, *i.e.* from 27 November 2020 to 27 November 2023 inclusive.

The final volumes will be determined at the end of the external condition evaluation period in accordance with subsection "Allocation of stock options".

ALLOCATION OF PERFORMANCE-BASED SHARES WITH INTERNAL CONDITION

A total of 262,530 performance shares (excluding shares related to the supplementary pension scheme) were awarded by the Board of Directors at its meeting of 27 November 2020, all subject to the internal performance condition described below.

The number of performance shares that will ultimately be granted will be determined based on the ratios of achievement of the Group's profit from recurring operations, adjusted for currency effects and changes in the scope of consolidation as compared with the Group's budgeted profit from recurring operations over three consecutive financial years (FY21, FY22 and FY23).

The number of performance shares is determined according to the following conditions:

- if the average level of achievement is 0.95 or below: no performance shares will vest;
- if the average level of achievement is between 0.95 and 1: the number of performance shares that vest is determined by applying the percentage of linear progression between 0 and 100%; and
- if the average level of achievement is 1 or more: 100% of the performance shares will vest.

Performance shares allocated to all beneficiaries have a four-year vesting period, without a 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 2021 (Table 8 AMF nomenclature)

	LTIP 2015	LTIP 2016	LTIP 2017	LTIP 2018	LTIP 2019	LTIP 2020
Plan number	27B	28B	29B	30B	31B	32B
Date of authorisation by Shareholders' Meeting	06.11.2015	06.11.2015	06.11.2015	06.11.2015	08.11.2019	08.11.2019
Date of Board of Directors' meeting	06.11.2015	17.11.2016	09.11.2017	21.11.2018	08.11.2019	27.11.2020
Type of options	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase
Total number of options that can be subscribed or purchased	278,575	150,008	124,050	109,492	131,864	136,711
Of which by corporate officers of Pernod Ricard SA	*28,200*	*39,445*	*32,050*	*32,006*	*28,831*	*29,891*
Of which by Mr Alexandre Ricard	*20,700*	*31,400*	*25,050*	*26,143*	*22,545*	*23,374*
Of which by Mr César Giron	*7,500*	*8,045*	*7,000*	*5,863*	*6,286*	*6,517*
Commencement date for exercise of options	07.11.2019	18.11.2020	10.11.2021	22.11.2022	09.11.2023	28.11.2024
Expiry date	06.11.2023	17.11.2024	09.11.2025	21.11.2026	08.11.2027	27.11.2028
Subscription or purchase price (€) (1)	102.80	105.81	126.53	137.78	162.79	154.11
Number of shares subscribed or purchased	113,332	41,953	-	-	-	-
Total number of stock options cancelled or lapsed (2)	96,068	32,183	46,797	5,863	6,286	-
Of which those of Mr Alexandre Ricard	*7,038*	*5,338*	*8,517*	-	-	-
Of which those of Mr César Giron	*2,550*	*1,368*	*2,380*	-	-	-
Subscription or purchase options remaining	69,175	75,872	77,253	103,629	125,578	136,711

N/A: not applicable.

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

(2) Options cancelled after the beneficiaries failed to meet the continuous service and/or performance conditions. During FY21, 39,797 stock options granted under the 09.11.2017 plan were cancelled in application of the external performance condition (66% of the amounts initially awarded).

As of 30 June 2021, there were 588,218 stock purchase options outstanding, representing approximately 0.22% of the Company's share capital. All these options are "in the money" (closing price of the Pernod Ricard share on 30 June 2021 at €187.02).

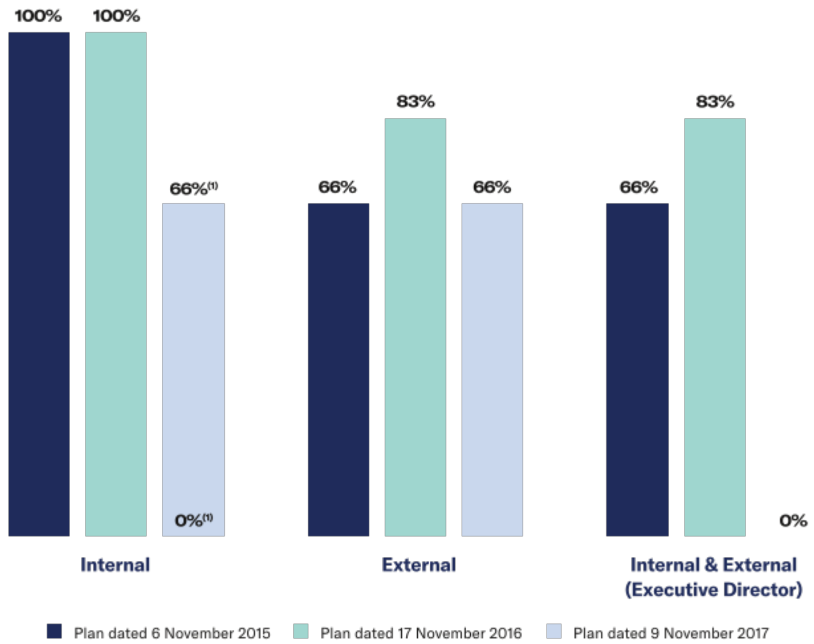
At present, there are no Pernod Ricard "subscription" stock options in circulation.

Stock options granted to the Group's top 10 employees other than corporate officers and options exercised by these employees during FY21 (Table 9 AMF nomenclature)

	Number of options granted/exercised	Exercise price *(in euros)*	Plans
Options granted during the financial year by the issuer and any companies within its Group granting options to the top 10 employees of the issuer and any such Group company, receiving the highest number of options (1)	53,269	154.11	27.11.2020
Options held on the issuer and the companies included in the scope of allocation of the options exercised, during the year by the top 10 employees of the issuer and any company included in this scope, exercising the highest number of options	31,298	104.17	06.11.2015 17.11.2016

(1) In FY21, only eight employees within Pernod Ricard SA received options.

Historical achievement rates for internal and external performance conditions



(1) Board of Directors' decision to adjust the achievement of the condition relating to FY20 and to set achievement of the performance condition for this plan at 66% (see Page 73 of the 2019/20 universal registration document), with the exception of the Executive Director, for whom the allocation has been cancelled in full.

History of allocations of performance shares – Situation as at 30 June 2021 (Table 10 AMF nomenclature)

	LTIP 2015	LTIP 2016	LTIP 2017	LTIP 2018	LTIP 2019	LTIP 2020
Plan number	27A, 27C	28A, 28C	29A, 29C	30A, 30C	31A, 31C	32A, 32C
Date of authorisation by Shareholders' Meeting	06.11.2015	06.11.2015	06.11.2015	06.11.2015	08.11.2019	08.11.2019
Date of Board of Directors' meeting	06.11.2015	17.11.2016	09.11.2017	21.11.2018	08.11.2019	27.11.2020
Number of performance shares awarded	418,923	461,376	371,511	341,313	269,474	270,838
Of which to corporate officers of Pernod Ricard SA	*10,650*	*15,815*	*13,820*	*14,356*	*12,566*	*12,436*
Of which to Mr Alexandre Ricard	*8,500*	*13,200*	*11,820*	*12,441*	*10,570*	*10,358*
Of which to Mr César Giron	*2,150*	*2,615*	*2,000*	*1,915*	*1,996*	*2,078*
Vesting date of the performance shares	07.11.2019	18.11.2020	10.11.2021	22.11.2022	09.11.2023	28.11.2024
End date for share lock-in period	07.11.2019	18.11.2020	10.11.2021	22.11.2022	09.11.2023	28.11.2024
Presence of performance condition	Yes	Yes	Yes	Yes	Yes	Yes
Number of performance shares cancelled (1)	89,150	101,234	184,574	147,462	102,761	3,172
Of which those of Mr Alexandre Ricard	*1,870*	*1,394*	*11,820*	489	-	-
Of which those of Mr César Giron	*0*	*0*	*680*	*651*	*679*	-
Number of performance shares vested (2)	329,773	360,142	592	545	293	-
Unvested performance shares (3)	0	0	186,345	192,817	166,420	267,666

All performance shares are subject to performance conditions and the beneficiaries must still be working for the Company. Performance shares vest after four years subject to the continued presence of the beneficiaries in the Company at the vesting date.

(1) Performance shares cancelled after the beneficiaries ceased to meet the continuous service condition (through resignation or redundancy) or failed to meet the performance conditions. During FY21, 66% of the shares granted under the 2017 plan were confirmed following the exceptional adjustment on the internal performance condition decided by the Board of Directors (they remain subject to the condition of presence until 9 November 2021), with the exception of the Executive Director. For the shares awarded to Mr Alexandre Ricard in 2017, the shares were cancelled in full.

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

(3) For the 2015, 2016 and 2018 plans, the internal performance condition was evaluated in full. For the 2018 plan, the external performance condition applicable to the Executive Director will be assessed in November 2021. For the 2019 and 2020 plans, the internal performance condition will be assessed at the end of FY22 and FY23 respectively.

Performance shares granted to the top 10 employees other than corporate officers and vested shares received by the latter during FY21

	Number of shares allocated/vested	Value of the shares (1) *(in euros)*	Plans
Options allocated during the financial year by the issuer and any companies within its Group granting options to the top 10 employees of the issuer and any such Group company, receiving the highest number of options	21,993	147.6	27.11.2020
Shares vested during the financial year by the top 10 employees of the issuer and any companies within its Group, receiving the highest number of shares	23,000	94.85	17.11.2016

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

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

EMPLOYEE PROFIT-SHARING PLANS

All employees of the Group's French companies are eligible for profit-sharing 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.

PROVISION FOR PENSION BENEFITS

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

COMPENSATION OF EXECUTIVE COMMITTEE MEMBERS

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

In regularly reviewing the various aspects of compensation, the members of the Compensation Committee pay particular attention to ensuring that the policy applied to the Group's Executive Director 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 (excluding the Chairman and CEO), which is set by General Management, comprises a fixed annual portion, plus a variable portion representing an attractive incentive, for which the criteria are largely based on the Group's financial performance, as is the case for the Executive Director. Qualitative criteria to evaluate individual performance are also applied to this variable financial portion.

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

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

For a number of years, all members of the Executive Committee, including the Executive Director, have also been evaluated on the basis of their employee development and management performance and the implementation of Corporate Social Responsibility (CSR) projects.

Total fixed compensation awarded to the members of the Executive Committee, including the Executive Director, amounted to €7.3 million for FY21 (compared to €7.7 million for FY20). In addition to this, variable compensation (relating to FY20) of €3.1 million was paid (compared with €7.1 million in FY20). This significant variation between the two financial years is due to the negative impact of the health crisis on the Group's financial results, *i.e.* the quantitative portion of the variable compensation.

The total recurring expense in respect of pension commitments for members of the Executive Committee, including the Executive Director, was €1.7 million in the financial statements for the year ended 30 June 2021 (compared with €4.8 million as at 30 June 2020). This significant variation between the two financial years is due to the fact that certain members of the Executive Committee received, in exchange for the elimination of the supplementary pension scheme with conditional rights decided in 2016, a cash compensation payment in respect of past service, smoothed over three years, for which the final payment was made during FY20.

2.8.5 Summary of transactions involving Pernod Ricard securities made by corporate officers in FY21 (article 223-26 of the AMF General Regulation)

First name, surname, Company name	Title	Financial instrument	Type of transaction	Date	Price (€)	Amount of transaction (€)
Mr Alexandre Ricard	Chairman and CEO	Call options	Exercise of stock options	18.11.2020	160.70	4,188,163
		Shares	Vesting	18.11.2020	160.70	1,897,224
Ms Patricia Barbizet	Director	Shares	Vesting	28.06.2021	188.75	30,200
Mr César Giron	Director	Shares	Vesting	18.11.2020	160.70	420,231
		Call options	Exercise of stock options	15.12.2020	102.80	508,860
		Shares	Disposal	15.12.2020	160.0159	792,079
Société Paul Ricard	Director	Transfer of stock put options	Transfer of stock put options	03.09.2020	1.8400	137,474
Le Delos Invest III SAS, legal entity linked to Société Paul Ricard, Director	Director	Shares	Settlement of a financial forward contract	16.02.2021	0.00	0.00
		Forward financial instrument with underlying shares	Conclusion of a forward financial instrument	16.02.2021	0.00	0.00
		Shares	Pledge of shares	16.02.2021	0.00	0.00
		Shares	Vesting	19.02.2021	163.8228	281,775,216
Delos Invest II SA, legal entity linked to Société Paul Ricard, Director	Director	Shares	Settlement of two financial forward contracts	23.06.2021 30.06.2021	0.00	0.00
		Financial forward instrument with equities as underlying	Conclusion of two financial forward instruments	23.06.2021 30.06.2021	0.00	0.00
		Shares	Pledge of shares	23.06.2021 30.06.2021	0.00	0.00

2.8.6 Corporate officers' equity investments in the Company's share capital (situation at 30 June 2021)

Members of the Board of Directors	Number of shares at 30 June 2021	Percentage of share capital at 30 June 2021	Number of voting rights at 30 June 2021	Percentage of voting rights at 30 June 2021
Executive Directors				
Mr Alexandre Ricard (Chairman and CEO)	158,566	0.06%	165,906	0.05%
Directors				
Mr César Giron	4,765	NM	4,765	NM
Société Paul Ricard represented by Mr Paul-Charles Ricard (1)	34,630,930	13.22%	61,105,036	19.43%
Ms Veronica Vargas	9,820	NM	9,820	NM
Independent Directors				
Ms Patricia Barbizet (Lead Independent Director)	3,160	NM	3,160	NM
Mr Wolfgang Colberg	1,076	NM	1,652	NM
Ms Virginie Fauvel	50	NM	50	NM
Mr Ian Gallienne	1,000	NM	1,000	NM
Ms Anne Lange	1,000	NM	1,000	NM
Mr Philippe Petitcolin	310	NM	310	NM
Ms Kory Sorenson	1,000	NM	1,000	NM
Director representing the employees (2)				
Ms Maria Jesus Carrasco Lopez	-	NM	-	NM
Mr Stéphane Emery	-	NM	-	NM

NM: not meaningful.

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

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

2.9 Financial authorisations and delegations

The use of all current delegations and financial authorisations granted to the Board of Directors by the Shareholders' Meetings of 8 November 2019 and 27 November 2020, where applicable, over the course of FY21 are summarised in the following tables.

The financial authorisations and delegations listed below were approved by the Shareholders' Meetings of 8 November 2019 and 27 November 2020 and for a period of 18, 26 or 38 months. These authorisations will expire on 7 January 2022, 26 May 2022, 7 January 2023 or 26 January 2023.

2.9.1 General financial authorisations and delegations

Nature of the delegation or authorisation	Maximum nominal amount of the issue of debt securities*	Maximum nominal amount of the capital increase resulting immediately or on completion of the issue (excluding adjustments)	Use of existing authorisations during the financial year ended 30.06.2021	Features/Terms
Ordinary shares and/or securities granting access to the share capital with preferential subscription rights (13th resolution of the AGM of 08.11.2019)	€12 billion*	€135 million	None	The amount of capital increases carried out under the 14th, 15th, 16th, 17th, 18th, 19th, 22nd and 23rd resolutions of the AGM of 08.11.2019 will be deducted from the overall limit of €135 million set in this 13th resolution. The nominal amount of debt securities issued under the 14th resolution of the AGM of 08.11.2019 will be deducted from the limit of €12 billion set in this 13th resolution. These amounts may be increased by a maximum of 15%, in the event of additional requests on the occasion of a capital increase (15th resolution).
Ordinary shares and/or securities granting access to the share capital by public offer without preferential subscription rights (14th resolution of the AGM of 08.11.2019)	€4 billion*	€41 million	None	Shares and debt security issues giving access to the share capital will be deducted from the limits provided for in the 13th resolution of the AGM of 08.11.2019. All of the capital increases carried out under the 15th, 16th, 17th, 18th, 22nd and 23rd resolutions will be deducted from the limit of €41 million set in this 14th resolution. Amounts may be increased by a maximum of 15% in the event of additional requests (15th resolution).
Equity securities and/or securities giving access to equity securities to be issued without preferential subscription rights (16th resolution of the AGM of 08.11.2019)	€4 billion*	€41 million	None	Will be deducted from the limits set for capital increases in the 13th and 14th resolutions of the AGM of 08.11.2019. Amounts may be increased by a maximum of 15% in the event of additional requests (15th resolution).
Shares and/or securities granting access to the share capital in consideration for contributions in kind granted to the Company (17th resolution of the AGM of 08.11.2019)	N/A	10% of the share capital at the time of issue	None	Will be deducted from the limits set for capital increases in the 13th and 14th resolutions of the AGM of 08.11.2019.

Nature of the delegation or authorisation	Maximum nominal amount of the issue of debt securities*	Maximum nominal amount of the capital increase resulting immediately or on completion of the issue (excluding adjustments)	Use of existing authorisations during the financial year ended 30.06.2021	Features/Terms
Shares and/or securities granting access to the Company's share capital, immediately or in the future, in the event of a public offer initiated by the Company (18th resolution of the AGM of 08.11.2019)	N/A	10% of the share capital at the time of issue	None	Will be deducted from the limits set for capital increases in the 13th and 14th resolutions of the AGM of 08.11.2019.
Capitalisation of premiums, reserves, profits and other items (19th resolution of the AGM of 08.11.2019)	N/A	€135 million	None	Will be deducted from the overall limit set for capital increases in the 13th resolution of the AGM of 08.11.2019.

* *Maximum nominal amount of Company debt instruments granting access to ordinary shares.*

N/A: not applicable.

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

Nature of the delegation or authorisation	Date of the delegation or authorisation (resolution)	Term	Expiry of the delegation or authorisation	Maximum amount authorised	Use of existing authorisations during the financial year 30.06.2021	Features/Terms
Performance-based shares	AGM of 08.11.2019 (20th)	38 months	07.01.2023	1.5% of the share capital on the date of Board of Directors' decision to allocate	270,838 (0.1% of share capital)	Independent limit (sub-limit for Executive Directors of 0.06% of the capital, which is deducted from the limit of 1.5%).
Stock options	AGM of 08.11.2019 (21st)	38 months	07.01.2023	1.5% of the share capital on the date of Board of Directors' decision to allocate	136,711 (0.05% of share capital)	Independent limit (sub-limit for Executive Directors of 0.21% of the share capital, which is deducted from the limit of 1.5%).
Shares or securities granting access to share capital, reserved for a members of employee saving plans, without preferential subscription rights	AGM of 27.11.2020 (17th)	26 months	26.01.2023	2% of share capital at the date of the Shareholders' Meeting, shared with the 18th resolution of the Shareholders' Meeting of 27.11.2020	None	Will be deducted from the limits set for capital increases in the 13th and 14th resolutions of the AGM of 08.11.2019.
Shares or securities granting access to share capital, reserved for a certain categories of beneficiaries, without preferential subscription rights	AGM of 27.11.2020 (18th)	18 months	26.05.2022	2% of the share capital on the date of the Shareholders' Meeting, shared with the 17th resolution of the Shareholders' Meeting of 27.11.2020	None	Will be deducted from the limits set for capital increases in the 13th and 14th resolutions of the AGM of 08.11.2019.

2.9.3 Authorisations relating to the share buyback programme

Type of securities	Date of authorisation (resolution)	Term	Expiry of the authorisation	Maximum amount authorised	Use of existing authorisations during the financial year ended 30.06.2021	Features/Terms
Share buybacks	AGM of 27.11.2020 (15th)	18 months	26.05.2022	10% of share capital	(1)	Maximum purchase price: 270€
Share buybacks	AGM of 08.11.2019 (11th)	18 months	07.05.2021	10% of share capital	(1)	Maximum purchase price: €260
Cancellation of treasury shares	AGM of 08.11.2019 (12th)	26 months	07.01.2022	10% of share capital	None	-

(1) A summary of Company transactions carried out during FY21 as part of the share buyback programme is shown below in subsection 2.10 "Share buyback programme".

2.10 Share buyback programme

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

Transactions performed by the Company on its own shares during FY21 (1 July 2020 – 30 June 2021)

Authorisations granted to the Board of Directors

During the Combined Shareholders' Meeting of 8 November 2019, the Company's shareholders authorised the Board of Directors to buy or sell the Company's shares for a period of 18 months as part of the implementation of a share buyback programme. The maximum purchase price was set at €260 per share and the Company was not authorised to purchase any more than 10% of the shares making up the Company's 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 Shareholders' Meeting of 27 November 2020 authorised the Board of Directors to trade in the Company's shares under the same conditions and at a maximum purchase price set at €270 per share, for a period of 18 months. This authorisation cancelled the authorisation granted by the Shareholders' Meeting of 8 November 2019 with effect from 27 November 2020, for the portion which remained unused.

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

The authorisation granted by the Shareholders' Meeting of 27 November 2020, which remains in force at the date this document was filed, will expire on 26 May 2022. The Shareholders' Meeting of 10 November 2021 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 Shareholders' Meeting of 10 November 2021".

Position on 30.06.2021	
% of direct and indirect treasury shares	0.37%
Number of shares held	965,483
Number of shares cancelled in the last 24 months	None
Nominal value	1,496,499
Gross carrying amount	€126,685,526
Portfolio market value*	€180,738,418

* *Based on the closing price at 30.06.2021, i.e. €187.20.*

Summary of transactions performed by the Company on its own shares during FY21

The following table details the transactions performed by the Company on treasury shares within the scope of the share buyback programme during FY21.

	Total gross flows from 01.07.2020 to 30.06.2021									Open positions at 30.06.2021			
	Liquidity agreement		Transactions carried out (excluding liquidity agreement)(1)							Long positions		Short positions	
Operations	Purchase	Sale	Purchase of securities	Call options purchased	Call options exercised	Exercise of the cancellation clause	Sale of securities	Sale and repurchase agreements	Transfers (2)	Call options (3)	Forward purchases	Put options	Forward Sales
Number of shares	475,914	475,914	-	125,000	210,000	-	-	-	447,073	397,077	-	-	-
Maximum term	-	-	-	05.12.2023	15.12.2020	-	-	-	-	05.12.2023	-	-	-
Average Price (€)	157,79	157,83	-	-	-	-	-	-	104,20	-	-	-	-
Average exercise price (€)	-	-	-	154,11	126,53	-	-	-	-	149,98	-	-	-
Amount (€)	75,094,144.55	75,115,628.05	-	19,263,750.00	26,571,300.00	-	-	-	46,583,849	59,553,564.83	-	-	-

(1) 50,000 stock options (American calls) were also unwound early.
(2) Transfers of treasury shares.
(3) American call option.

Under the share buyback programme authorised by the Shareholders' Meeting of 27 November 2020 and implemented by the Board of Directors, no shares were purchased on the market. In addition, an optional hedge was subscribed for 125,000 shares by acquiring the same number of 3-year American call options. The Company also purchased 210,000 shares through the exercise of American call options. 50,000 stock options (American calls) were also unwound early.

Pursuant to authorisations granted by the Combined Shareholders' Meeting of 27 November 2020, the Board of Directors of the same date implemented a stock option allocation plan and a performance-based share allocation plan.

A reallocation of shares acquired on the stock market in previous years to cover various stock option or performance-based share plans and the 125,000 American calls, which enabled the same number of Pernod Ricard shares to be acquired, were allocated to cover part of these stock option and performance-based share allocation plans.

Treasury shares constitute reserves covering the various stock option and performance-based share allocation plans still in force. During the period, transfers were made within these reserves of treasury shares: 359,402 shares were allocated to beneficiaries of the performance-based share plan of 17 November 2016 (at the end of the four-year vesting period), in addition to 87,671 shares transferred to cover the rights of beneficiaries who had exercised stock options.

The 210,000 Pernod Ricard SA shares resulting from the exercise of the American call options, which serve to cover the various plans, were sold off-market to an investment services provider at an average price of €126.53.

In addition, the shares purchased during FY20 under the share buyback programme were cancelled. This concerns 3,545,029 shares.

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

- purchased 475,914 shares for a total amount of €75,094,144.55; and
- sold 475,914 shares for a total amount of €75,115,628.05.

Distribution of treasury shares on 30 June 2021

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

Details of the new share buyback programme to be submitted for authorisation to the Combined Shareholders' Meeting of 10 November 2021

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

As the authorisation granted by the Shareholders' Meeting of 27 November 2020 allowing the Board of Directors to trade in the Company's shares is due to expire on 26 May 2022, a resolution will be proposed at the Shareholders' Meeting of 10 November 2021 (12th resolution – see Section 8 "Combined Shareholders' Meeting" of this universal registration document) to grant a further authorisation to the Board of Directors to trade in the Company's shares at a maximum purchase price of €280 per share, excluding acquisition costs.

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

As the Company may not hold more than 10% of its share capital, and given that it held 965,483 shares (*i.e.* 0.37% of the share capital) at the time of the last declaration relating to the number of shares and voting rights on 30 June 2021, the maximum number of shares that can be bought will be 25,222,173 (*i.e.* 9.63% of the share capital), unless it sells or cancels shares it already holds.

The purpose of the share buyback programme and the uses that may be made of the shares repurchased in this manner are described in detail in the 12th resolution to be put to the vote of the shareholders on 10 November 2021. The share buyback programme would enable the Company to purchase the Company's shares or have them purchased for the purpose of:

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

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

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

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

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

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

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

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

The number of Company shares purchased may be such that:

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

These shares may be purchased, sold, transferred, delivered or exchanged, on one or more occasions, by any 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, the repurchases would only be carried out subject to the conditions that they:

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

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

This authorisation would be valid for a period of 18 months from the Shareholders' Meeting of 10 November 2021 and would cancel, as from this same date, for any unused portion, the authorisation granted to the Board of Directors to trade in& the Company's shares by the Combined Shareholders' Meeting of 27 November 2020 in its 15th resolution.

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

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

2.11.1 The Company's share capital structure

The Company's share capital structure is shown in the table "Allocation of share capital and voting rights on 30 June 2021" in Section 9 "About the Company and its share capital", in the subsection "Information about the share capital".

Threshold crossings declared during FY21 are also indicated in the table entitled "Allocation of share capital and voting rights on 30 June 2021" in Section 9 "About the Company and its share capital" of this universal registration document, in the subsection "Information about the share capital".

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

The Company's bylaws provide for a limit on voting rights. This mechanism is described in subsection 2.12.3 "Voting conditions" below.

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

2.11.3 Agreements between shareholders of which the Company is aware

The Shareholders' agreement between shareholders of the Company (agreement between Mr Rafaël Gonzalez-Gallarza and Société Paul Ricard, owned by the Ricard family) is described under "Shareholders' agreements" in subsection 2.5 "Composition of the Board of Directors" of this universal registration document and also appears on the AMF website (www.amf-france.org).

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

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

2.11.5 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, with the exception of the commitments to the Executive Director described in subsection 2.8.1.3 "Compensation policy for the Chairman and CEO", in the "Policy on deferred commitments" paragraph.

2.12 Shareholders' Meetings and attendance procedures

Article 32 of the bylaws sets out the procedures that shareholders must follow in order to attend Shareholders' Meetings.

The shareholders meet every year at a Shareholders' Meeting.

2.12.1 Notice to attend meetings

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

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

2.12.2 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 are acknowledged *via* a share certificate issued by the financial intermediary and attached as an appendix to the postal voting form, proxy form or application for an admission card made out in the name of the shareholder or on behalf of the shareholder represented by the registered financial intermediary. Any shareholder wishing to attend the 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 or 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 or she has entered into a civil union agreement, or to any other person; or
- vote by post or *via* the Internet.

A shareholder who has already cast a postal or Internet vote, sent in a proxy form or applied for an admission card or a share certificate may sell all or some of his or her shares at any time. However, if the 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.

Furthermore, in view of the still uncertain situation with regard to the development of the Covid-19 epidemic, Pernod Ricard may have to change the attendance procedures for the Shareholders' Meeting on 10 November 2021.

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

2.12.3 Voting conditions

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

Restriction on voting rights

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

Double voting rights

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

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

Any share loses the double voting right if converted into bearer shares or if its ownership is transferred. Nevertheless, transfer following the division of an estate or the liquidation of assets between spouses and *inter vivos* donation to a spouse or relation close enough to inherit will not result in the loss of the acquired right and will not interrupt the aforementioned ten-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 notification obligation mentioned in the previous paragraph, shares in excess of the undeclared amount shall be stripped of their voting rights, at the request, as set forth in the minutes of the 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.

2.12.4 Modification of shareholders' rights

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

2.13 Management structure

2.13.1 General Management

On 30 June 2021, the General Management of the Group was carried out by the Chairman and CEO, assisted by the Executive Board. It forms the permanent body for coordinating the Management of the Group.

Composition of the Executive Board on 30 June 2021:

- **Alexandre Ricard, Chairman and CEO**;
- **Hélène de Tissot**, EVP Finance, IT and Operations;
- **Anne-Marie Poliquin**, Group General Counsel and Compliance Officer;
- **Christian Porta**, Managing Director, Global Business Development;
- **Cédric Ramat**, EVP Human Resources, Sustainability & Responsibility.

The Executive Board is responsible for reviewing all decisions relating to the Group's business. It refers to the Board of Directors on various points when the latter's approval is required. It steers and coordinates the major transformation projects launched recently, organises the work of the Executive Committee and defines objectives for its members, in particular by signing off the strategic plan, the budget and regular business reviews.

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

The Executive Board meets on a weekly basis.

2.13.2 Executive Committee

The Executive Committee comprises the Group's Management body.

Composed of 15 members – the entire Executive Board as well as the Chairmen and Chief Executive Officers of the main affiliates – who meet every month (approximately 11 times a year) at the registered office or at an affiliate. Under the direction of the Chairman & CEO, the Board helps to define the Group's strategy and plays an essential coordinating role between the registered office and affiliates, as well as amongst the affiliates themselves (Brand Companies and Market Companies).

More specifically:

- The Board is responsible for overseeing the Group's business activities and ensuring that its main policies are applied;
- It gives its opinion on the setting of financial and operational objectives;
- It periodically conducts brand and market reviews, assesses performance and proposes the necessary organisational adjustments; and
- It validates the Group's major policies and oversees their implementation.

Composition of the Executive Committee on 30 June 2021:

- the Executive Board;
- the Chairmen/Chairwomen of the Brand Companies:
  - Chivas Brothers: Jean-Christophe Coutures [(1)], CEO,
  - Martell Mumm Perrier-Jouët: César Giron, CEO,
  - Pernod Ricard Winemakers: Bryan Fry, Chairman,
  - Irish Distillers Group: Conor McQuaid, Chairman,
  - The Absolut Company: Stéphanie Durroux, Chairwoman;
- the Chairmen/Chairwomen of the Market Companies:
  - Pernod Ricard North America: Ann Mukherjee, Chairwoman,
  - Pernod Ricard Asia: Philippe Guettat, Chairman,
  - Pernod Ricard Europe, Middle East, Africa and Latin America: Gilles Bogaert, Chairman,
  - Pernod Ricard Global Travel Retail: Mohit Lal, Chairman,
  - Pernod Ricard France: Philippe Coutin, Chairman.

2.13.3 Non-discrimination policy and diversity in Top Management

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

In addition, in the wake of the global "Better Balance" initiative conducted from 2017 to 2019 on the two main dimensions of the Group's diversity challenges (gender and nationality), the General Management and the Human Resources Department have been encouraged to identify measures specific to their own diversity challenges on at least these two dimensions and to make them objectives for the members of the affiliates' Management Committees. Moreover, objectives have been defined for the Group's Management bodies, identified as the "Top 500" [(2)] employees, and a series of actions have been taken to help achieve these objectives [(3)].

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

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

- for the Executive Committee, the proportion of women has increased from 7% to 27% between 2015 and 2021; and
- for the "Top 500", between 2015 and 2021, the proportion of women has risen from 19% to 29%.

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

(1) Jean-Etienne Gourgues succeeded Jean-Christophe Coutures on 1 July 2021.
(2) The "Top 500" comprised 457 employees in 2015, and 484 in June 2021. It includes 45 different nationalities.
(3) The diversity policy in Top Management is detailed in the Declaration of Extra-Financial Performance in section 3.3.2.2.

SECTION —— 03

SUSTAINABILITY & RESPONSIBILITY

3.1 Pernod Ricard brings Good Times from a Good Place

3.1.1 A strategy centred around a vision: "Créateurs de convivialité"

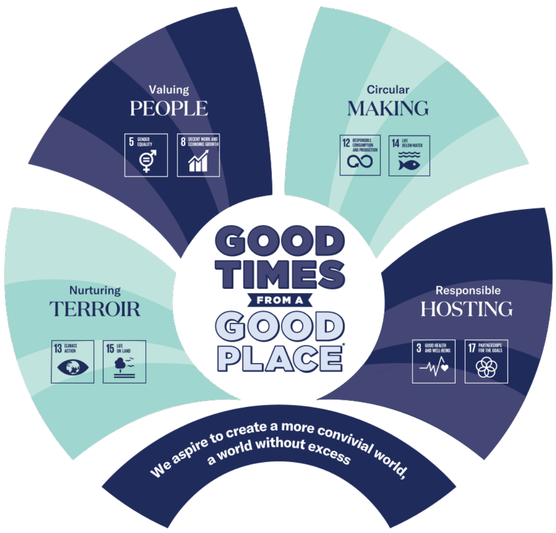
3.1.1.1 The Manifesto

"Créateurs de convivialité: true to Pernod Ricard's founding spirit, the Group has been bringing people together since its beginning, inviting them to share privileged moments and forge new friendships every day through our world-class portfolio of premium wines and spirits.

We are passionate hosts... a family of exceptional people who are committed to fighting alcohol misuse and creating a better way of living and working together, bringing good times today and for generations to come.

We are respectful guests... who care for and strive to protect and nurture the terroirs and environments in which we live. We partner with local farmers and respect local communities to benefit our planet, our consumers and business.

We bring Good Times from a Good Place, to create a more convivial world, a world without excess."



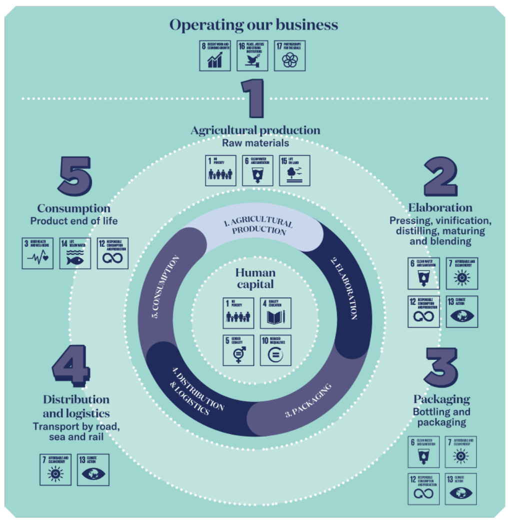
3.1.1.2 Addressing stakeholder expectations across the business, from grain to glass

In line with the Pernod Ricard consumer-centric model, the Group's Sustainability & Responsibility strategy is centred around a robust framework with four pillars: Nurturing Terroir, Valuing People, Circular Making and Responsible Hosting. All of these directly support the United Nations Sustainable Development Goals (SDGs) to help achieve prosperity for the planet and its people. Since 2018, the Group has LEAD status for its work with the UN Global Compact – recognising its high engagement in this organisation and strong efforts to implement the SDGs.

Each pillar includes ambitious targets for 2030 designed to drive innovation, brand differentiation and talent attraction. All pillars are based on a 2030 timeline with 2022 and 2025 milestones, in line with the schedule set out by the SDGs.

The strategy primarily contributes to eight UN SDGs while also impacting and addressing 14 SDGs across its value chain.

Pernod Ricard's Sustainability & Responsibility strategy was built on the material risks of its business, consumer concerns and the world's agenda. The strategy is the result of a long process from qualitative interviews to the consultation of over 300 internal and external stakeholders globally and external experts. Over 20 workshops were held with representatives from Brand Companies, Market Companies, Regions, HQ and the Top Management team. This all fed into ambitious targets that were set according to where Pernod Ricard could have the greatest impact.



3.1.1.3 The relevance of the S&R strategy following scenario analysis

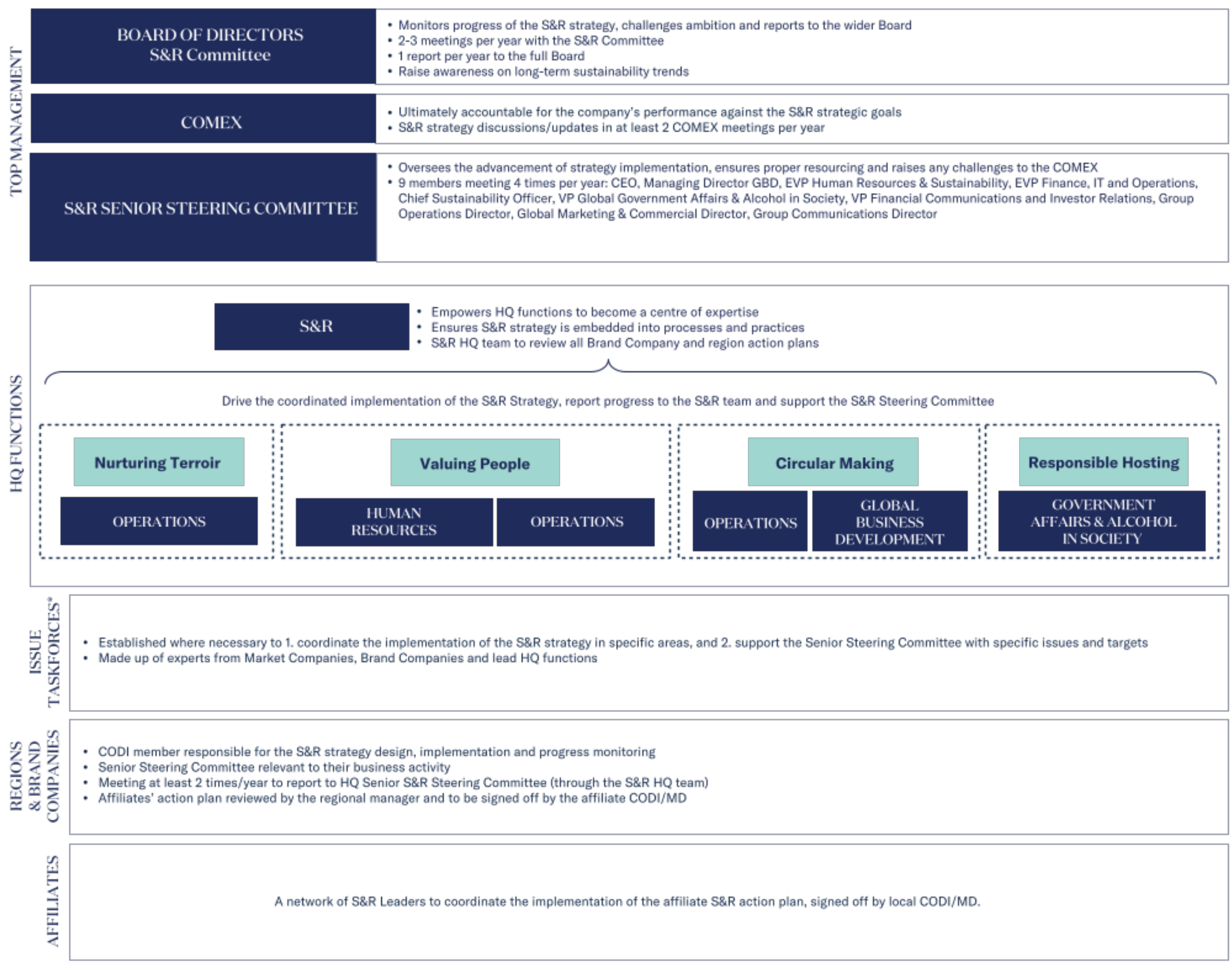
Pernod Ricard partnered with BSR, a global non-profit that works with its network of over 250 member companies to build a just and sustainable world, to develop three post-Covid-19 scenarios for 2030 which explored climate-related risks and opportunities, as well as other key uncertainties relevant to Pernod Ricard's business. The scenario analysis process involved the following steps:

- **understanding context:** BSR interviewed internal stakeholders to identify key trends that are shaping Pernod Ricard's future operating context and conducted complementary research on those most relevant to the business (*e.g.* agricultural supply chains and waste);
- **scenario development:** Pernod Ricard leveraged a set of BSR prospectives on three post-Covid 2030 scenarios, tailored to industry-specific trends and including specific climate-related parameters to each scenario;
- **strategic implications:** A workshop was conducted with internal Pernod Ricard stakeholders to identify the potential risks and opportunities for each scenario and identify ideas to enhance Pernod Ricard's resilience and refine its strategy;
- **strategic response:** As a result of this process, the Group identified climate-related and social risk and opportunities that confirmed the Group S&R strategy and emphasised focus on:
  - supply chain resilience, especially for agriculture raw materials, and building long-term relationships with suppliers, advancing circularity, and contingency planning for supply chain disruptions,
  - local relevance of S&R strategy facing a fragmented world in regards to regulations and geopolitical requirements (*e.g.* personal data protection, packaging),
  - strengthening alcohol abuse prevention, especially in a context of isolation, virtuality, and other disruptions. Alcohol can be part of a balanced lifestyle and Pernod Ricard is strongly committed to promoting responsible consumption with its employees and consumers.

These scenario insights have been reviewed by Pernod Ricard's S&R Strategic Committee and S&R Committee at Board level and will be incorporated into Pernod Ricard's strategy and risk management. The overall analysis found that the S&R strategy would remain relevant and robust across scenarios, though some themes may need to be emphasised or shifted.

3.1.2 A robust governance structure

The Sustainability & Responsibility strategy is implemented throughout the Group with the following Governance structure:



3.2 The main sustainability risks and opportunities

In line with Directive 2014/95/EU on non-financial reporting as transposed into French law (article R. 225-105 of the French Commercial Code), Pernod Ricard publishes a "Non-Financial Statement". This Statement requires the Group to publish its business model and information on key non-financial risks. These include risks related to the environment, employment, society, human rights, tax evasion (pursuant to Act no. 2018-898 on combatting fraud) and corruption. For more information on Pernod Ricard's business model, please refer to Section 1 "Extracts from the integrated annual report" and for more information on the Group's key non-financial risks please see subsections 3.2.1 and 3.2.2 below.

3.2.1 Presentation of the methodology

Pernod Ricard adopted the following methodology:

- every three years, the main risks faced by Pernod Ricard are mapped by direct affiliates and HQ functions and then consolidated at HQ level by the Group's Internal Audit Department. Updated in FY21, the Group's risk mapping presents and classifies the risks according to their potential impact and occurrence across the Group's activities. Some of these risks are specific to sustainability issues. The Group's major risks and the process for identifying them are discussed in section 4 of this document;
- the same Group's risk mapping methodology and tool is used to identify the main sustainability risks for the "Non-Financial Statement";
- led by the Sustainability & Responsibility Department, these sustainability risks are subject to in-depth analysis through research, competitive benchmarking and internal and external stakeholder dialogue (see subsection 3.1.1.2 "Addressing stakeholder expectations across the entire business, from grain to glass"); and the Group's materiality matrix last updated in 2020. Other key HQ experts including operations, legal, HR, public affairs and finance were also involved to confirm the top eight risks and opportunities;
- the identified sustainability risks and opportunities are then cross-referenced with the 2021 Group Risk Mapping to confirm and ensure consistency with the Group's major risks in Section 4;
- the resulting eight non-financial risks and opportunities were subsequently presented to and signed off by the S&R Senior Steering Committee and the S&R Committee of the Board of Directors.

3.2.2 The eight risks and opportunities identified

The definitions of the eight main risks and opportunities can be found in the table below. Targets, policies, due diligence procedures, and key performance indicators are presented in detail in subsections 3.3 "The four pillars of the Good Times from a Good Place Roadmap" and 3.4 "Ethics and compliance". In the interest of transparency, other indicators have been presented alongside the policies applied, depending on the issues addressed.

Given the nature of our activities, we consider that the "tax evasion" referred to in article L. 225-102-1 of French Commercial Code does not constitute a major non-financial risk for the Group. It was therefore not felt necessary to explore it in this "Non-Financial Statement". Nevertheless, "tax evasion" is discussed in subsection 3.4.1.4 "Tax policy".

Risk/ opportunity	Sub-risk/ opportunity	Definition	Subsections of section 3
Responsible supply chains	**Responsible supply chains**	**Risks:** supply chains in the beverage industry are diffuse and fragmented due to the multiplicity and diversity of actors - from agriculture to merchandising. Pernod Ricard may be legally involved with suppliers whose practices do not comply with Human Rights (child labour, forced/bonded labour, health and safety etc.) environmental standards (CO_2 emissions, toxic emissions etc.) or compliance and business regulations (corruption, fraud etc.). This might cause reputational damage, financial loss and legal liabilities.	***3.3.2 Valuing People*** 3.3.2.5 Responsible Supply Chain 3.3.2.4 Human Rights
	Sustainable agricultural supply chain	**Risks:** agricultural practices in Pernod Ricard's supply chain may have various negative effects on the environment (soil degradation, poor water quality and availability, CO_2 emissions, biodiversity loss and deforestation) and on the Human Rights of farmers or local communities (remuneration of farmers, health and safety, child or forced labour, land grabbing). This might also cause reputational damage and legal liabilities. Moreover, climate change may alter crop quality and areas of production leading to increased prices or even the inability to source in a specific area or produce a specific brand.	***3.3.1 Nurturing Terroir*** 3.3.1.1 Support communities to regenerate ecosystems and tackle climate change 3.3.1.3 An agile and ambitious journey towards sustainable terroirs 3.3.1.4 Impactful programmes on regenerative agriculture and biodiversity
Compliance and business ethics	**Anti-corruption & antitrust**	**Risks:** given the international scope of its activities Pernod Ricard may face compliance issues related to anti-corruption laws and other similar regulations, in its own operations or through its supply chain. This might cause reputational damage and financial loss.	***3.4 Ethics & Compliance*** 3.4.1.3 Prevention of corruption and anti-competitive practices 3.4.1.5 Transparency and integrity of strategies and influencing practices
	Personal data protection	**Risks:** in light of the digital transformation of its activities and the increasing number of regulations, Pernod Ricard may face compliance issues related to data protection regulations (General Data Protection Regulation, California Consumer Privacy Act, etc.) and fail to protect the personal data of its consumers. This could cause reputational damage, liability and financial loss.	***3.4 Ethics & Compliance*** 3.4.1.2 Personal data protection
People development & Safety	**Talent management**	**Risks:** due to the competitive talent market, changes in the aspirations of new generations, new global work outlook as a consequence of the pandemic and the future of work that may require a new set of skills or skill scarcity in specific domains, *Pernod* Ricard may have difficulties to attract and retain the skilled people it needs. This may cause reputational and operational difficulties and impact its financial performance.	***3.3.2 Valuing People*** 3.3.2.1 Talent management
	Diversity & inclusion	**Opportunities:** diversity and inclusion is a strategic top priority for Pernod Ricard, whose objective is to have management teams and a workforce that reflect the diversity of its consumers globally by fostering an inclusive organisational culture, creating an environment of equity, engagement and empowerment that facilitates everyone's involvement in support of its business strategy.	***3.3.2 Valuing People*** 3.3.2.2 Diversity & inclusion 3.3.2.4 Human Rights

Risk/ opportunity	Sub-risk/ opportunity	Definition	Subsections of section 3
People development & safety	**Working conditions and health & safety at work**	**Risks:** Pernod Ricard's employees and contractors in production sites may be exposed to occupational injuries (burns, physical trauma, falls, toxic inhalation, etc.) or in most serious cases permanent disability or death mainly due to industrial processes or as a result of major industrial accidents (fires, explosions, etc.) or natural disasters. In addition, despite strict sanitary measures, employees may have been exposed to Covid-19. Repeated lockdowns and working from home measures may have caused disruptions in the social ties and work-life balance of employees. Other impacts on the Group could include reputational and operational difficulties.	***3.3.2 Valuing People*** 3.3.2.3 Employee engagement & culture, working conditions and health & safety ***3.3.4 Responsible Hosting*** 3.3.4.6 Employee engagement
Physical risks of climate change and natural disasters	**Pernod Ricard production sites**	**Risks:** severe weather events (tornados, floods, etc.) or natural disasters may damage physical assets at production sites. Moreover, rising temperatures and changing seasons may alter industrial processes and the availability of ingredients. Pernod Ricard might be slow to react to such climate change and fail to adapt its supply chain resulting in financial losses and operational disruptions.	***3.3.1 Nurturing Terroir*** 3.3.1.1 Support communities to regenerate ecosystems and tackle climate change 3.3.1.4 Impactful programmes on regenerative agriculture and biodiversity ***3.3.3 Circular Making*** 3.3.3.2 Climate change: reduction and adaptation
	Pernod Ricard suppliers	**Risks:** these phenomena may also damage suppliers' physical assets and affect the quality, quantity and geographical location of agricultural raw materials, resulting in operational disruptions.	
Environmental impacts of operations	**CO_2 emissions GHG emissions** **Water management** **Waste management**	**Risks:** due to the industrial nature of its activities and fast-changing environmental regulations, Pernod Ricard may fail to be fully compliant with new regulations and respond to stakeholder expectations. This may cause reputational damage. Moreover, distilleries emit CO_2 through the energy they use. Pernod Ricard may be impacted by energy supply and price volatility. In addition, Pernod Ricard most water-intensive activities may impact water availability and could cause operational disruption and financial losses. This is especially true where they are located in water stressed areas. **Opportunities:** by reducing energy consumption and associated CO_2 emissions and by building an offsetting and insetting strategy for its residual carbon emissions, Pernod Ricard can reduce its operating costs and anticipate carbon regulations in a volatile market. By implementing a virtuous circular mindset, Pernod Ricard could minimise waste at each step of its value chain and help preserve natural resources. Moreover, through good waste management, Pernod Ricard could transform waste into potential new raw material.	***3.3.1 Nurturing Terroir*** 3.3.1.4 Impactful programs on regenerative agriculture and biodiversity 3.3.1.1 Support communities to regenerate ecosystems and tackle climate change ***3.3.3 Circular Making*** 3.3.3.2 Climate change: reduction and adaptation 3.3.3.3 Preserve water resources 3.3.3.5 Reduce waste

Risk/ opportunity	Sub-risk/ opportunity	Definition	Subsections of section 3
Packaging life cycle management	**Packaging and POS development** **Packaging and POS end-of life**	**Risks:** packaging and point-of-sales materials are some of the Group's most carbon-intensive activities and generate large quantities of post-consumer waste. Inadequate sustainable packaging policy or innovation could limit Pernod Ricard's ability to attract clients and consumers. The lack of recycling infrastructure or consumer awareness in some markets could hinder the Group's efforts in addressing packaging end of life at local level resulting in reputational damage and financial loss. **Opportunities:** by minimising waste at each step of its packaging life cycle and exploring the use of alternative ways to distribute its products, Pernod Ricard can preserve natural resources and reduce costs.	***3.3.3 Circular Making*** 3.3.3.4 Circular packaging and distribution 3.3.3.2 Climate change: reduction and adaptation
Quality, food safety and product compliance		**Risks:** Pernod Ricard's product quality may be subject to an undetected deterioration (toxic contamination, alteration of taste, introduction of foreign objects into the bottles etc.), leading to health hazards, reputational damage, financial liabilities and product recalls.	***3.4 Ethics & compliance*** 3.4.1.1 Quality, food safety and product compliance
Alcohol in society	**The harmful use of alcohol by consumers** **Excessive and/or punitive alcohol regulations implemented by Government to tackle harmful alcohol use**	**Risks:** Pernod Ricard's reputation may be impacted by consumers' misuse of alcohol. Its activities may also be impacted by ongoing anti-alcohol sentiment, excessive and/or punitive regulations (restrictions on sales and marketing, availability of its products, increased taxes and duties) leading to lower revenues and profits without effectively reducing the harmful use of alcohol. **Opportunities:** Pernod Ricard's Premiumisation ambition leads to drinking less but better, thus accompanying its ambition in responsible drinking. The Group's drive on digital marketing enables targeted advertising to further enable self-regulation even better, avoiding inadvertent exposure of minors or non-drinkers.	***3.3.4 Responsible Hosting*** 3.3.4.1 Responsible drinking programmes and campaigns 3.3.4.2 Responsible marketing 3.3.4.3 Responsible e-commerce 3.3.4.4 Responsible experiences 3.3.4.5 Consumer information ***3.4 Ethics & Compliance*** 3.4.1.5 Transparency and integrity of strategies and influencing practices

3.3 The four pillars of the Good Times from a Good Place roadmap

3.3.1 Nurturing Terroir

Terroir means earth or soil in French, the birthplace from which all of Pernod Ricard's products take their character.

All the Group's brands come from nature and take their identity from the terroirs where their natural ingredients are grown. Pernod Ricard is therefore responsible for supporting and promoting sustainable agriculture practices with three objectives:

- to conserve ecosystems and natural capital, wild or cultivated, by preserving habitats and trophic chains;
- to tackle climate change, by reducing its greenhouse gas emissions, and exploring potential carbon sinks within its agricultural chains, as well as adapting the choice of its crops and agricultural practices;
- to support agricultural communities and smallholders, in order to develop practices, improve livelihoods, access to health and education and more generally, the economic empowerment of these local populations.

3.3.1.1 Support communities to regenerate ecosystems and tackle climate change

Objectives and policies

The Group's core business is inextricably linked to well-functioning ecosystems. Any disruption to one component (soil, water, climate, landscape…) has a direct impact on natural balances. Pernod Ricard is therefore very attentive to each element in order to better understand the mechanisms at work and restore the natural balances.

The Group believes in the strength of a holistic and systemic approach to agriculture that covers the entire farming system, maximises the shared benefits and, ultimately, the overall resilience of the terroirs over the long term:

- maximising positive interactions between agricultural and wild ecosystems;
- paying particular attention to soil life and its ability to restore carbon cycles;
- reducing dependency on agrochemicals;
- managing water resources sustainably;
- taking care of the people who work the land every day.

The Group believes that regenerative agriculture is a significant part of the solution. This global approach looks at the system as a whole in order to enrich soil life and its natural fertility, improve water retention capacity, and protect and enhance biodiversity. In the long term, regenerative agriculture improves the vitality of plants, maximises carbon storage in the soil, ensures a high-quality harvest and stabilises yields. The terroirs will thereby be more resilient in the face of the effects of climate change, and will achieve a sustainable improvement in the livelihoods of farming communities.

During FY20 Pernod Ricard defined its Sustainable Agriculture Key Principles. This document presents a set of best practices related to landscape management, biodiversity, plant health and soil life, water, human rights and relations with suppliers.

Thus, the Group intends to gradually move away from conventional models to reduce the various pressures on resources (for example, by implementing alternative practices that avoid the use of synthetic inputs) and promote regenerative agricultural models. This reference document covers all the different contexts and agricultural systems in order to engage in a continuous improvement process.

3.3.1.2 Pernod Ricard's agricultural footprint

A terroir represents the origin of a culture in particular and has unique characteristics in terms of climatic conditions, type of soil, ecosystems and the know-how of the people and communities who work and live there.

For Pernod Ricard, this means nearly 350 terroirs rooted in 66 countries around the world. The total amount of agricultural raw material used is around 2.7 million tons made up of:

- a variety of grain (wheat, barley, rye, maize, rice, sorghum);
- sugar cane, agave, and sugar beet;
- flavouring ingredients with a specific attention to nine of them, which are considered as iconic for the Group's brands (coffee, coconut, fennel, star anise, licorice, juniper, coriander, gentian and orange);
- 17 wine-growing countries, eight of which have vineyards directly operated by Pernod Ricard.

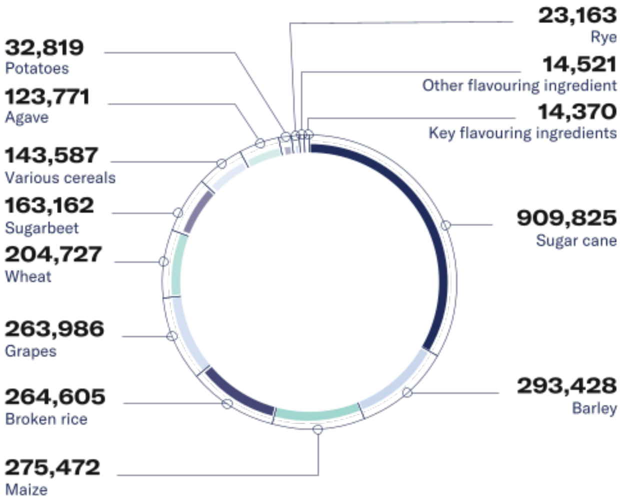
The total footprint of these terroirs is estimated at around 324,700 hectares.

Some of these terroirs are directly operated by Pernod Ricard:

- 5,631 hectares are dedicated to vineyards in seven different countries: New Zealand (45%); Australia (24%); France (12.5%); Argentina (8.5%); Spain (5.6%); United States (2.5%); China (1.9%);
- 990 hectares are dedicated to agave crops in Mexico.

The environmental footprints of our vineyards are monitored and analysed each year in order to optimise practices and minimise the pressure on resources. These elements are no longer communicated as of this year, although they are still monitored and analysed, because, in line with our strategy, we are working on a new and more systemic indicator which will aim to reflect the level of regeneration of these vineyards. Moreover, because they represent less than 3% of the total surface area used to produce the agricultural raw materials necessary for the Group's needs, these impacts can be considered as relatively minor.

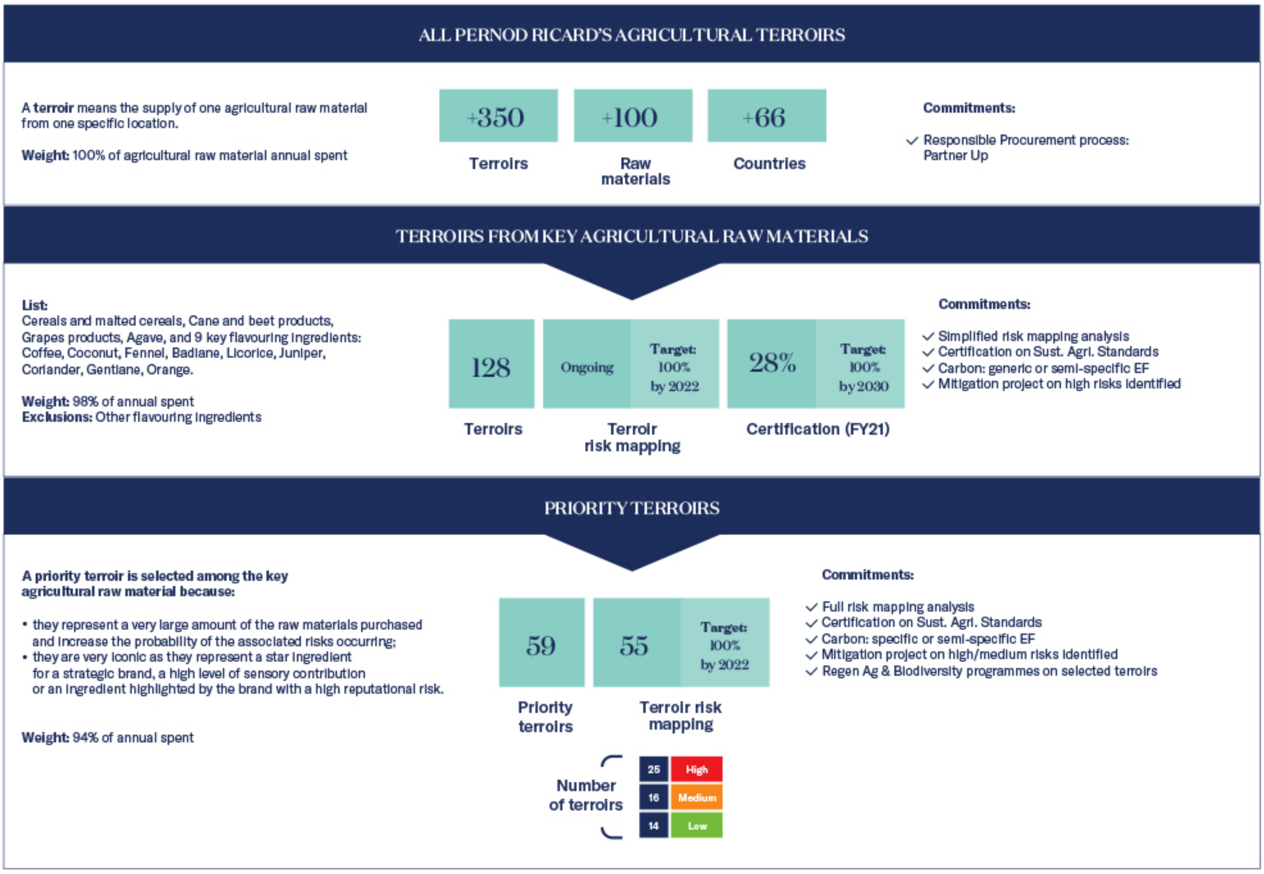
BREAKDOWN OF AGRICULTURAL RAW MATERIALS (TONNES)



Action plans and next steps

In order to manage risks within agricultural supply chains, address the duty of care, and achieve our nurturing terroir ambition, the Group has implemented a strategy divided into three levels (Figure 2). The aims are : to map the different terroirs to reach full traceability, to assess environmental and social risks that may be present on these terroirs, and finally implement eventually sustainability programmes.

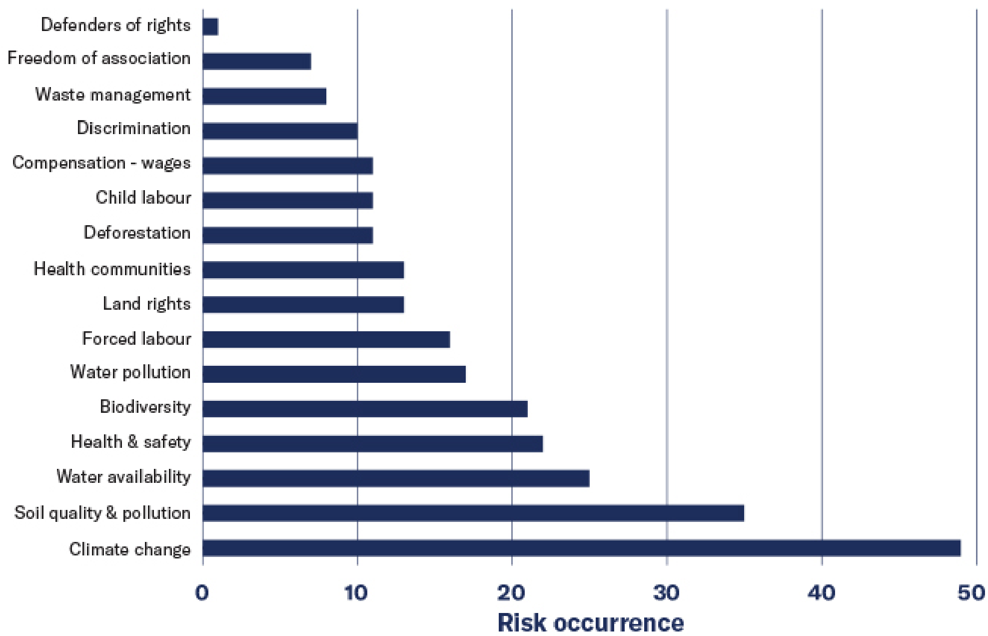
ACTION PLAN FOR NURTURING TERROIRS



Fifty-nine terroirs have been identified as strategic priorities in the framework of the action plan, since they represent 94% of annual purchases (by spend) and supply key or iconic raw materials. Fifty-five of these fifty-nine terroirs have been subject to a full risk mapping analysis: 25 were assessed with a high risk level, 16 with a medium risk level and 14 were judged at low risk. Four priority terroirs are still under investigation.

Measuring the carbon footprint is undertaken as part of a different analysis because it requires the development and use of specific tools (see subsection 3.3.1.3). Learnings from the terroir risk mapping demonstrate the crop sensitivity to the effects of climate change, including high sensitivity to drought, as well as its impacts on ecosystems (biodiversity, soil and water) and on communities.

FREQUENCY OF POTENTIAL RISKS ON PRIORITY TERROIRS



Policies	Targets	Progress in FY20	Progress in FY21
2030 S&R Roadmap	• 100% of agricultural raw materials (annual purchases) covered by risk mapping by 2022.	• Terroir risk mapping tools developed to assess: • priority terroirs with a complete tool exploring eight environmental and nine social risks; • terroirs from key agricultural raw material with a simplified tool; • all the terroirs assessed under the Partner Up process (see subsection 3.3.2.5 "Responsible supply chain").	• 86% of agricultural raw materials (annual purchases) covered by mapping, started with priority terroirs this year.

3.3.1.3 An agile and ambitious journey towards sustainable terroirs

The Group ais committed to implementing resilient agricultural practices by building strong and fair relationships with its suppliers.

Action plans and next steps

CERTIFICATION

Pernod Ricard aims to certify all its key raw materials against recognised sustainability standards. In order to select the best standards, in line with the Sustainable Agriculture Key Principles, the Group has developed a benchmarking tool. The Group also gives its subsidiaries the opportunity to develop their own standards with their local partners. All must then be certified by third parties.

The standards are chosen to cover most of the high and medium risks identified through the terroir risk mapping analysis. For example, given the risk profiles for the different sugar cane terroirs, the Bonsucro certification has been identified as the most suitable and will be deployed to all our suppliers.

This approach was designed to adapt to each terroir by taking into consideration local cultures, work habits as well as the potential for transforming practices.

RISK MITIGATION PROJECTS

For each priority terroir, Pernod Ricard is committed to mitigating the negative effects of practices by setting up innovative projects, by implementing new technologies or training farmers on alternative practices.

FOCUS ON THE WATER FOOTPRINT OF VINEYARDS

As perennial crops, vineyards are particularly sensitive to the effects of climate change and in particular droughts, fires or even frost. The increased frequency and severity of such events is a trend that has been confirmed over the past three years in our vineyards. Despite the use of precision farming tools like drip irrigation systems, we are seeing an increase in our water consumption, which amounts to 12.5 million m^3 this year. Improving the resilience of vines in the face of water scarcity will be at the heart of pilot programmes on regenerative viticulture.

FOCUS ON THE AGRICULTURAL CARBON FOOTPRINT

The carbon footprint of agricultural raw materials represents 32% of the Group's scope 3 (see subsection 3.3.3.2 "Climate change: reduction and adaptation"). It is therefore essential to define robust calculation methodologies and share them with the different terroirs. FY21 was dedicated to identifying the raw materials that emit the most GreenHouse Gas (GHG), then defining calculation methodologies specific to each category. Thus, a methodology for calculating GHG emissions for cereals was designed in collaboration with the affiliates and supported by external expertise. Depending on the weight of the material in the overall footprint of agricultural products, Pernod Ricard will assign a generic, semi-specific or specific emission factor.

Subsequently, significant work will be carried out in partnership with its strategic suppliers to reduce these emissions, either by adapting agricultural practices (crop fertilisation for instance) or by upgrading industrial processes.

Policies	Targets	Progress in FY20	Progress in FY21
2030 S&R Roadmap	• 100% of key raw materials produced or sourced according to selected sustainability standards. • 100% of high/medium risk priority terroirs covered by mitigation projects (water, agrochemicals…). • Reduce carbon footprint of agricultural raw materials to contribute to the Group overall Scope 3 target (50% intensity reduction) (see subsection 3.3.3.2 "Climate change: reduction & adaptation").	• Benchmarking tool to assess each standard against the Group's Sustainable Agriculture Key Principles.	• 28% of key raw materials produced or sourced according to selected sustainability standards. • Full risk mapping conducted for 93% of priority terroirs (55/59). 41 terroirs were considered to have a high or medium level of risk. • Harmonised GHG calculation methodology developed for cereals.

3.3.1.4 Regenerative agriculture and biodiversity preservation programmes

Regenerative agriculture can be considered as a "nature-based solution" to mitigate climate change, protect ecosystems and biodiversity, restore the soil and improve the livelihoods of farmers.

Action plans and next steps

The key to success will be to define appropriate "transition paths" for different types of agricultural production. For example, transitioning to regenerative practices for large industrial corn farmers in the USA will require different support and milestones than a transition for small Indian rice farmers.

The programmes aim to better understand and take into account local contexts, measure the dynamics of natural cycles, train partners in regenerative practices and design continuous improvement plans over the long term.

To support this journey on priority terroirs, Pernod Ricard decided to join the French movement PADV (*Pour une Agriculture Du Vivant*). Thanks to the regeneration index they have developed, the Group measured the starting point of its partner farms and then put in place levers to improve the resilience of the terroirs.

For its own vineyards, the Group commits to set up regenerative viticulture pilot programmes within its own vineyards.

Following a complete diagnosis of the two French terroirs, Martell cognac and Mumm and Perrier-Jouët champagnes, set up a pilot programme to explore three main areas: soil life, plant health and nutrition, and landscape management. Various trials are implemented to test combinations of cover-crops, develop grape varieties resistant to climate constraints, or even implement specific technologies or machines.

In the south of France, where Irish Distillers source their maize, the Group has enrolled with 27 farmers in the regenerative index measurement to identify their areas of progress and transform their practices, such as no or low tillage. During this project, the Group is also working to develop a fair economic model to ensure long term mutual commitments.

In India, Pernod Ricard India Foundation's flagship programme WAL (Water, Agriculture, Livelihoods) aims to foster water resilience, promote sustainable and regenerative resource management while securing the livelihoods of disadvantaged communities such as smallholder farmers, women and young people.

In Mexico, Kahlúa works with coffee-producing communities and with local NGO Fondo Para La Paz to support agricultural practices like the planting and development of climate change resistant varieties as well as fair remuneration, with a specific focus on women empowerment.

In the Philippines, Malibu works with 500 coconut farmers to increase yields, improve access to water and sanitation, provide training and technical support, support young people and children to prevent migration for work and improve the whole livelihood of the community.

Policies	Targets	Progress in FY20	Progress in FY21

2030 S&R Roadmap	• 100% direct affiliates with a biodiversity programme:
	  • significant programmes, at scale, linked to our priority terroirs and supporting our key brands;
	  • possible synergies with our regenerative agriculture programmes to serve both objectives.
	• By 2025: test local models for regenerative farming systems in the Group's vineyards in eight wine regions, to capture more carbon in the soil, and share knowledge with the wine industry.
	• 5,000 farmers empowered, trained or supported.
		• Biodiversity Guidelines.
		• Guidelines for setting up a regenerative viticulture pilot programme.
			• 54.5% of direct affiliates with a biodiversity programme.
			• Two regenerative viticulture pilot programmes.
			• Coaching and training sessions designed for each vineyard.
			• Four other programmes launched on other crops.
			• 8,830 farmers empowered, trained or supported.

3.3.2 Valuing People

People have been and always will be at the heart of Pernod Ricard and the foundation of its collective spirit – "Créateurs de convivialité" – sharing, warmth, care, and respect for all whilst offering them challenging and fulfilling careers. The Group promotes diversity and inclusion throughout its business. It works with its suppliers to create shared values in its supply chain.

This pillar is all about respect: for everyone the Group works with across its supply chain and for its 18,011 employees (FY21 average) worldwide. This means increasing employee loyalty and engagement, lowering supply chain risks and meeting rising consumer expectations around transparency. Due to the seasonal nature of its activities, especially during harvest periods, 4.4% of the annual average headcount is on fixed-term contracts. Rather than using contractors, Pernod Ricard prefers to hire this temporary workforce so that they can also benefit from its development and health & safety policies.

3.3.2.1 Talent management

Policies	Targets	Progress in FY20	Progress in FY21
2030 S&R Roadmap	• Pernod Ricard is committed to developing the employability of all its employees throughout their working lives. This means offering all employees at least one future-fit training session every three years to ensure their employability.	• 93.5% of employees received at least one training in the fiscal year.	• 98% of employees received at least one training in the fiscal year.

Policies and objectives

Talent management: a core business process.

To support the Pernod Ricard HR strategy, linked to the Pernod Ricard Global Strategic Framework, two years ago the Group rolled out the new **leadership attributes** developed to support the Group in achieving its goal of becoming Industry Leader. These attributes guide all Pernod Ricard employees in developing their leadership skills and being better prepared to deliver in the face of challenges. It will also help them drive change while being aligned with the Group strategy.

The leadership attributes represent the leadership behaviour Pernod Ricard needs to ensure its future success. They have become embedded in Global Talent Management practices through the annual year-end review process, 360 feedback process, assessment centres and leadership development programmes.

The Group HR Strategy, TransfoHRm was introduced leveraging a digital platform through a single, Group-wide HR Information System. This set the goal of making *Convivialité* a true performance driver by:

- putting the employee experience at the core;
- deploying diverse teams to improve both individual and collective performance; and
- introducing a culture of performance and success based on empowerment and accountability, all supported by digital technology.

Actions plans and next steps

WORKDAY HR MANAGEMENT SYSTEM

Two years ago, the Group introduced and started benefiting from the new employee-centric tool, Workday, to manage the key group HR processes with great success. Pernod Ricard has been able to measure the value of the investment done having streamlined business processes, set a common language, created unified and reliable information worldwide. It has significantly improved HR efficiency, facilitating decision-making to have the right talents in the right position with the right skills at the right time of their career.

Employees and Managers, at the core of Workday and the HR Strategy more broadly, now have the perfect tool to access information about their position, career path, compensation, and evaluation at any time, from any place. They are fully empowered to promote themselves and be proactive with their career development.

With the acquired experience since Workday launch, and the improved efficiency, Pernod Ricard is now committed to the continued improvement of employees' experience by introducing additional functionalities that improve employees and managers interaction and dialogue. The Group continued to analyse and revisit on regular basis what has been done using agile ways of working, "Test, Learn and Optimise".

The Group further strengthened the annual year-end performance and merit process through the full integration of these in Workday. In addition to the deployments across affiliates of the new functionalities like the Training module, or the system for monitoring Absence and Time Tracking, the Group continued to leverage the technology for more efficiency, transparency, planning and forecasting accuracy in HR. This was achieved in a very agile and collaborative mode with the development and implementation of the Adaptive Insight module in Workday. A strategic project for Pernod Ricard, launched simultaneously in all Group affiliates and the one that allows HR to forecast, plan and manage employees related costs, which represent the biggest part in the total Structure Costs.

Clearly understanding the importance of adoption, embedding and proficiency in new ways of working, in 2021 Pernod Ricard continued in a consistent and coherent manner to enhance the process efficiency and HR population capabilities through a strong change management plan with a massive upskilling effort within, which was delivered to HR community through 184 e-learnings and toolkits, and 95 training and Q&A sessions. This ambitious initiative will ensure that HR effectively embeds the new ways of working, and pro-actively partners and supports managers & employees to co-create their unique experience at Pernod Ricard.

"LET'S TALK TALENT" OUR PERFORMANCE MANAGEMENT & DEVELOPMENT PLANNING PROCESS

Pernod Ricard employees and their performance are the foundation of the Company's success. Building on the process launched last year "Let's Talk Talent", the assessment of the "how" has been implemented in the performance process through the annual performance review. How you do things is as important as what you do. Employees are evaluated not only on what they achieved but also on how they achieved it through the leadership attributes. Let's Talk Talent is intended to provide a systematic process, which is comprehensive, fair, and developmentally focused. It enables Pernod Ricard to identify skills and competencies required to support its strategic plans and encourages a diverse high performing culture. This process, together with the assessment of individuals' potential to grow through their Learning Agility, forms the basis for identifying and developing talents in the organisation for career development and succession planning. Last year 76% of employees participated in the Let's Talk Talent process.

To achieve this, employees are taking ownership of their career development. For development to make an impact, employees must be clear on what skill or behaviour needs to be improved and express a willingness to be challenged. An important mind-set shift has been supported to build a culture of feedback encouraged between Manager and employee throughout the year.

Pernod Ricard offers employees resources that provide them with development ideas so that they are empowered to develop their career.

PERNOD RICARD UNIVERSITY

Pernod Ricard University actively partners with the business and HR Departments to identify Learning & Development needs and then design programmes with high-end institutions, consultants, and internal experts. Pernod Ricard learning offer is based on co-creation, blended learning, dynamic sessions built on the 70/20/10 approach to upskill teams and employees, which this year trained 98% of employees.

L&D programmes are rolled out and delivered online, locally or at the historical Domaine de La Voisine near Paris, a place acquired by Paul Ricard in 1957, and transformed into a state-of-the-art campus in 2017. The site is again operational after the lock-down and is welcoming learners from both Pernod Ricard and other leading companies. Participants there find themselves in a cohort comprising colleagues from different parts of the world with different backgrounds and from different cultures. As Responsible Hosts we create special moments for all the learners, ones that enrich them professionally and personally and thus we share our values and culture and create that special bond which ties the group together and which Pernod Ricard calls "convivialité".

In 2021, the key priority was the massive upskilling in digital,: Pernod Ricard co-developed and launched the "D-Passport" – a Group-wide programme aimed at growing the knowledge and skills in digital, Agile Ways of Working and a Platform business model. The programme targeted to support the digital upskilling of Marketing, Commercial and Leadership teams. 5,898 employees were trained in a fully remote mode, based on customised leaning path, including series of micro-learnings, webinars, external speakers, quizzes, and tests.

True to our S&R Commitments, the Group committed to raising knowledge and awareness around alcohol and responsible behaviours, reaching everyone in the Group and most of our employees already completed successfully our MOOC "Learn About Alcohol and Responsible Drinking".

The Group has also strengthen the culture of compliance by supporting the deployment of the "Code of Business Conduct": a dedicated MOOC has been successfully completed by 13,212 employees.

In the last two years, despite all the challenges faced due to Covid-19, the Group remained committed to grow talents by supporting them to acquire and enhance the needed functional skills.

This ambition was achieved through the effective delivery of iGrow programmes in remote formats, ensuring that our talents can continue growing with no risk to their health and well-being. IGrow programmes started with Marketing and Commercial teams and continued with the strong delivery of iGrow Finance and the ambitious upskilling in operations. This dynamic and ambitious delivery allowed Pernod Ricard to embed continuous learning at scale and at speed, providing skills enhancement opportunities to more than 3,000 people in different functions, positions, and locations.

Finally, PR University has enriched the learning offer through Leadership Curriculum by providing certification programs delivered in remote formats through partnerships with top world universities. The Group uses this to support key leaders in becoming more agile, digitally savvy, innovative and consumer centric to better prepare future-fit top leaders.

LEADERSHIP ASSESSMENT AND DEVELOPMENT PROGRAMS

The Group has developed a full range of Leadership programmes designed in response to Pernod Ricard business challenges to better prepare top leaders, improving succession planning and career planning. In 2021, a total of 80 participants have attended Blenders, dedicated to Top Management to assess them against the newly Group Leadership Model. The objective is to reflect the skills and behaviours expected to lead teams and to provide participants with a benchmark for their professional development with Individualised Development Plans based on each person's needs.

In parallel, the Group continues to deliver key development programmes with Shakers for confirmed leaders and Mixers, for young aspiring leaders willing to be taken outside their comfort zone. Since the implementation of these programs, 229 participants have benefitted from "Shakers" programmes and 652 from "Mixers" programmes.

The Group has also built Leadership Assessment and Development Centres, through an external provider, to assess capabilities and leadership potential, to identify strengths and competencies, to empower high potential individuals, and to better prepare them for future leadership roles. The goal is to encourage individual ownership of careers by all employees. The LeAD UP programme offers two-day sessions at which participants do individual interviews and case studies. They also receive an extensive feedback session and a participation to workshops. Over 157 participants did attend those development programmes in 2021.

Key performance indicators

Number and %	FY20	FY21
% of the payroll invested by the Group in training	1.7%	1.5%
Number of employees trained (1)	17,858	17,636
% of total workforce trained (1)	93.5%	98%
Training hours (1)	427,350	378,082
Average number of hours of training received by employees (1) per year	24	21
% of employees received at least one performance review (2)	93%	91%
Number of employees participated in the LeAD UP programme (2)	162	157

(1) Fixed-term and permanent contracts.
(2) Permanent contracts.

3.3.2.2 Diversity & Inclusion

Policies and objectives

As a consumer-centric Group, Pernod Ricard believes that its people need to reflect its consumers and the world in which it operates. Seen as a source of richness and a real performance driver for the Company, Pernod Ricard has made diversity a focus for its leaders through the "Better Balance for Better Business" initiative. This programme aims to raise awareness on the value of diversity throughout the business with a focus on gender and nationality and laid the foundation to address any other dimension of diversity, as may be relevant in the various parts of the Group. Major global targets were set following the campaign and became part of the 2030 S&R roadmap.

Since the start of the Better Balance journey in 2015, Pernod Ricard increased the percentage of women in Top Management from 19% to 29%. And to move the needle even further, not just in terms of gender, but all aspects of diversity, the group have designed a new roadmap, "Better Balance: Inclusive Diversity".

Over the next two years, Pernod Ricard will focus on what holds Diversity together - Inclusion, meaning creating an environment in which everyone is valued for who they truly are, their experiences, perspectives and uniqueness fueling collective performance.

To support this roadmap, Pernod Ricard launched in Spring 2021 a new Better Balance: Inclusive Diversity communication campaign, "Live without Labels", the creative manifestation of our Better Balance ambition. Furthermore, a global inclusion survey has been launched in partnership with Catalyst, an external partner with deep expertise. The ongoing focus is to target gender for internal development programmes to support the achievement of our 2030 target. The Better-Balance strategy is strongly anchored in the Strategic Talent Review process and a focus is made on identifying female talents from Band D and above as part of succession planning process and internal development programmes.

Finally, a D&I council has been launched with the participation of key senior leaders to sponsor and drive the D&I agenda worldwide.

Policies	Targets	Progress in FY20	Progress in FY21
2030 S&R Roadmap	• By 2022, ensure equal pay across the business (gender pay gap). • By 2030, Top Management team [1] will be gender balanced [2].	• 2.3% gap worldwide. • 27% women.	• 1.8% gap worldwide. • 29% women.

(1) Internal definition: Band C and above.
(2) Balanced teams considered achieved with a range of 40-60% of women and men.

Actions plans and next steps

Local affiliates' leadership teams set up their own Better Balance for Better Business agenda, supported by the Global Initiative. Between 2015 and 2021, the proportion of women in the Group "Top 500" rose from 19% to 29%.

The new HR Strategy, TransfoHRm, announced in 2018, is an inherently diversity-friendly strategy. TransfoHRm looked at ensuring that key processes like talent development and management are fair and equitable, supported by Workday, the Group HRIS global platform. Let's Talk Talent is a consistent process, based on an objective assessment of performance and potential, which gives all employees equal chances to develop a successful and fulfilling career at Pernod Ricard. With the "How" of performance now as important as its "What", with Managers better trained in performance evaluation and calibration, the process is designed to overcome the traditional pitfalls of talent management to make Pernod Ricard more open to diversity & inclusion.

The Group has also become more visible on the Diversity challenge with an active participation in the main event of the last three editions of the Women's Forum in Paris (10 delegates, participation to the CEOs' workshop and event sponsorship).

Finally, at the end of FY20, the Group Global Talent Management Director formally took on the additional responsibilities of diversity & inclusion to shift the focus of "Better Balance for Better Business" from the creation of more diversity to focusing on inclusion as a catalyst to accelerate Pernod Ricard performance.

Regarding gender pay gap, the Company has delivered the second edition of the pay gap global project, partnering with an external independent specialist. This global initiative has entailed an audit of over 70 countries. The objective is to identify the behavioural drivers and roots of pay gaps between male and female employees to ensure strict pay equity across the Group by providing a long-term systematic compensation review. Results for FY21 are showing great progress with a 1.8% gap worldwide, taking into consideration that 1% is not considered as a gap by external providers.

The Group strives to attract and recruit young people through different types of contracts (apprenticeships, training, etc.). The Group also recruits and develops young graduates through VIE (international volunteers in business) and international young graduate programmes. These include the Jameson International Graduate Programme, Pernod Ricard Asia Regional Management Trainee Programme and the Martell Mumm Perrier-Jouët Ambassadors programme. Furthermore, Pernod Ricard University supports the work of the Youth Action Council (YAC) [1].

Regarding disability, affiliates comply with local legal requirements and efforts are made to improve the incorporation of workers with disabilities. In FY21, 55 affiliates worked on adapting premises and investing in appropriate equipment, providing training, and raising employee awareness, conducting joint projects with specialised establishments, participating in dedicated forums, recruiting workers with disabilities, etc.

Twenty years ago, Pernod Ricard also signed up to the Business Workplace Diversity Charter, which aims to encourage the employment of different members of French society. This Charter bans all forms of discrimination in recruitment, training, and professional development.

(1) Founded in 2013, the YAC is a think tank made up of nine employees under 30. They are asked to provide Top Management with their generation's view on Group strategic issues. The YAC has a two-year mandate to develop cross-company initiatives such as the "Green Office Challenge" or "Talent 4 Talent".

Key Performance Indicators

REPRESENTATION OF WOMEN AT 30 JUNE (PERMANENT CONTRACTS)

Number and %	FY20	FY21
Group employees	6,658 (37%)	6,952 (38%)
Non-managers	3,871 (35%)	3,656 (35%)
Managers	2,787 (42%)	2,936 (43%)
Top Management	135 (27%)	136 (29%)
Management Committees of affiliates	26%	27%

This breakdown can be explained by the Group's significant presence in countries where the labour market is male-dominated, such as in India, where men make up more than 88% of the workforce. In the managerial population, the proportion of women has been constantly increasing over the last decade – from 30% in FY12 to 43% in FY21.

BREAKDOWN OF POSITIONS WITH PERMANENT CONTRACTS FILLED BY WOMEN

Number and %	FY20	FY21
Internal transfers	314 (55%)	657 (45%)
External hires	903 (44%)	817 (46%)

3.3.2.3 Employee engagement & culture, working conditions and health & safety

Employee engagement & culture

Since it started to measure it, the Group has had a very high level of employee engagement.

The Global Employee Engagement Survey, "I Say," has been reinvented and in partnership with Glint, Pernod Ricard will be deploying the 6th edition of "I Say" in September 2021. The revised survey will empower managers and HR to leverage advanced analytics and insights to better understand employee's needs. It has been improved with a more simplified structure that is supported by a digital platform which managers and HR will be able to access and extract results, being able to build targeted action plans. The results will be benchmarked against engagement data from external organisations.

Number and %	FY17	FY19
Employees that completed the "iSay" Survey**	88%	85%
Engagement rate ("iSay")**	88%	88%

Number and %	FY20	FY21
Total departure rate* (1)	14%	14.6%
Number of resignations*	1,220	1,106
Voluntary departure rate* (2)	6.8%	6.4%
Absenteeism rate**	3.9%	4.1%

(1) The rate of total departure is obtained by dividing the number of departures by the average workforce with permanent contracts.
(2) The rate of voluntary departure is obtained by dividing the number of resignations by the average workforce with permanent contracts.
** Permanent contracts.*
*** Fixed-term and permanent contracts.*

Welfare, social protection and labour relations

POLICIES AND OBJECTIVES

Compensation policy

The compensation policy reflects the decentralised business model, except for Group Senior Management, whose compensation is overseen by Headquarters. Each affiliate manages its policy locally while upholding a set of common rules. These include developing a performance culture and offering compensation that is competitive locally, leveraging external benchmarking and compensation data. This also involves setting up straightforward, meaningful, and motivating compensation packages.

Total payroll is included in Note 3.5 – *Expenses by type to section 6 "Consolidated financial statements"*. This year, payroll represented 13.8% of net sales.

Signature of labour agreements

Each year, the affiliates sign roughly 150 agreements with the various social partners worldwide, thereby encouraging improved social dialogue. The number of agreements signed depends on changes to local legislation.

The agreements signed by affiliates during the past year mainly covered compensation and profit-sharing, group welfare schemes, remote working and occupational health and safety.

Performance culture: profit-sharing and incentive policies

Performance is encouraged through favourable profit-sharing and incentive policies. The total gross amount paid under profit-sharing and incentive plans to over 5,078 employees amounted to nearly €34 million. This was matched by contributions (additional sum paid to employees for investments in the Company savings plan) amounting to over €3 million. Moreover, long-term profit-sharing policies (such as allocating performance-based shares) have once again been implemented in FY21 for over 750 employees worldwide.

In 2019, the Group launched Accelerate, its very first Employee Share Ownership Plan. This first version of the Plan has been rolled out in 18 countries, covering 75% of Group employees. The initiative proved highly successful, with an overall subscription rate of 41.5%. Such a level is rarely achieved when structured offerings are launched. The subscription rate exceeded 60% in several countries, such as India (76.4%) and Hong Kong (60.4%). In France, the subscription rate was 56.9%.

In 2021, the Group is launching the new policy Pay for Performance, to link directly bonuses to the performance and reward the extra performance, allowing differentiation. This will support driving a stronger high-performance culture across the organisation, allowing managers to differentiate the reward and recognition of their teams based on their contribution and performance both on the "what" and the "how".

ACTION PLANS AND NEXT STEPS

Welfare protection and health insurance

In accordance with the Group's commitment, all employees are offered a welfare protection plan covering major risks (death and invalidity). Some chose not to be covered or are covered by their spouse's employer.

Social dialogue

The Group has a long tradition of social dialogue and promotes freedom of association in all the countries in which it operates. In addition, it firmly believes in the importance of providing a working environment with optimal working conditions:

- **European Works Council**: with over 50% of its staff based in Europe, the Group has mainly focused its efforts on European employee representatives, through the European Works Council. This council brings together one or more representatives from every affiliate within the EU with over 50 people. It had a total of 24 seats for representatives in FY21. The European Works Council meets at least once a year. A Select Committee, elected by their peers, comprising five members from five different countries, meets at least once a year too. The Select Committee may act on its own initiative in response to any social measure that might be taken in Europe involving at least two countries in which Pernod Ricard has local teams.

  To share information, an Intranet site publishes content each year co-written by delegates and the HR Department.

  The France Group Committee meets once a year. It brings together employee representatives appointed by the largest trade unions in the French affiliates. At these meetings, the Group's business activities are reviewed, together with an analysis of employment trends and forecast changes during the year ahead.

  The Group Committee and the European Works Council are chaired by the Group Chairman & CEO, Alexandre Ricard, and moderated by the HR Department;
- **The Global Deal**: Pernod Ricard has officially signed up to the Global Deal, a multi-stakeholder partnership intended to address challenges in the global labour market and enable everyone to benefit from globalisation. It aims to encourage governments, businesses, unions and other organisations to make commitments to enhance social dialogue and promote joint solutions. The deal entails exchanges of ideas, joint projects, lessons learned and policy advice. It will also promote concrete initiatives and voluntary commitments. Pernod Ricard affiliates in partner countries will have access to their own local platforms.

Number and %	FY20	FY21
Employees covered by a welfare protection plan (death and invalidity) with a benefit equivalent to at least one year of the employee's fixed annual salary (1)	94.2%	93.3%
Employees benefitting from health insurance (1) (2)	97.6%	98.1%
Total gross amount paid under profit-sharing and incentive plans	€42 million	€34 million
Number of agreements signed with social partners	174	167
Number of affiliates that signed at least one company-wide agreement during the year	27	28

(1) Fixed-term and permanent contracts.
(2) Health insurance is defined as the regime that is compulsory at local level, whether or not supplemented by a company plan.

Health and safety

Pernod Ricard constantly strives to eliminate occupational accidents, hazards, and diseases for all its employees and contractors. Pernod Ricard's approach to Health & Safety (H&S) is underpinned by the "Créateurs de convivialité" vision. The Group is thus committed to developing a culture where everyone has a role to play and where employees take ownership of safety by sharing responsibility for their safety and that of their co-workers.

Policies	Targets	Progress in FY20	Progress in FY21
2030 S&R Roadmap	• By 2025: become "best in class" in the Wines & Spirits industry by the target of zero accidents with lost time (employees and temporary staff) by 2025.	• Frequency rate decreased by 35%	• Frequency rate decreased by 32%

Launched in 2019 this ambition was structured into a Global Health & Safety Policy called "Taking Care of Each Other".

The strategic priorities to achieve Pernod Ricard's goal are to:

- develop a Culture where safety is at the heart of Convivialité;
- develop leadership through engagement, motivation and empowerment;
- improve business performance through excellence in Health & Safety.

This policy has been approved by Pernod Ricard's Chairman, Chief Executive Officer, and its Executive Committee. It has been presented to the Board of Directors. The Executive Vice President, Human Resources, Sustainability & Responsibility oversees the implementation of the Group's Health & Safety Policy. Affiliate Vice Presidents, and each Management Director at local level are in charge of implementing the Pernod Ricard Global Health & Safety Policy.

ACTION PLANS AND NEXT STEPS

Achieving this goal requires management systems. In that respect, the Group's production sites are required to be OHSAS 18001/ISO 45001 certified. In addition, Pernod Ricard is also committed to and actively works on a health & safety culture in which everyone is involved in taking care of each other through a culture of interdependence.

To drive this change, audits conducted by a third party focusing on safety culture and performance are being rolled out across the major production sites. Each audit results in an assessment of the maturity of the site, and in action plan aiming at reaching the next level on the maturity scale.

Another key action launched in FY21 is the Pernod Ricard training programme "Care by Learning", where more than a hundred Safety Champions from affiliates have been trained in order to become the new trainers for the local teams and roll-out the new safety culture. In terms of high-risk activity, a strong focus was put in FY21 on material handling equipment, that can cause a risk of collision for pedestrians. All affiliates have implemented prevention measures following an assessment of their local practices.

A new Operating Requirement "Key Health & Safety Principles" has been implemented during FY21. All the non-industrial affiliates performed a gap analysis and must complete their mitigation action plans by the end of FY21, in order to meet all minimum requirements.

In FY22 the implementation of the roadmap will be accelerated with the roll-out of a new IT platform to manage safety incidents across the whole Group, the extension of the safety culture audits and with the global cascade of the Care by Learning programme to local teams.

A Safety Leadership Programme will be developed and rolled out across the group in FY22, aimed at raising the level of H&S culture through engagement, motivation, and empowerment.

Note: all these actions are covering both Pernod Ricard employees as well as the contractors under direct supervision.

As a result of this global effort, the accident frequency rate was reduced by 32% over the last financial year, a significant achievement in line with the Health & Safety Roadmap objective.

KEY PERFORMANCE INDICATORS

Workplace accidents and % of sites certified	FY20	FY21
Number of workplace accidents with lost time (1)	106	68
Frequency rate (1) (2)	5.3	3.6
Severity rate (1) (3)	165	143
Number of fatalities (1)	0	0
% of production sites OHSAS 18001/ISO 45001 certified	91%	91%

(1) Employees with interim, fixed-term and permanent contracts.
(2) Frequency rate = number of non-fatal workplace accidents with lost time × 1000/total number of employee and interim staff expressed in full time equivalent.
(3) Severity rate = number of days of absence for workplace accident × 1000/total number of employees and interim staff expressed in full time equivalent.
A change of formula occurred in FY21 for the calculation of severity & frequency rates, this to follow a more commonly used method and ease the reading of these indicators. From being based on the total number of hours in the year, these ratios are now based on the full time equivalent from both employees & interim population. To ensure consistency, the ratios for FY20 have been updated using the new formulas.

3.3.2.4 Human Rights

Operating in over 73 countries and mindful of the new challenges caused by globalisation, Pernod Ricard values its employees, suppliers and communities. It also recognises that it is its responsibility and ethical duty to ensure Human Rights are respected across the Group's global operations and value chain. This implies adhering to internationally recognised standards and addressing gaps.

Policies	Targets
2030 S&R Roadmap	• By 2025, align with the United Nations Guiding Principles (UNGPs) on Human Rights including due diligence across the Group's operations and strengthening our responsible procurement processes.

Developed with numerous internal stakeholders, Pernod Ricard introduced its first Global Human Rights Policy in FY19 which is divided into three key sections: "in our own operations", "in the supply chain" and "in our local communities". The Pernod Ricard Code of Business Conduct, updated in FY19, now includes Human Rights and Fundamental Freedoms. The Supplier Standards has been updated in FY19 with additional commitments on this front.

The Executive Vice President, Human Resources, Sustainability & Responsibility oversees the implementation of the Group's Human Rights Policy. HR Directors and each Managing Director at local level are in charge of implementing the Pernod Ricard Global Human Rights Policy. As a decentralised organisation, Pernod Ricard gives responsibility to its affiliates for adopting, respecting and promoting the policy. Visits to affiliates by cross-functional internal audit teams include some labour evaluation. Managing Directors' performance evaluations cover labour matters as well as societal and financial performance. Any targets are specific to each affiliate.

ACTION PLANS AND NEXT STEPS

In FY18, Pernod Ricard joined the UN Global Compact's Decent Work in Global Supply Chains Action platform, an alliance of companies committed to respecting Human Rights and fundamental principles and rights at work. This involves working through their supply chains and taking collective action to address decent work.

In FY19, a study based on the UNGPs and Human Rights was conducted on the Group's supply chain to identify gaps and improve its due diligence on Human Rights over the long term.

In FY21, to embed a UNGPs approach, Pernod Ricard launched an assessment questionnaire with its HR network in line with its Human Rights policy and focusing on its own employees and internal practices. In addition, an external country level screening and mapping of potential Human Rights risks was conducted. With these two tools, the goal was to help affiliates raise awareness, identify gaps in relation to the eight commitments towards the Group's employees in the Human Right policy and develop appropriate action plans. Overall, the findings demonstrated a number of good practices implemented. The findings also pointed to the need for increased communication and best practice sharing of our Health & Safety and Diversity & Inclusion efforts and roadmaps and better dissemination of the Group's Human Rights policy and whistleblowing tool, Speak-Up. The top priorities identified by affiliates were Health & Safety and Discrimination, Diversity & Inclusion demonstrating alignment with the increased efforts by the Group in developing roadmaps in these areas. For more information, refer to sections 3.3.2.2 "Diversity & Inclusion" and 3.3.2.3 "Employee engagement & culture, working conditions and health & safety". In FY22, the Group intends to extend its impact assessment beyond its own operations, covering the whole value chain to identify salient Human Rights issues and prioritize action. It will also explore other areas such as capacity building.

3.3.2.5 Responsible supply chain

Due to the wide range of its procurement and supplies, Pernod Ricard relies on many suppliers across its supply chain. From farming and manufacturing through distribution and merchandising, some of the Group's impact on society and the environment is managed by its suppliers. Pernod Ricard believes in creating strong business relationships and encourages suppliers to improve their practices and assists them in doing so.

Policies	Targets
2030 S&R Roadmap	• By 2025, Pernod Ricard commits to implementing all mitigation plans with high or medium supplier risks [1].

(1) According to the risk mapping tool used internally.

Agricultural products supply

See subsection 3.3.1 "Nurturing Terroir".

Product & services supply

- Have precise knowledge of the sustainability impacts, supply chain risks, and engage Pernod Ricard key suppliers through collaboration to reduce impact and accelerate improvements.
- Expand Responsible Procurement and Due Diligence process across supply chain with a focus on critical suppliers (high risk and spend).

Pernod Ricard's responsible procurement actions are driven by the following main policies:

- Responsible Procurement Policy, covering all purchases of products and services made by the entire workforce. It is available in English, French, Spanish, Portuguese, and Mandarin;
- Pernod Ricard Procurement Code of Ethics, embedded in the Code of Business Conduct, establishes rules for balanced and healthy relationships with suppliers as well as the basic sustainability principles. It is available in French, English and Spanish;
- sustainability model clauses for contracts, it is available in English, French, Spanish, Portuguese and Mandarin.

(1) Indirect advertising and promotional investments: all expenses related to the advertising and promotion of the Group's brands (expenses such as media, POS items and value-added packaging items (VAP), content production, events, research and analysis reports). Direct purchases: all purchases directly integrated into the composition of the final product (raw materials such as ingredients, glass, caps, etc.).

The Responsible Procurement process applies throughout the Group and is supported by General Management. Each affiliate selects and monitors its suppliers and subcontractors identified as risky, and is therefore responsible for its application.

ACTION PLANS AND NEXT STEPS

Implemented throughout the Group, the Blue Source process allows affiliates to apply the Responsible Procurement strategy locally with their suppliers and subcontractors:

- Supplier Standards: to be signed by all suppliers on the Partner Up platform with the aim of increasing awareness around Human Rights and labour law, health & safety, environmental impact, responsible drinking, integrity and fair business practices. This document has been updated in 2019 and includes commitments such as "Respect Land and water rights of communities", "Environmental regulation", "Animal welfare" and "Tax evasion". Moreover, the Group took this opportunity to raise awareness among its suppliers and invite them to do the same. Both direct suppliers (Wet and Dry Goods) and the main indirect suppliers (POS/VAPs) who do not sign the updated version will see their business relations with Pernod Ricard suspended;
- risk mapping tool for each affiliate to identify which suppliers (Wet and Dry Goods, POS/VAPs) and subcontractors should be assessed first according to set criteria regarding the Company: production or service, size, country footprint, net sales, dependence of the supplier on the affiliate, annual expenditure, critical nature of the product, social, environmental and supply chain risks of the supplier;
- sustainability assessment using the EcoVadis platform and based on four major topics: environment, labour, ethics, and supply chain. Pernod Ricard asks its risky suppliers to be re-assessed every year for high risk suppliers and every two years for medium-risk suppliers in order to identify areas for improvement and to review the effectiveness of their action plans;
- labour and ethical audits following the SMETA (Sedex Members Ethical Trade Audit) standards, in line with the AIM Progress "Mutual Recognition Programme".

Number of suppliers	FY20	FY21
Having signed the Supplier Standards	1,983	1,719
Analysed through the Risk Mapping tool	2,284	1,900
Identified as risky and covered by an EcoVadis assessment	214	220
Identified as risky with production sites covered by an audit	14	108

As far as employee commitment is concerned, Pernod Ricard makes a number of training documents available to inform employees about the Responsible Procurement process of the Group and what actions each employee can take to mitigate risks with their suppliers. For example, Pernod Ricard offers an online learning module covering merchandising. It is designed for Marketing and Communications employees and highlights the risks related to the development and purchasing of promotional products. In addition, training is offered in various formats throughout the year, including telephone calls, workshops and seminars.

The Group will take the following steps:

- request all suppliers, from all categories, to sign the Supplier Standards on Partner Up;
- complete analysis of direct suppliers (Dry and Wet Goods) and key indirect suppliers (POS/VAPs);
- explore partnership plans to engage in a multi-stakeholder programme. Pernod Ricard is already working with Bonsucro, a global multi-stakeholder non-profit organisation to promote sustainable sugarcane production, processing and trade worldwide. The Group is also part of Aim-Progress, a forum of leading Fast Moving Consumer Goods manufacturers and common suppliers, assembled to enable and promote responsible sourcing practices and sustainable supply chains. As a signatory member of the United Nations Global Compact (UNGC), Pernod Ricard also participates in various webinars related to Human Rights, decent work and living wages;
- train Procurement Managers and/or functions on Responsible Procurement processes including labour rights and Human Rights considerations;
- expand Responsible Procurement processes to other key indirect categories.

3.3.2.6 The Bar World of Tomorrow

Policies	Targets	Progress in FY21
2030 S&R Roadmap	• By 2030, train 10,000 bartenders on all aspects of sustainability and responsibility – from fresh ingredient use to responsible serving of alcoholic beverages to waste management.	• In person: 914 at 30 June. • E-learning: 668 at 30 June.

As numerous sectors, the hospitality sector has a role to play in the transition towards a more sustainable and responsible world. To guide bartenders and bar owners in this transition Pernod Ricard has created The Bar World of Tomorrow an in-person and online training course, created in partnership with the Trash Collective and the Sustainable Restaurant Association, available worldwide. The course covers all aspects of S&R – from fresh ingredient use to responsible serving of alcoholic beverages to waste management – directly aligned with the United Nations Sustainable Development Goals (SDGs). It is based on four pillars (ingredients, service, bar and staff) and the 5Rs model: Rethink, Reduce, Reuse, Recycle and Respect.

Online, it is a free e-learning course available to all legal-drinking aged adults and housed on EdApp and UNITAR's (United Nations Institute for Training and Research) EducateAll platform, available in English, French, Spanish, Portuguese, Russian, Polish, Turkish and Mandarin.

In FY20 a toolkit was shared to conduct trainings sessions (in person or video conference), aimed at guiding S&R leaders, brand ambassadors and/or advocacy colleagues to train bar owners and bartenders on the key principles of The Bar World of Tomorrow. All training sessions are reported to local S&R leaders so that they can thereafter share with HQ the number of attendees. In addition, several tools were created to share with participants: Trash Collective Cocktail Recipes, a detailed checklist Bar World of Tomorrow, a responsible service cheat sheet and a "badge" of completion.

3.3.3 Circular Making

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

14 LIFE BELOW WATER

The world's finite ressources are under huge pressure. Pernod Ricard wants to do its part in decreasing the natural resources used and minimising waste at every step of the value chain. This will involve imagining new production ways that optimise and help preserve natural resources.

The traditional single-use consumption model has now reached its limits and new circular models must emerge to protect our planet and natural resources. Circularity is one of the Group's key priorities. To become more circular, Pernod Ricard is committed to moving its business towards a circular making model that fosters reduction, reuse and recycling. Such a shift will allow fewer resources to be consumed, waste disposed of and ultimately reduce Pernod Ricard's environmental impact.

3.3.3.1 Environmental management

Pernod Ricard strives to implement strong environmental management systems throughout the business. They are the cornerstones of the Group' strategy, helping it tackle long-term environmental risks, reduce its environmental impact and seize opportunities at every level. Environmental management systems aim to disseminate the Group's environmental standards throughout the business and incorporate environmental considerations into its management practices. This helps manage risks and transform the business into a more circular model.

Pernod Ricard has environmental management systems to address environmental priorities and implement tangible actions throughout the business activities. Environmental management systems are implemented based on the following principles:

- the Headquarters' Sustainable Performance Division oversees and coordinates measures at Group level by setting shared goals, monitoring performance, circulating guidelines with minimum requirements and sharing best practices. Each Brand Company is required to evaluate its performance against these requirements annually. Where necessary, compliance action plans should be implemented;
- Pernod Ricard's activities, both for the Brand Companies and the Market Companies, must comply with the environmental requirements outlined in the Group environmental guidelines:
  - affiliates are accountable for complying with local legal requirements. They must also report to Headquarters any local incidents or non-compliance,
  - affiliates are accountable for assessing their long-term risks. They must thus identify ways to reduce their own environmental impact and apply the Group's policy locally;
- major production sites are required to be ISO 14001 certified. In FY21, 92.1% of production sites were ISO 14001 certified (covering 99.7% of production);
- Group employees and administrative sites are required to meet the requirements of the "S&R Office" guidelines regarding different topics such as green offices governance, energy, water, waste and business travel.

This year, one environmental incident was reported to local authorities and two complaints received from third parties. This includes all possible potential impact of an industrial site, in particular smells and noise. The events are described below:

- one accidental spillage modifying the biological process of the treatment plant and resulting in COD and pH exceeded legal limits, in Spain;
- one noise pollution complaint in Australia and one odour pollution complaint in Scotland.

A root cause analysis was conducted for all these events and corrective actions plans drawn up.

As of 30 June 2021, no provisions have been funded for environmental risks. Some affiliates had to provide guarantees when applying for operating permits. These are not for specific amounts but ensure the affiliates' solvency to deal with any pollution or other environmental accidents.

3.3.3.2 Climate change: reduction and adaptation

Alignment with TCFD recommendations

Climate change is one of the most urgent challenges facing this generation. Combatting it is a major focus of Pernod Ricard's environmental policy. The Group plans to reduce the CO_2 equivalent emissions generated throughout its supply chain and adapt its business to ensure it is resilient. For greater transparency, Pernod Ricard follows the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

GOVERNANCE

Pernod Ricard has a dedicated governance and organisational structure to ensure that climate change issues are fully incorporated into its strategy. That is why the Sustainability & Responsibility Senior Steering Committee (S&R Senior Steering Committee), chaired by Pernod Ricard's Chairman and CEO, was created. Pernod Ricard also has a dedicated Sustainable Performance team at HQ, responsible for implementing its climate change strategy.

Board supervision: the Board of Directors evaluates the appropriateness of Pernod Ricard's S&R commitments. It also ensures that climate-related issues are incorporated into the Group' strategy through two annual meetings. The Board relies on Pernod Ricard's Operations Department to incorporate climate-related issues into the Group's strategic plans and budgets, in compliance with its strategic guidelines. The Executive Committee, which meets twice a year on S&R topics, prepares, examines and approves all decisions related to sustainability and climate change and submits its decisions to the Board of Directors. The Committee is also tasked with reviewing climate change risks and opportunities assessed by the S&R Department and HQ experts.

Role of management: the S&R Senior Steering Committee shapes Pernod Ricard's approach to climate change, among other sustainability issues. For its part, the S&R HQ Team ensures that the strategy is effectively embedded into processes and practices. The S&R Senior Steering Committee, considered as a Top Management governance body, has nine members. They represent all the Group's functions at the highest level: CEO, Managing Director Global Business Development, EVP Human Resources & Sustainability & Responsibility, EVP Finance, IT and Operations, Chief Sustainability Officer, VP Global Government Affairs, Group Operations Director, Global Marketing & Commercial Director and Group Communications Director. The Committee assesses and manages climate-related risks and opportunities. It creates action plans and oversees the implementation of the strategy by the Operations teams and the Global Business Development functions.

STRATEGY

Climate-related risks and opportunities

Type	Climate-related risks and horizon	Area of business impacted	Potential financial impact and magnitude of impact	Impact on the Group's strategy and financial planning
Transition risks	**Policy and legal**			
	Long-term risk: • Energy and GHG emissions regulations may affect the Group: • directly through its own operations; or • indirectly through its suppliers (especially with respect to glass, alcohol and transportation).	**Operations & Supply Chain**	**Medium impact:** • Regulations may have an impact on direct costs, for instance if the Group had to buy carbon quotas. In Europe, the Group's four largest distilleries are subject to the EU Emissions Trading System (EU-ETS). • There may be indirect impact through increases in the price of raw materials (especially for glass manufacturing, which is an energy-intensive industry).	• Pernod Ricard takes measures to reduce greenhouse gas emissions: • directly at production sites through energy efficiency and renewable energy; and • indirectly with its suppliers and by optimising the logistics chain.
	Reputation			
	Long-term risk: • Consumers may prefer products that are perceived as more responsible, and this could affect Pernod Ricard sales and market share if not anticipated.	**Products**	**Medium impact:** • The Group feels that a shift in consumer preferences might lead to a fall in market share.	• The risk of shifting consumer preferences is factored into Group marketing strategy. For example, Pernod Ricard eco-design policy aims to make the products more sustainable (see subsection 3.3.3.4).

Type	Climate-related risks and horizon	Area of business impacted	Potential financial impact and magnitude of impact	Impact on the Group's strategy and financial planning
Physical risks	**Extreme**			
	Long-term risks: • Extreme variability in weather patterns, such as frost, hail and drought, can affect the supply and quality of agricultural raw materials and, more broadly, their price. For example, price volatility might impact grains and grapes. Wine alcohol content might increase, and different parameters might impact wine quality. • Changes in precipitation patterns can affect the groundwater reserves on which some production sites rely. This may ultimately impact the availability and quality of water.	**Supply chain & Operations**	**High impact:** • The financial implications of agricultural supply chain disruption could be significant. It could lead to higher prices for raw materials.	• To face extreme variability in weather patterns, the Group uses hedging to limit the extent of seasonal volatility due to climate factors and includes environmental factors in its Responsible Procurement Policy and its Procurement Code of Ethics (see subsection 3.3.2.5). • Water management is a significant component of the Group's environmental strategy (see subsection 3.3.3.3).
Physical risks	**Chronic**			
	Long-term risk: • The Group and its suppliers' facilities are exposed to the risk of natural disasters (fire, hurricanes, flooding etc.).	**Supply chain & Operations**	**High impact:** • This risk could lead to the loss of a strategic industrial site. The impact could result in a significant operating loss and therefore a sharp drop or prolonged shut-down in the supply of certain products. This might prevent the Group for meeting consumer demand.	• Implementation of preventive measures and physical protection devices: • audit of industrial sites along with insurers; • establishment of business continuity management systems.
Resource efficiency	**Short-term risk:** • Pernod Ricard's exposure to future energy and tax regulations are accelerating the implementation of energy efficiency programmes at its operational sites as well as in its supply chain.	**Supply chain & Operations**	**Low impact:** • Efficiency programmes can reduce operating costs and provide the Group with a competitive advantage.	• Climate change is an important part of one of the key pillars of the Group's S&R roadmap. The Group will continue to roll-out energy efficiency programmes (see subsection 3.3.3.2). • The lower operating costs are factored into financial planning.

Type	Climate-related risks and horizon	Area of business impacted	Potential financial impact and magnitude of impact	Impact on the Group's strategy and financial planning
Market	**Long-term opportunity:** • Consumers are increasingly looking to sustainable consumption. Developing quality products that respect the environment might encourage them to choose Pernod Ricard's products.	**Products**	**Medium impact:** • The Group felt that this might lead to greater market share.	• This factor is considered in the Group's marketing strategy and environmental roadmap, with a focus on sustainable agriculture practices and eco-design practices (see subsections 3.3.1.1, 3.3.3.4).
Products and services	**Short-term opportunity:** • Higher demand for lower emissions products and services and the incorporation of sustainability concerns are strong drivers to foster innovation and increase market share.	**Product & Services**	**High impact**: • This will generate new product and service offers. The Group felt that this might result in greater market share.	• Innovation and digital are considered strategic priorities; different entities are working on innovative projects.

In case of future acquisitions, divestments or access to capital, significance of climate related risk should be assessed.

RESILIENCE OF THE ORGANISATION

In June 2019, the Science Based Targets (SBT) initiative approved our greenhouse gas emission reduction targets, which are aligned with a below 2°C scenario for our Scope 1 and 2 emissions and the 2°C scenario for target intensity of the Scope 3 emissions.

The Group has started in 2020 a climate-related scenario analysis with a pilot in one affiliate. The objectives were the understanding of climate-related risks impacts on our operations (raw materials, packaging, production and logistics) and the building of a prospective approach for climate-related risks scenarios applicable at Group level.

RISK MANAGEMENT

The identification of climate-related risks and opportunities takes place in the course of the Group's global risk mapping:

- global risk mapping, based on local risks identified by Group affiliates and functional risks identified by the Group's functions, is updated every three years by the internal audit team. This team reports to the Chairman and CEO. It also presents its results to the Executive Committee and the Audit Committee. The Group's major risks are monitored annually;
- environmental risk mapping is based on a multi-criteria mapping tool. Affiliates input the data, which is then monitored at Group level. Affiliates identify and rate environmental risks throughout a product's life cycle based on two criteria: i) severity (including potential financial impact – scored from 1 to 7) and ii) probability (scored from 1 to 5).

In terms of managing these risks, each major risk identified is placed under the responsibility of a Group Director. Environmental risks and their mitigation plans are under the responsibility of the Group Operations Director. The Group's environmental roadmap also draws up environmental action plans for the main environmental risks.

Help reduce climate change

Policies	Objectives	Achievements and next steps
2030 S&R Strategy	Through the new S&R strategy, the Group has set itself ambitious new goals to speed up progress and extend its actions (Scopes 1, 2 and 3), as follows: • by 2030: "net zero carbon" emissions on production sites (Scopes 1 and 2) with a 30% reduction in absolute carbon emission (base year 2018). Reduction is aligned with the below 2°C scenario and will be reviewed next year to be aligned with 1.5°C; • by 2030: 50% reduction in the intensity of the Scope 3 carbon footprint (base year 2018). This reduction is aligned with 2°C scenario and will be reviewed next year to be aligned with 1.5°C; • by 2050, "net zero carbon" emissions for our scope 3; • by 2025: 100% renewable electricity used on production sites and in administrative offices.	• A taskforce has been set up with the main distilleries to identify technologies that will help achieve Scope 1 SBTs. • In FY20, the Group has officially become a member of RE100, a global initiative led by The Climate Group in partnership with CDP which brings together over 300 international companies committed to 100% renewable electricity. The proportion of renewable electricity used is 81% for production sites and administrative offices. • Since FY18, Scopes 1 and 2 carbon emissions have fallen by 1% in absolute value. • Weight reduction for many bottle types has already led to a significant reduction in the carbon footprint from glass. • Discussions will be held with our main suppliers to set carbon reduction action plans regarding Scope 3 emissions. • A reporting tool and process will be designed and implemented to better measure progress towards Science Based Targets.

Pernod Ricard generates carbon emissions in several ways. These contribute to climate change:

- directly, through the use of fossil fuels on sites (Scope 1) and due to the electricity consumed, whose production generates greenhouse gases emissions (Scope 2);
- indirectly, through products (agricultural raw materials, packaging, etc.) and services (transport, etc.) purchased (Scope 3).

To help reduce climate change, the Group follows a two-step approach consisting of:

- assessing its carbon footprint throughout the supply chain to identify priorities;
- implementing relevant measures to reduce direct and indirect emissions, working with production sites, farmers and suppliers.

This year, as part of the acceleration of our carbon reduction roadmap, the Group consolidated projects and reduction opportunities with projected investments to achieve our scope 1 and 2 targets.

Overview of the Group's carbon footprint and energy consumption

Overall performance	Unit	FY18	FY20	FY21
Energy (production sites only)				
Total energy consumed	MWh LHV	1,447,315	1,438,332	1,469,786
Energy consumption per unit (distilled alcohol)	MWh PCI/kl PA	6.22	6.19	6.02
% renewable energy	%	14	13	14
% renewable electricity	%	74	74	83

Overall performance	Unit	FY18	FY21
Carbon footprint			
Direct emissions (Scope 1)	t CO_2e	250,542	265,819
Indirect emissions (Scope 2)	t CO_2e	47,429	29,178
Direct and indirect emissions (Scope 1 + Scope 2)	t CO_2e	297,971	294,998
All other indirect emissions (Scope 3)	t CO_2e	2,829,724	2,887,407
Group Carbon footprint (Scopes 1, 2 and 3)	t CO_2e	3,127,694	3,182,405
Carbon emissions intensity at production site level (Scopes 1 and 2)	t CO_2e/kl PA	1.28	1.21

Overview of the relevant categories of the Group's carbon footprint

Pernod Ricard's overall carbon footprint shows that across the entire value chain:

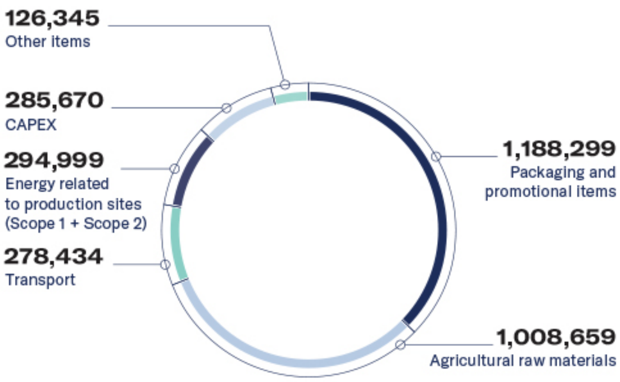
- 37% of emissions are generated by the production of packaging (mainly glass) and POS materials; and
- 32% comes from the production of agricultural raw materials.

Then come the emissions from:

- transportation (9%);
- energy used on production sites (Scope 1 and Scope 2) (9%);
- acquisition of fixed assets (9%); and
- other activities such as business travel (4%).

This year, the Group's carbon footprint has been reviewed due to methodological changes (update of dry goods emission factors and a new transportation calculation methodology). The FY18 baseline year is adjusted to reflect any significant changes such as acquisitions, divestments, updates of CO_2e emission factors and any calculation methods.

BREAKDOWN OF GROUP CARBON FOOTPRINT BY CATEGORY



PACKAGING AND POS MATERIALS

Packaging and POS materials are the most carbon-intensive activity in Pernod Ricard's value chain. To reduce their carbon impact, the Group focuses on enhancing the eco-design of its packaging (reducing its weight and increasing recycled content) and working with suppliers to reduce CO_2 emissions generated during their manufacturing process (see subsection 3.3.3.4 "Circular packaging and distribution").

AGRICULTURE PRACTICES

Agriculture is the second most carbon-intensive activity in Pernod Ricard's value chain. Pernod Ricard's products inherently rely on agriculture. Establishing and helping improve agricultural practices is therefore a strategic priority for the Group.

On its own land, the Group promotes regenerative agriculture, which can help capture carbon in the soil. Moreover, the Group works with agricultural suppliers to establish preferred standards for each crop. The goal is to identify the best way of reducing greenhouse gas emissions for each crop.

TRANSPORT

Pernod Ricard seeks to optimise land transport by improving vehicle loading, adjusting schedules and using more efficient vehicles. In the US, the Group is also a member of Smartways Association, which aims to reduce land transportation emissions. In Europe, the Absolut Company is a member of the Clean Shipping Project.

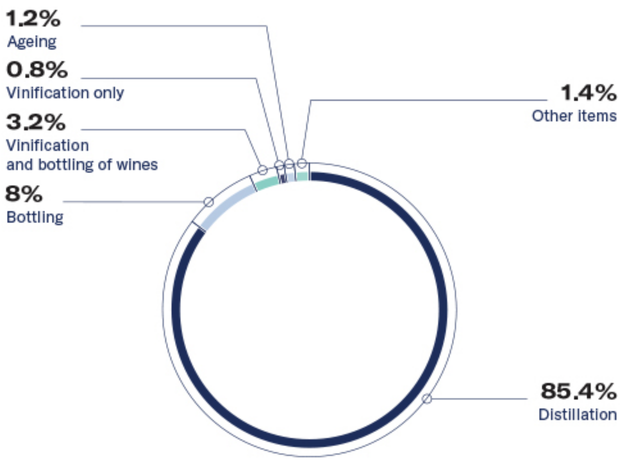
PRODUCTION SITES

On production sites, the Group is working on two fronts: i) improving energy efficiency and ii) using less and less carbon-intensive energy. To encourage such transitions, the Group has introduced an internal carbon price of €50 per ton of CO_2 equivalent for investments.

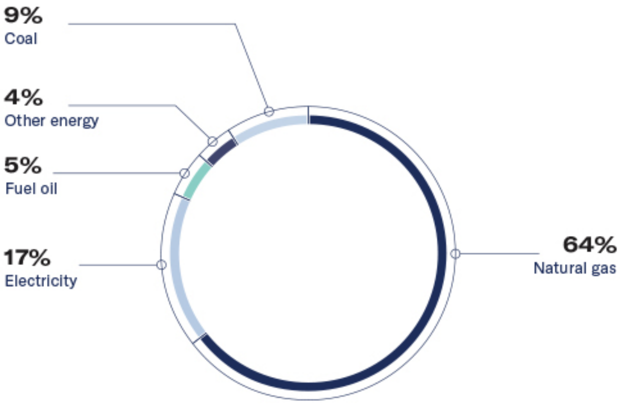
Operationally, production sites must improve energy efficiency through continuous monitoring of energy consumption and in-depth energy assessments. The idea is to set energy-efficiency targets and launch consumption reduction programmes (*i.e.*: renewal of processes, technologies, etc.). Several large sites have implemented ISO 50001 certified energy management systems.

Moreover, the Group is working to replace fossil fuel energy sources and plans to only use renewable electricity by 2025. This year, Scope 1 (direct CO_2 equivalent emissions) increased by 4.1% in line with the 5% increase in production volumes. Scope 2 (indirect CO_2 equivalent emissions) remains stable with 29,178 tonnes compared to 29,557 tonnes last year due to an increase in renewable electricity sourcing. In terms of carbon intensity, this represents a 1.4% fall per unit between FY20 and FY21 for Scopes 1 and 2 carbon emissions. This is due to an improvement in energy efficiency of our activities after Covid-19 crisis.

BREAKDOWN OF ENERGY CONSUMPTION BY ACTIVITY



SOURCES OF ENERGY USED BY THE PRODUCTION SITES



OTHER EMISSIONS CONTRIBUTING INDIRECTLY TO CLIMATE CHANGE INCLUDE :

- Emissions from cooling gases, some of which are harmful to the ozone layer. Some of these gases also increase the greenhouse effect. A programme to eliminate the most environmentally harmful refrigerant gases has been ongoing for numerous years. This has resulted in the complete elimination of CFCs and a continuous reduction of HCFCs.
- Nitrogen and sulphur oxide emissions (NO_x and SO_x) contributing indirectly to the greenhouse effect and environmental acidification. These compounds are produced by fossil fuel combustion. As emissions of these atmospheric pollutants are low in the alcoholic beverages sector compared to worldwide emissions, they seem to have no material impact on Pernod Ricard. The Group does not therefore feel it needs to monitor such emissions on an annual basis. The major distilleries nevertheless ensure that they comply with legal limits on the discharge of such pollutants.

3.3.3.3 Preserve water resources

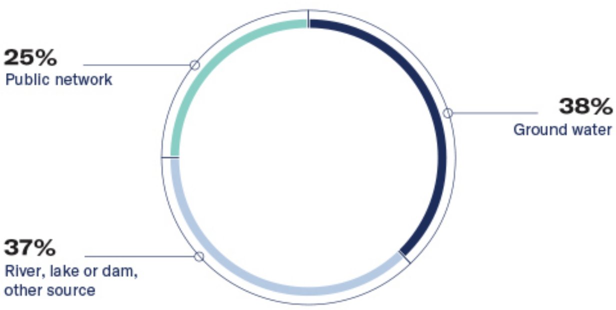
Water is an essential component of the products manufactured by Pernod Ricard. From irrigating crops to processing raw materials, distilling, blending *eaux-de-vie* and formulating products, water is involved in every stage of the product's life cycle.

The Group thus faces several challenges. It must i) reduce water consumption, particularly in areas with shortages, ii) preserve water quality by monitoring pollutants released by production sites, and iii) fully comply with evolving environmental regulations. Pernod Ricard has been a member of the UN CEO Water Mandate since September 2010, thereby reaffirming its commitment to protect the planet's water resources.

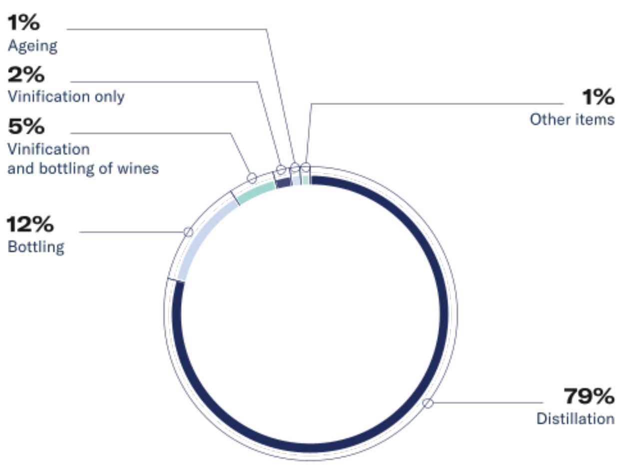
Policies	Objectives	Achievements and next steps
2030 S&R Strategy	• Further reduction in water use by 20% from FY18 to FY30. • 100% of water replenished in watersheds with same level of risk for our production sites and dedicated copackers located in high risk areas. • Exploring innovative ways to reuse organic waste.	• Since FY18, water consumption per unit produced has been reduced by 8.3%. • In FY20, production sites have identified water reduction opportunities based on best available technologies per activity (distillation, wineries, bottling…). This will feed into defining water use excellence targets for each site. • This year, 53.2% of the total water used in high-risk locations has been replenished. • The Group will identify wastewater treatment opportunities and engage research on innovative waste treatment solutions with the Paul Ricard Oceanographic Institute.

Production sites water consumption and performance

ORIGIN OF THE WATER CONSUMPTION BY INDUSTRIAL SITES (%)



BREAKDOWN OF WATER CONSUMPTION BY ACTIVITY



To reduce direct water consumption at production sites, the Group focuses its efforts on two main drivers: i) setting up systems to measure and monitor water use, and ii) identifying measures to save, reuse and recycle water. This year, the return to normal for activities after the Covid-19 impact and a continuous improvement in water efficiency measures led to a reduction of 5.3% in water use per litre of pure alcohol produced in distilleries, down by 5.3% compared to last year.

This year, the Group consolidated the water reduction roadmaps from the main contributing affiliates and identified associated investment plans to reach 2030 targets.

Throughout the value chain, the drip irrigation technique is used in all irrigated vineyards operated by the Group. This reduces the water used to what is strictly necessary. Moreover, given the predominance of agricultural raw materials in Pernod Ricard's water footprint, the Group works locally with the affiliates' suppliers to establish sustainable agriculture standards that minimise water consumption (see subsection 3.3.1.4 "Impactful programmes on regenerative agriculture and biodiversity").

Water resource preservation strategy tailored to meet local challenges

Because water resources are unevenly distributed, risk levels vary depending on the location of the Group's production sites and dedicated co-packing activities. To better understand and identify priorities, sites have been categorised as extremely high risk, high risk and low-medium risk, using an internal Water Risk Index. The Group aims to replenish the water used by its sites located in high-risk areas through local projects to preserve the water ecosystems. This led to support watershed management by improving access to safe water and sanitation, promoting sustainable water use and integrating water resources management among communities.

Area's risk level	Pernod Ricard situation
Extremely high risk	• Eight company-owned sites (India, Armenia, Mexico and China). • 8.2% of the Group's total water consumption.
High risk	• Seven company-owned sites (Armenia, Australia, Spain and France). • 5.9% of the Group's total water consumption.
Medium risk	• 26 company-owned sites. • 8.4% of the Group's total water consumption.
Low risk	• 48 company-owned sites. • 77.5% of the Group's total water consumption.

Seven Indian dedicated co-packers are located in high-risk areas and are concerned by the Group water resource preservation strategy.

The water resource preservation strategy has been launched on sites located in "extremely high risk" and "high-risk" areas. PR India have already implemented water projects in their watersheds. They are actively engaged with communities through the development of water replenishment projects in order to support water conservation and also provide or improve access to safe water and sanitation. Other sites are in the process of finding a project partner and investigating water project options. The methodology used to calculate water returned to the environment for each project must be verified by a third party.

Treatment of waste water

To reduce the pollutants released into the natural environment and make sure that the water discharge by production sites does not damage surrounding ecosystems or other natural resources, production sites are fitted with different technologies such as aerobic, anaerobic treatments, filtration, etc., depending on waste water quality requirements. The Group will also explore innovative projects for treating this waste water.

This year, 77% of waste-water was discharged into a public sewerage system, 17% was discharged into the environment following treatment, and 6% was recycled for vineyard irrigation.

Overall performance	Unit	FY18	FY20	FY21
Total volume of water used	m^3	6,008,142	5,810,414	5,781,472
Total volume of water abstracted	m^3	25,195,334	22,118,588	22,752,799
Total volume of waste water released	m^3	4,390,900	4,281,165	4,266,566
Water consumption per unit produced at production sites	m^3/kl PA	25.82	24.99	23.68
Chemical oxygen demand (COD) released into the natural environment	t	926	877	885

3.3.3.4 Circular packaging and distribution

The environmental impact of the Group's activities begins with the design of the products, packaging & POS and continues throughout their life cycle.

The packaging and POS development phases represent a key lever to minimise waste and reduce the Group's environmental footprint. For this reason, Pernod Ricard adopts eco-design principles when designing new packaging and POS and ensures that it can be used sustainably. It also participates in local packaging collection and recycling schemes to address packaging end of life.

Our vision is for Pernod Ricard to be recognised as a pioneer in sustainable packaging & POS, contributing to setting the standards within the industry.

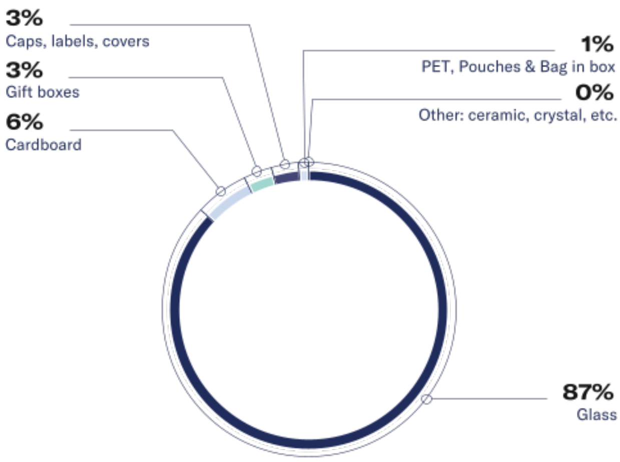
Policies	Targets	Achievements in FY21
2030 S&R Roadmap	**PACKAGING** • From 2022, 100% of new projects development will demonstrate environmental impact reduction. • By 2025, 100% of packaging will be reusable, recyclable or compostable. • By 2025, post-consumer recycled content for glass will reach 50% and 25% for PET and 100% of cardboard will be certified to standards ensuring sustainable forest management. • By 2030, the Group will pilot five R&D projects on circular distribution of Wines & Spirits. • By 2030, launch initiatives to support recycling in 10 key markets. **PROMOTIONAL MATERIALS** • By 2021, 100% of single-use plastic point-of-sale items will be banned. • By 2030, 100% of POS spend will be reusable, recyclable or compostable.	• In FY21, the Group built "EcoPack" tool assessing conformity to the internal sustainable packaging guidelines. This tool will measure the percentage of recyclable packaging as well as projects demonstrating impact reduction when it will be completed by all our brands (expected FY23). • PET post-consumer recycled content is estimated to 16%. • 55% of cardboard is certified to standards ensuring sustainable forest management. • This year, the Group did a feasibility study on a circular pilot in Asia on-trade to be launched FY22. • 10 markets have been identified: India, USA, Canada, China, France, Brazil, Spain, Russia, South Africa and Poland. And a workshop was held to identify potential projects with key partners such as suppliers. • 100% of promotional items made from single use plastic have been banned. • 96% of promotional materials are reusable, recyclable or compostable for our key markets (scope 32 affiliates).

The internal sustainable packaging and POS guidelines frame our ambition for circular packaging & POS. They are based on five eco-design principles rethink, reduce, reuse, recycle, and respect each being correlated to our targets.

Eco-design Principles	Definitions	Achievements examples over the past years
Rethink	• Think out of the box to challenge the need for each packaging components and POS and explore new circular solutions.	• All single use plastic promotional materials have been banned. • Perrier Jouët developed a reused version of its electronic labels so that waste are minimised and the glass bottles can be recycled.
Reduce	• Optimise the design to reduce size and weight. Limit the number of items, nothing unnecessary.	• Lillet reduced glass weight of its bottle by 18%.
Reuse	• Move away from single-use to keep packaging and POS refillable and reusable as long as possible. POS should be designed to be reused for the same purpose.	• Imperial Blue and Royal Stag bottles in India are being collected from bar and restaurants before being washed, refilled and reused by consumers.
Recycle	• Design packaging & POS with a recyclable mindset: using mono-materials when possible and avoiding non-separable material solutions, choosing recyclable materials only and checking if there is a recycling collection bin for this item in the main markets of use and existing recycling infrastructure.	• Over 95% of the Group's primary and secondary packaging (by weight) is made from material recyclable at scale (Glass, Carboard, PET).
Respect	• Ensure materials are responsibly sourced, with recycled content and sustainable origins.	• Absolut increased the percentage of recycled glass in its glass bottles up to 50%. • Perrier Jouët developed a gift box with 100% FSC certified fibers.

Glass and cardboard are the main materials used. Production of packaging and promotional items account for 37% of the Group's carbon emissions (see subsection 3.3.3.2). Plastics account for less than 5% of our primary packaging and we strive to limit the quantities we used on the different markets. Our commitments to the New Plastics Economy of the Ellen MacArthur Foundation's plays a key role in minimising the plastic we use.

BREAKDOWN OF THE WEIGHT OF PACKAGING



Participation in systems for the collection of packaging in support of recycling and reuse

Most packaging waste produced by the Group's activities is generated after final consumption of products. The key issue is therefore to improve waste sorting solutions for consumers so that packaging can be recycled or reused. Pernod Ricard has set up or joined various programmes worldwide to improve recycling or reuse packaging:

- Europe: Group contribution of around €10 million to national schemes designed to improve the collection and recycling of domestic packaging, including glass;
- United States: it joined the "Glass Recycling Coalition" to foster efficient and economically viable recycling channels by involving all players in the chain (glass manufacturers, bottlers, recycling service providers, etc.);
- Brazil: joined the "Glass is Good" project, whose purpose is to increase the glass recycling rate by involving all sectorial players.

This year, the Group also identified 10 key markets (India, USA, Canada, China, France, Brazil, Spain, Russia, South Africa and Poland) where projects will be developed with local partners to increase glass collection, recycling and reuse.

3.3.3.5 Reduce waste

Limiting waste throughout the production chain and at the end of product life is an integral part of the Group's circular economy approach. Pernod Ricard is committed to minimising waste disposal and maximising the recycling and reuse of its products. Pernod Ricard's policy is focused on limiting food waste and eliminating landfill waste, ensuring all waste generated on industrial sites is recycled.

Policies	Objectives	Achievement in FY21
Waste management ambition	• Zero waste sent to landfill at production level.	• 147 tonnes of waste sent to landfill this year, 74% reduction compared to FY20.

Limiting of food waste

The Group takes steps to minimise food waste throughout its value chain:

- upstream agriculture: reducing food waste by reusing by-products from the production of certain foods. For example, broken rice in India or sugarcane molasses in Cuba, to produce alcohol. Moreover, in developed countries, where most agricultural raw materials used by the Group are sourced, the quality of infrastructure plus short supply routes prevent products such as cereals from perishing. As for grapes, musts or wine, they are delivered directly to the Group's wineries by producers, limiting supply chain losses;
- production sites: focus on recycling waste generated through the transformation of raw agricultural materials (spent grains, vinasse and grape pomace). The majority of waste is recycled to make animal feed, biogas, farm compost or used for other industrial purposes;
- consumer level: waste generated is very low since wine & spirits can be kept for a long time, and the packaging is designed to last until the product is fully consumed.

Reducing waste and improving recycling on industrial sites

The production sites mostly generate non-hazardous waste (99% of total waste *vs.* 1% hazardous waste):

- non-hazardous waste:
  - packaging waste (glass, paper, cardboard and plastics),
  - waste from the transformation of agricultural raw materials not recovered as by-products (grape marc, stalks, sediment, etc.),
  - waste produced by the site's activities (sludge from treatment plants, office waste, green waste, etc.);
- hazardous waste: waste used for the sites' operation (chemical product containers, used oils, solvents, electrical and electronic waste, neon tubes, batteries, etc.).

The Group's aims at moving towards zero landfill waste. To achieve this goal, the affiliates will pursue efforts to reduce the quantity of waste generated and identify recycling and recovery processes. For hazardous waste requiring the use of a specific treatment process to prevent environmental risks, the Group will continue to identify appropriate treatment processes locally.

Key Performance Indicators

Overall performance	Unit	FY20	FY21	FY20-FY21
Total quantity of waste [(1)]	t	31,843	36,687	+15%
Quantity of waste recycled	t	30,218	35,161	+16%
Quantity of waste incinerated	t	1,068	1,380	+29%
Quantity of waste sent to landfill	t	557	147	-74%
% of solid waste recycled	%	95	96	+1
Quantity of waste sent to landfill per litre of finished product	g/L	0.58	0.14	-76%
Quantity of hazardous waste treated externally	t	344	410	+19%

(1) It should be noted that this figure represents the volume of waste collected but not necessarily the amount of waste generated throughout the year. This is because, although small in quantity, this waste is most often stored on site for a certain time. In addition, this waste may also be generated during ad hoc cleaning operations. For these reasons, this item is not strictly speaking a performance indicator for the current year.

This year, the total quantity of waste sent to landfill has sharply decreased from 557 to 147 tonnes, a significant reduction compared with 10,253 tonnes in FY10. This is the result of our Group campaign towards zero waste to landfill implemented across all production sites, with noticeable improvements this year in affiliates such as PRW New Zealand and PR France.

3.3.4 Responsible Hosting

3 GOOD HEALTH AND WELL-BEING

17 PARTNERSHIPS FOR THE GOALS

Pernod Ricard believes that its products bring people together and have a valuable place in society. However, the Group also acknowledges that alcohol can be misused, and that inappropriate consumption of alcohol can cause serious problems to individuals and communities. The Group believes it has a role to play in preventing and reducing the harmful use of alcohol. Pernod Ricard is committed to promoting responsible alcohol consumption and combating harmful drinking – working with stakeholders to achieve real change and continuously developing and strengthening its responsible marketing practices.

Pernod Ricard is not alone in promoting responsible drinking. Partnerships with other industry members, governments and local communities are essential to success in this area. Positive change can only be achieved in unison with others, with one collective voice.

Responsible Drinking Roadmap

Pernod Ricard is committed promoting responsible drinking and reducing the harmful use of alcohol. The Group fully supports the World Health Organization's (WHO) goal of reducing harmful drinking by 10% worldwide by 2025. Pernod Ricard however does not believe that an across the board cut in average per capita consumption is supporting public health needs: indeed, the pursuit of such a strategy in the past has led to a decrease in consumption amongst moderate drinkers without any meaningful impact on those that drink at harmful levels. For this, the Group has a Responsible Drinking strategy focusing on tackling harmful abuse of alcohol.

The Group's roadmap encompasses a wide range of initiatives targeting its employees, consumers, target audiences and society as a whole. The set of tools varies from in-house trainings and self-regulating standards to communication campaigns and evidence-based prevention programmes. By using this all-round approach, the Group aims at finding the most efficient ways to fight the harmful abuse of alcohol for each target group and context specific to each market.

The strategy is fully aligned with the Group's "Créateurs de convivialité" vision as there is no conviviality in excessive or inappropriate drinking. Adult consumers must make responsible choices about whether or not to drink alcohol, and how much to drink. It is also aligned with its premiumisation strategy. The Group wants adult consumers to consume better and high-quality products, not increase their overall alcohol consumption.

The Alcohol in Society team within the Public Affairs Department coordinates the Group's Responsible Hosting strategy which is implemented through the network of S&R and Public Affairs leaders.

Pernod Ricard is a member of the International Alliance for Responsible Drinking IARD [(1)], a non-profit organization regrouping leading global beer, wine & spirits producers to fight the harmful use of alcohol. The Group supports IARD's commitments on digital marketing, commercial practices and a series of measures to combat underage drinking (more information below).

3.3.4.1 Responsible drinking programmes and campaigns

Objectives and policies

Pernod Ricard continues its efforts to reduce the harmful use of alcohol through evidence-based prevention programmes. These initiatives are implemented locally by its affiliates, in partnership with industry peers, civil society, international bodies and local authorities.

The Group's brands support this commitment by developing dedicated responsible drinking campaigns to promote responsible drinking behaviours amongst its consumers.

Local initiatives

Pernod Ricard believes that targeted preventive actions rolled out locally are an effective way of tackling alcohol abuse to make alcohol consumption a safe and enjoyable experience. Each affiliate/market is committed to contributing to at least one responsible drinking programme or campaign, in partnership and evaluated to demonstrate real outcome from their actions.

(1) For more information, visit https://www.iard.org/

In May 2020, the Alcohol in Society Department developed a toolkit on how to evaluate the impact of its responsible drinking initiatives in order to have more evidenced based programmes and campaigns. This toolkit aims at helping affiliates evaluate the responsible drinking initiatives, from choosing the right evaluation partner to measuring the reach and impact.

Unfortunately, the Covid-19 pandemic has had a dramatic impact on the performance of this KPI. Many responsible drinking initiatives have been put on hold, postponed or stopped altogether. All initiatives that required on-site presence – such as educational programmes, on-trade awareness campaigns, or student responsible parties' activations – could not be repeated. In some instances, resources dedicated to responsible drinking have been channelled to Covid-19 support initiatives. This crisis has also impacted the way prevention is being made, with a clear focus on digital tools and the need to mutualise resources across countries.

Global initiatives

Responsible Party

Policies	Targets	Progress in FY20	Progress in FY21
2030 S&R Roadmap	• By 2030, Pernod Ricard will expand the concept of Responsible Party worldwide, reaching 3 million young adults on the field, and 30 million online by 2025.	• 470,000[1] young adults reached on the field and 2.7 million young adults digitally at 30 June.	• 470,100 young adults reached on the field and 6 million young adults digitally at 30 June.

Although due to the current pandemic, the Responsible Party programme has not been able to operate at on the field events throughout 2021, Responsible Party has remained present on digital through the Sharing Good Vibes campaign until December 2020, which cumulated 6 million visitors since its launch in April 2020. In July 2021, a new campaign currently under development will be launched.

Other digital tools have also been developed such as the Responsible Party website [2] and the "Responsible Party, Make Good Times Unforgettable" e-learning platform created with EdApp. The platform currently counts 672 users and this is growing. The Responsible Party programme has continued its efforts with the Erasmus Students Network (ESN) through social media to encourage participation in this e-learning (through targeted quizzes and competitions).

Towards the end of the year, with improvement in the sanitary situation, Responsible Party was able to host the partnership renewal event in Brussels on 24 June. This was the first physical event in 18 months that brought together 100 young adults from Europe for a conference and responsible celebration. The event was in partnership with ESN and HOTREC (European association of Hotel, Restaurants, Bars and Cafés) and promoted safe togetherness through a signed declaration. The declaration was launched during the event and was a demonstration of solidarity between the three signing partners, expressing their willingness to move forward together in a safe and responsible way. It has also been signed 32 times since the event by both organizations and individuals and continues to be available online and to amass support.

Autosobriety

This year, Pernod Ricard has partnered with the United Nations Institute for Training and Research (UNITAR) for the implementation of the Autosobriety training programme. Autosobriety aims at equipping road safety stakeholders with educational tools in order raise awareness on the risks of drinking and driving and contributes to the prevention and reduction of alcohol-related road crashes.

The overall objective of Autosobriety is to contribute to the UN Global Road Safety Performance Target #9 to halve the number of alcohol-related road traffic injuries and fatalities by 2030.

Autosobriety's main asset is a digital educational module covering four topics: road crash statistics, the impact of alcohol on the ability to drive and relevant risks, the legal ramifications of drinking and driving and the personal responsibility to avoid drink-driving. In addition, an augmented reality video was developed to simulate the effects of alcohol on driving and the increasing risks of road accident.

The project was tested as a pilot project this year in the Durban province of South Africa, coordinated by the International Training Centre for Authorities and Leaders (CIFAL Durban), and in the Dominican Republic, coordinated by the National Institute of Ground Transit and Transportation (INTRANT). In both countries, the first phase of the programme was implemented, targeting primarily at government officials and municipality workers. At a next stage, the programme is planned to reach final road users with a target of 5,000 beneficiaries in each market.

Brand campaigns

Pernod Ricard believes that marketing can be a force for good, bringing social value and helping consumers to adopt a responsible behaviour regarding alcohol. Brands know how to talk to consumers and their campaigns can be an effective way to change their attitudes and make alcohol abuse socially unacceptable.

Over the past 18 months, we have seen Absolut Vodka engaging in responsibility campaigns. The campaigns "Drink Responsibly. Sex responsibly" (February 2020) and its sequel "Drink Responsibly. Love Responsibly" (February 2021) addressed the topics of responsible drinking and safe consensual sex, as well as love in times of lockdown. Together with the campaign "Drink Responsibly. Vote Responsibly" (November 2020), which encouraged US citizens to prioritise voting in the US elections and to save their drinking until after their voting, these three campaigns reached more than 80 million consumers in the US. Absolut Vodka has also taken a stance against drinking and driving in Argentina through its campaign "Absolut Nothing".

(1) *Cumulative figure since the launch of the programme in 2009.*
(2) *https://www.responsible-party.com/*

Action plans and next steps

Learning from the Covid-19 pandemic, the Group will be rethinking the way we can optimize our responsible drinking programmes and campaigns, to better reflect today's digital context and affiliates' needs. With Covid-19 conditions progressively improving, Pernod Ricard expects its affiliates to resume or continue their local engagement, notably through more global tools such as those described below.

Responsible Party, through the tagline "Make Good Times Unforgettable" will be continuing its activities on the field and on social media for the next year, notably launching a new bold and disruptive campaign: "Drink More (Water)". This prevention campaign will be launched on a global level and also locally in countries across the world. This campaign will be launched from mid-July 2021 and will run over a few months. Evaluation metrics will be put in place to measure not only the reach and engagement around the campaign on social media but also to measure the impact and success of the messaging.

On the field, Responsible Party will continue to strengthen the relationship with ESN, whilst also seeking new partners and opportunities, such as festivals, where the programme can continue to co-create safe and responsible events and share messages of responsibility around binge drinking.

Pernod Ricard has renewed its partnership with UNITAR and expects to expand Autosobriety in no less than eight new countries in the next two years.

The strategic brands of the Group have taken the commitment to roll out responsible drinking campaigns over the five next years.

3.3.4.2 Responsible marketing

Objectives and policies

Pernod Ricard believes that strong self-regulation is effective in meeting the ethical expectations of consumers and stakeholders in a rapidly changing media landscape while at the same time building brand equity. Going beyond the Advertising and Marketing Communications Code of the International Chamber of Commerce, Pernod Ricard's Code for Commercial Communications (CCC) ensures that the Group's commercial communications in particular do not encourage or condone irresponsible consumption or misuse of any kind.

Pernod Ricard is also committed to being an industry leader in helping raise the standard for responsible marketing of alcoholic beverages. A special focus is put on digital marketing. In 2014, IARD partnered with social media platforms to establish the Digital Guiding Principles. The Group immediately extended the scope of its CCC to require that all online marketing meet the same high standards as traditional marketing.

In 2020, the Group updated its CCC, strengthening all guidelines (provision mandating models shall be over 25 years old and shall meet certain requirements) and adding guidelines in 2021 for product placement to keep raising standards.

Policies	Targets	Progress in FY20	Progress in FY21
2030 S&R Roadmap	• 95% compliance with IARD Digital Guiding Principles by 2024. • 100% completion rate for the e-learning (2) for the Code for Commercial Communications.	• 73% based on external audit. • 66%.	• 89% based on internal monitoring (1). • 75.3%.

(1) The Digital Guiding Principles' external audit run in 2020 was based on 14 affiliates, the internal monitoring run in 2021 was based on 64 affiliates.

(2) In order to ensure maximum compliance with the Code, it has been translated into eight languages and e-learning is mandatory for more than 2,000 employees in the following functions: marketing, public affairs, communication, legal and S&R as well as some commercial functions (trade marketing and retail excellence).

Responsible Marketing Panel (RMP)

Created in 2005, the RMP is responsible for ethical oversight of advertising, in charge of screening all advertising material due to be rolled out. It counts six members and a secretary general, all independent from the Marketing Department. The RMP reports to the Executive Committee on a monthly basis. Two members of the Executive Committee act as sponsors and are also consulted on any changes to the CCC or the drafting of implementing guidelines.

All commercial communications must be submitted to the RMP which issues an opinion within seven days. All decisions are taken collectively by RMP members and are binding for everyone in the Group.

In case of doubt about a campaign submitted for approval, the RMP has the right to request an opinion from the local or regional advertising regulatory authorities in the relevant markets.

The Panel provides one of the following three opinions on each campaign or element of a campaign submitted:

- campaign approved with no restrictions;
- campaign approved subject to modifications;
- campaign rejected (in this case it must be re-submitted).

Due to the pandemic it was not possible to train all affiliates on the CCC but trainings were delivered to 265 people from various affiliates, brand houses and innovation hubs.

Action plans and next steps

With the implementation of the Pernod Ricard CCC, the Group will continue to deliver a Convivialité brand experience and responsibility in compliance with industry commitments and advertising authority requirements.

Guidelines for new types of Marketing are under preparation in order to confer the maximum compliance with the Group's highest standards for Responsible Marketing.

3.3.4.3 Responsible e-commerce

Objectives and policies

As a part of the Group's efforts to combat underage drinking by ensuring that its products are not sold or delivered to intoxicated people, the Group took a very active part in drawing up the IARD global standards for online alcohol sales and delivery [(1)].

These global safeguards mark the first world coalition to prevent the online sale and delivery of alcohol to underage individuals and to reduce harmful consumption of alcohol among adults.

The Group has shared these standards with the affiliates involved in e-commerce.

Action plans and next steps

This year, the Group will verify the implementation of these standards on its own online sales platforms.

Pernod Ricard will continue to work with its peers and e-commerce partners to roll out the global e-commerce standards in order to ensure the responsible sales of its products online.

3.3.4.4 Responsible experiences

Objectives and policies

As a responsible host, Pernod Ricard wants to offer its guests safe experiences when enjoying its products. To this end, the Group released in November 2020 new global events guidelines for more sustainable and responsible events, with an emphasis on the responsible service of alcohol.

Alongside the guidelines, Pernod Ricard has developed a training on the responsible service of alcohol that is mandatory for all event organizers, agencies and staff attending an event. The training is articulated around the basics on alcohol, the organization of a responsible event, and responsible serving.

Policies	Targets	Progress in FY20	Progress in FY21
2030 S&R Roadmap	• Best responsible drinking practices will be put in place in our brand homes and at our events (2023).	• On track.	• On track.

Action plans and next steps

Pernod Ricard will be working with its brand homes' network for an enhanced commitment on responsible drinking. It includes harmonized best responsible drinking practices for all brand homes and an internal certification system that will be put in place in FY22 to ensure brand homes' compliance with the responsible drinking guidelines.

3.3.4.5 Consumer information

Objectives and policies

Pernod Ricard is committed to providing quality information to its consumers, advising them when to avoid drinking alcohol and how to consume alcohol responsibly, as well as providing them with information on the ingredients and the nutritional value of its products.

Policies	Targets	Progress in FY20	Progress in FY21
2030 S&R Roadmap	• By 2022, at least 66% of the volume of Pernod Ricard's products marketed in the EU will carry the energy information on the label and will provide the ingredient and other nutritional information online.	• 45% of volumes.	• 73.1% of volumes.
	• By FY23, an age restriction logo and a logo warning against driving while intoxicated will have been added to our labels, wherever it is doable accurately and legally.	• None.	• None.

(1) *https://iard.org/getattachment/fe5dcff9-6306-4172-9622-5f031c95585c/global-standards-for-online-alcohol-sales-and-delivery.pdf*

Pernod Ricard is committed to implementing the Memorandum of Understanding (MoU) signed in 2019 by spiritsEurope and the European Commission for the voluntary communication of the ingredients and nutritional information of products for sale in the EU.

This year, at least 73% of the volume of Pernod Ricard's products marketed in the EU carried the energy information on the label and will provide the ingredients and other nutritional information online – against the initial target set in the MoU of 50% by end December 2021 and no less than 66% by December 2022.

Pernod Ricard has also decided to go beyond Europe and to progressively implement this commitment for all products in its portfolio distributed worldwide, wherever the communication of such information is not restricted by local laws or regulations.

The MoU provides for the sharing of the ingredients and the full nutritional information online. In addition to providing such information on its brands' websites, Pernod Ricard works closely with the European industry bodies and stakeholders on the creation of a digital label that would offer European consumers immediate access to all relevant information through their smartphone.

This year, Pernod Ricard and its peers of the IARD have announced that they will ensure that an age restriction logo and a logo warning against driving while intoxicated will be visible in all markets where they distribute their products by 2024. The Group has decided to add both logos to all its products distributed around the world – where not restricted by local laws and regulations, alongside the logo warning against drinking during pregnancy that Pernod Ricard has been applying to its labels since 2006. Pernod Ricard will be implementing this commitment gradually from 2021, not waiting for the 2024 deadline.

Action plans and next steps

Pernod Ricard will work with European industry bodies and stakeholders to put in place a digital label to offer consumers immediate access to all relevant information.

Pernod Ricard will start implementing immediately the age restriction logo and a logo warning against driving while intoxicated.

3.3.4.6 Employee engagement

Objectives and policies

Pernod Ricard's employees are the first and best ambassadors for responsible drinking. The Group enlists its employees worldwide with the common goal of reducing the harmful use of alcohol and promoting moderate responsible drinking, both internally and externally.

Policies	Targets	Progress in FY20	Progress in FY21
2030 S&R Roadmap	• By 2021, train 100% of employees* through the MOOC on alcohol and responsible drinking.	• 40% of employees[1] trained at 30 June.	• 90% of employees* trained at 30 June.

(1) Active workers with professional devices.

Pernod Ricard has developed a digital training on alcohol and responsible drinking, translated into 21 languages and launched in April 2020. This training gives basic information on alcohol related risks, so that employees know the facts about alcohol and can make an informed decision whether to drink alcohol or not and how to drink responsibly.

This training has been made compulsory for all the Group's employees worldwide. The Group has nearly reached its target of training 100% of its active employees. The 10% gap is mainly due to the difficult work conditions this year and the difficulty to reach out to some employees during the lock-down in many countries this year.

The training embeds the Group's new Global Responsible Drinking Charter. The Group expects all employees to comply with this Charter as a breach could present a risk to health and safety of employees and third parties. When completing the training, each employee reads, acknowledges and signs the Global Responsible Drinking Charter. In addition, the affiliates implement local responsible drinking charters that include local norms and regulations.

Pernod Ricard also launched an awareness campaign during the pandemic for its employees, to promote responsible drinking in these times of pandemic and confinement.

Action plans and next steps

Pernod Ricard will continue to train its employees on responsible drinking, and to enrol them as ambassadors of responsible drinking through their acknowledgement and signing of the Global Responsible Drinking Charter.

Pernod Ricard will also develop a targeted training on responsible drinking for sales staff. Being on the frontline of the business, sales teams might face challenging situations relating to the consumption of alcohol. Their health and safety should always come first, so throughout this training the sales teams will learn how to identify the alcohol-related risks for themselves as well as our consumers and how to react in a professional and safe way.

3.4 Ethics & compliance

3.4.1 The Group's ethical practices

3.4.1.1 Quality, food safety and product compliance

Pernod Ricard aims to provide its customers with products of the highest quality, and places particular importance on consumer health and safety. This has resulted in a significant commitment effort in terms of the prevention of risks associated with alcohol abuse. It also led to a strict policy in terms of food safety during the process of product design, sourcing and manufacturing.

The control of consumer product safety is based on the implementation of the hazard analysis critical control point (HACCP) method that aims to identify all potential risk points in the manufacturing process.

Appropriate preventive measures are then put in place to control them. Brand Companies producing the Group's strategic brands are ISO 9001 certified. This represents 99.7% of the volume produced. In addition, and despite Wines & Spirits being less exposed to food safety risks than other food industry segments, Pernod Ricard also took the decision to have its facilities certified in accordance with ISO 22000 (Food safety management systems).

Quality internal standards are established by Pernod Ricard for its industrial activities including various specific guidelines. The aim is to control risks such as the accidental contamination of a product or the presence of a foreign body in a bottle. These standards are audited as part of an internal cross-audit process. In FY21, this process was impacted by the pandemic but some cross audits were able to be carried out remotely focusing on key area such as foreign bodies, complaint management and traceability. At end of FY21, it has been possible to re-perform cross audit on site regarding local sanitary context.

The Group's absolute priority is to ensure its products comply with the regulations applicable to each of its various markets, and to guarantee food safety for consumers. A safety watch is conducted and circulated to all affiliates every two months in order to anticipate and inform on any changes regarding applicable regulations and food safety risks. A chemical analysis plan for the Group's main products is conducted every year. In FY21, this involved 60 finished products and a total of over 2,000 analyses were carried out.

In addition, a Group Intranet site called "Complaint Management System" is used to record and track quality complaints from consumers in real time. The affiliate in question is immediately informed so that corrective action can be taken. In the case of a serious product safety concern issue, the system also immediately informs Headquarters, allowing for rapid response. Each affiliate has a crisis management procedure. This is particularly for product health risk involving, if necessary, a product recall. These procedures are subject to regular testing, training for people involved and updates. Quality indicators including the complaints rate are presented to the Senior Management.

In addition, the Group is committed to ensuring complete GMO traceability of its products. This allows it to assure consumers strict compliance with the labelling regulations for products containing GMOs. Accordingly, all affiliates conduct a risk assessment to identify potential sources of raw materials, taking the necessary measures to ensure control of these sources. Although the distillation stage eliminates the risk that GMO material may be present in distilled products, supply chains for products that are guaranteed GMO-free have been established for certain corn-based alcohols in the United States and Europe.

	FY20	FY21
% of sites ISO 22000 certified by June of the fiscal year	79%	78%
% ISO 22000 certified in volume produced covering all the Group's strategic brands	99.8%	99.7%
% Brand Companies that are producing Group's strategic brands are certified ISO 9001	100%	100%
Number of complaints received through the "Complaint Management System" during the fiscal year	3,300	4,100

3.4.1.2 Personal data protection

Objectives

Personal data protection is a pillar in the digital transformation of the Group. It is a business opportunity for Pernod Ricard to ensure the accuracy and relevance of its personal data, gain a better understanding of consumers, develop consumer trust, secure brand image, and continue to promote its culture of conviviality. It is also an opportunity to rethink and optimise existing processes by adopting best practices regarding personal data retention, management of rights, etc.

The regulatory framework for personal data protection that applies to Pernod Ricard is complex and still evolving, since General Data Protection Regulation (GDPR) came into force three years ago, many countries and regions have adopted personal data protection laws and regulations, and non-compliance with these rules may expose the Group to sanctions.

GLOBAL STRATEGY & GOVERNANCE

Pernod Ricard has implemented a strong personal data protection strategy and governance.

The Group drafted a comprehensive personal data protection roadmap ahead of GDPR enforcement and is implementing it across the Group, in parallel with specific actions to address local requirements where relevant.

The Group DPO (Data Protection Officer) and the Group's personal data protection network enable Pernod Ricard to implement personal data protection compliance actions, implement policies and procedures at local level and share best practices. This governance structure involves a wide range of stakeholders, including the Group DPO, personal data protection Champions at regional and local level, along with a Personal Data Protection Steering Committee as well as the various internal business teams (IT, marketing, HR, etc.).

EMPLOYEE ENGAGEMENT & UPSKILLING

As a pillar of the Group's digital transformation, data personal data protection is a matter that concerns everyone at Pernod Ricard.

This is why Pernod Ricard places a particular focus and efforts on legal monitoring, employee training (including with Group-wide MOOCs as well as both mandatory and tailor-made subject-specific trainings), internal awareness campaigns and more generally on change management.

CUSTOM TOOLS & PROCEDURES

The Group has created various custom, user-friendly tools and procedures to ensure personal data protection compliance, including:

- a comprehensive overarching documentation to ensure consistent implementation of personal data protection and common standards based on a global personal data protection policy, adapted for local requirements, along with detailed procedures and toolkits;
- personal data protection by design and by default procedures and processes implemented on new projects, with specific privacy documentation on major projects (*e.g.* development of the latest version of the consumer database);
- audit processes and questionnaires to assess third parties' maturity and compliance level on personal data protection;
- checklists and templates on specific topics such as handling data subject requests, or handling potential personal data protection breaches.

3.4.1.3 Prevention of corruption and anti-competitive practices

Prevention of corruption

Integrity, and a zero-tolerance policy against corruption and all related misconducts have long been part of Pernod Ricard's core values.

UNAMBIGUOUS TONE FROM THE TOP

- The Pernod Ricard Code of Business Conduct, prefaced and endorsed by the Chairman and CEO, applies to all employees of the Group.
- Pernod Ricard's General Counsel – Compliance Officer is in charge of structuring and promoting the Group's comprehensive and robust anti-corruption programme.

RULES FOR EMPLOYEES AND OTHER STAKEHOLDERS

- **Pernod Ricard's Code of Business Conduct**: the Code (accessible on the Intranet and Group's website: https://www.pernod-ricard.com/en/download/file/fid/10234/), includes, in particular, a chapter related to the fight against corruption and business integrity in general. The Code also covers other topics such as compliance with competition law, prevention of insider trading and conflicts of interest.
- Group **anti-bribery policy:** in accordance with the French 2016 Sapin 2 law, the Policy specifically details the Group's rules to prevent, deter and detect public and private corruption and influence peddling (*trafic d'influence*) risks. It also provides employees and stakeholders with clear, pragmatic examples of potentially sensitive situations.
- **Internal Control Principles**: they apply to all Group affiliates and specify that all Pernod Ricard affiliates must comply, among other things, with the Pernod Ricard Code of Business Conduct and the Procurement Code of Ethics. Pernod Ricard 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 Chief Executive Officer and Chief Financial Officer of each entity. In addition, the Legal Department works with the internal audit team to conduct a number of compliance audits each year at certain affiliates. Finally, a further task of the internal audit is to monitor the Group's compliance with the rules implemented for the fight against corruption and influence peddling.
- **Whistleblowing policy**: employees are invited to speak up about, among other things, any potential corruption situation in relation to the Pernod Ricard activities inside or outside the Company. As part of the protection owed to whistleblowers, alerts may be filed anonymously, and the Group promotes a clear non-retaliation policy (see subsection 3.4.2.3 "Whistle-blower system").
- **Prior verification policy**: Pernod Ricard's Third Parties are subject to a due diligence process to determine their compliance risk profile (low, medium or high), allowing the Group to adjust, as appropriate, contractual and operational relationships to mitigate potential risks. Various levels of verification are set out under the procedure, depending on the initial risk assessment of each relationship category, as identified by Pernod Ricard's Sapin 2 risk map on corruption and influence peddling.
- **Gifts and Hospitality policy**: approval is required from the Line Manager or the affiliate's designated key contact, prior to receiving or offering any gifts or hospitality above a determined amount set at affiliate level.

SPECIFIC, USER-FRIENDLY DEDICATED DIGITAL TOOLS TO SUPPORT COMPLIANCE EFFORT

- **"Speak Up":** global whistleblowing hotline accessible to all third parties worldwide (Internet or telephone), 24 hours a day, seven days a week, in a wide variety of languages, ensuring confidentiality and anonymity (if allowed by local legislation) to encourage Pernod Ricard stakeholders to raise concerns about, among other things, any corruption-related matter or any breach of the business integrity rules.
- **"Partner Up":** global web-based platform where any employee who may engage the Group in a business transaction, conducts adequate prior verification on relevant third parties.
- **"Gifted!":** the Group's app to declare and seek approval to give or receive gifts and hospitalities in accordance with the provisions of our Gifts & Hospitality policies. The App has been revisited recently and is accessible on all of our electronic devices.
- **MOOC:** training for employees on the Code of Business Conduct. With a "learning by doing" approach, a new mandatory MOOC was kicked off in 2019 to train employees on our updated Code of Business Conduct. This new training was successfully completed by 92% of the mandatory target population during the first campaign (*i.e.* all employees with a company-issued electronic device). Since then, the MOOC is a mandatory as part of the onboarding pack for new employees and completion is monitored.

Prevention of anti-competitive practices

Pernod Ricard is committed to the public policy goals of Competition laws and to acting lawfully in the marketplace. Such concern is unambiguously addressed in a specific chapter of the Pernod Ricard Code of Business Conduct. The MOOC also includes a chapter on Competition law.

3.4.1.4 Transparency and integrity of strategies and influencing practices

Policies and objectives

Group policy on lobbying is governed by the Code of Business Conduct, which incorporates specific disciplines on dealings with public officials.

In addition, it is guided by more specific professional Codes (ECPA in Europe, Association pour les Relations avec les Pouvoirs Publics in France, etc.) and institutional Codes such as the EU Transparency Register (https://ec.europa.eu/transparency-register), with which Pernod Ricard complies.

In addition, specific laws & regulations apply in the countries in which the Group operates. For instance, in France, the Group is registered on the list of representatives of interests established by the High Authority for Transparency in Public Life (https://www.hatvp.fr/fiche-organisation/?organisation=582041943#%23).

It strictly complies with the High Authority's reporting obligations regarding lobbying activities. Transparency International even recognised its detailed reporting practice in their presentation of committed firms.

The Group has been a member of Transparency International France since 2013 and actively supports the promotion of transparency and integrity around lobbying and efforts made by this association. It is a signatory to a best practices guide on parliamentary lobbying expenditure.

Proactive signatory of a declaration made public on 25 February 2014 initiated together with seven companies who are members of Transparency International France. This declaration is open to all companies, business federations, professional associations, trade unions and NGOs (members and non-members of Transparency France) who wish to show leadership through their ethics and corporate social responsibility commitments.

This joint declaration on lobbying was reinforced and updated in May 2019, including new signatories who reaffirm their commitments: https://transparency-france.org/actu/declaration-commune-entreprises- membres-de-transparency-international-france-lobbying.

Action plans and next steps

Maintain its cooperation with Transparency International.

Improve description of internal organisation and give more detail on public policy issues on public-facing corporate website.

3.4.1.5 Tax policy

A significant contribution to local communities

The Group commits to comply with all laws and regulations in force in each of the countries in which it operates, as well as the applicable international standards.

In 2021, Pernod Ricard's income tax charge on recurring items (profit from recurring operations and financial result from recurring operations) was €519 million.

In addition to corporate income tax, Pernod Ricard pays and collects numerous other taxes and contributions, including sales taxes, customs and excise duties, payroll taxes, property taxes and other local taxes specific to each country, as part of the Group's economic contribution to the communities in which it operates. Pernod Ricard's total contribution is estimated at around €5.7 billion (unaudited data).

Approach to taxation

The Group applies the following principles in tax matters:

- support for operational activity in compliance with applicable regulations;
- integrity in the conduct of tax matters;
- tax management that is both proactive and efficient to preserve and maximise the value generated for the Group and its shareholders.

Pernod Ricard has several subsidiaries in some 73 countries in which it operates. Whenever possible, management makes every effort to liquidate any dormant or quasi-dormant subsidiary inherited from past acquisitions.

Pernod Ricard is vigilant as to the operational and commercial reality of its transactions and refuses to take part in any artificial tax arrangements. The Group will only use tax incentives after considering their impact on its brands, reputation and Sustainability & Responsibility. The Group does not promote any form of tax evasion.

Transfer pricing

Pernod Ricard's strategy and organisation are built on a decentralised model with an ongoing relationship between the Brand Companies and the Market Companies. The Brand Companies generally own, protect and develop the intellectual property. They are also in charge of developing the overall strategy for the brands as well as solutions and ways to activate them. The Market Companies implement this strategy at local level.

Related party transactions are carried out in accordance with the Group's transfer pricing policy, which is based on the arm's length principle (*i.e.* on terms that would have been agreed between independent parties).

An efficient organisation

Pernod Ricard has a team of qualified and well-trained tax and customs specialists working under the supervision of the EVP Finance, IT and Operations. Clear internal control principles on tax matters have been defined and made available to all employees on the Intranet. Processes have been put in place to prevent risks of tax evasion.

The tax legislation in the countries where Pernod Ricard operates is complex and can be subject to interpretation. Pernod Ricard manages these uncertainties with the help of internal and external tax experts. Tax provisions are measured based on the Group's best estimate based on the information available (in particular that provided by the Group's legal and tax advisors) and presented regularly to the Audit Committee.

Promotion of international transparency

Pernod Ricard is committed to being open and transparent with tax authorities and to disclosing relevant information to enable them to carry out their work. Pernod Ricard places particular importance on working positively, proactively and transparently with the tax authorities of the countries in which the Group operates in order to build honest and sustainable relationships and to be able to resolve potential disputes quickly.

Pernod Ricard respects the obligations of country-by-country reporting.

The Group also participates in the development of corporate tax policies, tax transparency initiatives and tax legislation by taking part in public consultations.

3.4.2 Presentation, implementation and monitoring of the duty of care

The cross-reference tables below summarise the presentation of the information constituting the Group's duty of care plan and its implementation as required by article L. 225-102-4 of the French Commercial Code. Some of the information is contained elsewhere in Shapter 3, as well as in Shapter 4.

Several departments and working groups are involved in identifying and monitoring the risks associated with the Group's business activities and its main suppliers and subcontractors, as well as implementing and monitoring the measures. The Departments involved are the Sustainability & Responsibility, Purchasing, HR, Internal Audit, Operations and Legal Departments.

The S&R Senior Steering Committee oversees the implementation of the Group's S&R Strategy and progress towards targets set. The role of the S&R Committee at the Board of Directors' level is to monitor the progress of the S&R Strategy, challenge ambitions and report to the wider Board.

Regarding the monitoring of measures, the Group uses different internal reporting systems and indicators for monitoring the implementation of the actions taken. The results have already been extensively published and audited with complete transparency in this report (see Sections 2, 3 and 4 in particular).

3.4.2.1 Risk identification and mapping

Pernod Ricard faces a range of internal and external risks in its own operations as well as in its supply chain. The main risks currently estimated by the Group as well as the methodology are reported in Section 4 "Risk management" under "Risk factors", as well as at the start of Section 3, in the section "The main sustainability risks and opportunities. The mapping processes described below were drawn from Pernod Ricard's existing risk management systems.

In addition, in line with the requirement to publish a "Non-Financial Statement", the Group has published its main non-financial risks and opportunities in Section 3.

3.4.2.2 Mitigation measures, evaluation procedures and monitoring systems

Group's own operations

Theme	Risk family	Mitigation actions and evaluation procedures	Key Performance Indicators	Subsections of Chapter 3
Health and safety	**Health and safety at work**	• In FY19, launch of a Global H&S policy and Roadmap "Taking Care of Each Other". • Third party audits focusing on safety culture and performance. • In FY21, launch of "Care by Learning" Programme, focus on material handling equipment and implementation of "Key Health & Safety Principles". • Production sites required to be ISO 45001. **Next steps:** • roll-out of a IT platform to manage safety incidents, extension of safety culture audits and cascade of the Care by Learning programme to local teams; • development and roll-out of a Safety Leadership Programme.	• 68 workplace accidents with lost time. • 3.6 Frequency rate. • 143 Severity rate. • 0 fatalities. • 91% of production sites ISO 45001 certified. • 89.5% of employees trained through the MOOC on alcohol and responsible drinking.	***3.3.2 Valuing People*** 3.3.2.3 Employee engagement & culture, working conditions and health & safety ***3.3.4 Responsible Hosting*** 3.3.4.6 Employee engagement
	Product quality for consumers	• Hazard analysis critical control point. • Brand Companies to be ISO 9001 certified. • Gradual ISO 22000 certification of its facilities. • Quality internal standards. • Food safety and law watch review. • Complaint management system.	• 78% of sites ISO 22000 certified. • 99.7% ISO 22000 certified in volume produced covering all the Group's strategic brands. • 100% Brand Companies ISO 9001 certified. • 4,100 complaints through the Complaint Management System during the FY.	***3.4 Ethics & compliance*** 3.4.1.1 Quality, food safety and product compliance
	Alcohol in society for consumers	• Evidence-based prevention programmes in partnership with industry peers, civil society, international bodies and local authorities. • Brand campaigns. • Pernod Ricard Code on Commercial Communications. • Digital Guiding Principles. • Responsible Marketing Panel. • Energy information, age restriction logo and logo warning against driving while intoxicated will be included on product labels. Ingredients and other nutritional information will be provided online.	• 470,100 young adults reached on the field and 6 million digitally through Responsible Party. • 89% compliance with Digital Guiding Principles. • 75.3% completion rate for the Code for Commercial Communications e-learning. • 73.1% of volumes of products marketed in EU carry the energy information on the label and provide the ingredient and other nutritional information online.	***3.3.4 Responsible Hosting*** 3.3.4.1 Responsible drinking programmes and campaigns 3.3.4.2 Responsible marketing 3.3.4.3 Responsible e-commerce 3.3.4.5 Consumer information ***3.4 Ethics & Compliance*** 3.4.1.3 Transparency and integrity of strategies and influencing practices

Theme	Risk family	Mitigation actions and evaluation procedures	Key Performance Indicators	Subsections of Chapter 3
Environment	**CO_2 emissions GHG emissions**	• Global Environmental Policy • ISO 14001 certification policy • Identification of technologies, Improve energy efficiency through monitoring of consumption and assessments, Internal carbon price (€50/ton of CO_2 equivalent). • In FY20, joined the RE100 initiative. • Taskforce with main distilleries to identify technologies to help achieve Scope 1 SBTs. • Reducing weight of packaging and optimizing the materials used. • Regenerative agriculture in own vineyards to capture carbon in the soil. • Land transport optimisation. **Next steps:** • Development of a reporting tool and process to better measure progress towards SBT targets.	• Since FY18, Scopes 1 and 2 carbon emissions have fallen by 1% in absolute value. • The proportion of renewable electricity used is 81% for production sites and administrative offices.	***3.3.3 Circular Making*** 3.3.3.2 Climate change: reduction and adaptation
	Packaging life cycle and footprint	• In FY21, development of a tool assessing conformity with the internal sustainable packaging guidelines. This tool will measure the percentage of recyclable packaging as well as projects demonstrating impact reduction when it will be completed by all our brands (expected FY23). • In FY21, 10 markets with low recycling levels identified and workshop held to identify potential projects and key partners. • Participation in systems for the collection of packaging in support of recycling and reuse.	• PET post-consumer recycled content estimated at 16%. • 55% of cardboard certified to standards ensuring sustainable forest management. • 100% of promotional items made from singles use plastic banned. • 96% of the POS are reusable, recyclable or compostable for our key markets (scope: 32 affiliates).	***3.3.3 Circular Making*** 3.3.3.4 Circular packaging and distribution
	Water management	• Identification of reduction opportunities based on best technologies. • Setting up systems to measure/monitor water use and to save, reuse and recycle water. • Follow water balance action plan to select and implement water saving projects. • Identification of geographical areas at risk using the Aqueduct Water Risk Assessment tool. **Next steps:** • Identification of wastewater treatment opportunities and engage research on innovative waste treatment solutions.	• Since FY18, water consumption per unit produced has been reduced by 8.3%. • This year, 53.2% of the total water used in high-risk locations has been replenished. • In FY21, 77% of waste-water discharged into public sewerage systems, 17% discharged into the environment following treatment, and 6% recycled for vineyard irrigation.	***3.3.3 Circular Making*** 3.3.3.3 Preserve water resources

Theme	Risk family	Mitigation actions and evaluation procedures	Key Performance Indicators	Subsections of Chapter 3
Environment	**Operations' waste management**	• Transformation of raw agricultural materials of which most is recycled to make animal feed, biogas, farm compost etc.	• 1,380 Quantity of waste incinerated. • 96% of solid waste recycled • 0.14 Quantity of waste sent to landfill per litre of finished product. • 410 Quantity of hazardous waste treated externally. • 147 tonnes of waste disposed to landfill sites.	***3.3.3 Circular Making*** 3.3.3.5 Reduce waste
Human Rights	**Discrimination & diversity**	• In FY21, launch of a new roadmap, Better Balance: Inclusive Diversity, "Live without Labels" campaign, global inclusion survey and D&I Council.	• 1.8% pay-gap worldwide. • Top Management comprises 31% women.	***3.3.2 Valuing People*** 3.3.2.2 Diversity & inclusion
	Working conditions	• In FY19, launch of Global Human Rights Policy. • In FY21, launch of a Human Rights assessment questionnaire to HR network and of an external country level screening and mapping of potential Human Rights risks. • Pernod Ricard University and other Learning and Development programs. • Let's Talk Talent Performance Management and Development process. • Leadership Assessment and Development program. • Social dialogue and company agreements. • European Works Council. • Member of the Global Deal. **Next steps:** • in FY22, Human Rights impact assessment beyond own operations; • deployment of the 6th edition of "I Say".	• 98% of total workforce trained. • 91% of employees received at least one performance review. • 1,106 Number of resignations. • 6.4% Voluntary departure rate. • 4.1% Absenteeism rate. • 93.3% Employees covered by a welfare protection plan (death and invalidity) with a benefit equivalent to at least one year of the employee's fixed annual salary. • 98.1% Employees benefitting from health insurance. • 88% engagement rate ("iSay").	***3.3.2 Valuing People*** 3.3.2.1 Talent management 3.3.2.3 Employee engagement & culture, working conditions and health & safety

Suppliers and subcontractors

Theme	Risk family	Mitigation actions and evaluation procedures	Key Performance Indicators	Subsections of Chapter 3
Health and safety	**Health and safety at work**	• Responsible Procurement Policy covering all purchases of products/services. • Procurement Code of Ethics (embedded in Code of Business Conduct). • Sustainability model clauses for contracts. • Sustainable Agriculture Key Principles. **Proactive supplier analysis through the Blue Source process and Partner-Up:** • supplier Standards to be signed by all suppliers on Partner Up platform; • business relations to be suspended for direct suppliers (Wet/Dry Goods) and main indirect suppliers (POS/VAPs) who do not sign; • risk mapping tool to identify suppliers (Wet and Dry Goods, POS/VAPs) and subcontractors that should be assessed first; • sustainability assessment using EcoVadis for risky to identify areas of improvement and action plans; • labour and ethical Audits following the SMETA standards, in line with AIM Progress; • in FY21, launch of Responsible Procurement e-learning. **Focus on agricultural supply chain:** • in FY20, benchmarking tool to assess each standard against the Group's Sustainable Agriculture key Principles; • in FY21, terroir mapping analysis to assess environmental and social risk.	**Number of suppliers:** • 1,719 having signed the Supplier Standards. • 1,900 analysed through the Risk Mapping tool. • 220 identified as risky and covered by an EcoVadis assessment. • 108 identified as risky with production sites covered by an audit. **Focus on agricultural supply chain:** • 86% of agricultural raw material spend covered by mapping, only focused on priority terroirs. • full risk mapping analysis for 55 priority terroirs on which 41 were scored under a high or medium level of risk. • 28% of key raw materials produced or sourced according to selected sustainability standards. • 8,830 farmers empowered, trained or supported.	***3.3.2 Valuing People*** 3.3.2.5 Responsible Supply Chain 3.3.2.4 Human Rights

Theme	Risk family	Mitigation actions and evaluation procedures	Key Performance Indicators	Subsections of Chapter 3
		• In FY21, identification of products emitting the most GHG and definition of calculation methodologies specific to each category. • Mitigation projects for priority terroirs. **Example of programmes:** • Malibu works with 500 coconut farmers in Philippines; • Kahlua works with a community of coffee farmers. **Next steps:** • explore partnership plans to engage in a multi-stakeholder programme; • train procurement Managers and/or functions on Responsible Procurement processes including labour rights and Human Rights considerations; • expand Responsible Procurement processes to other key indirect categories; • discussions with main suppliers to set carbon reduction action plans regarding Scope 3.		

3.4.2.3 Whistle-blower system

Pernod Ricard encourages a culture of trust, openness and transparency, where all employees can raise their genuine concerns in confidence. The Group's Code of Business Conduct advocates a Speak-up policy, calling on all employees to inform management of any suspicions they may have. This may relate to a practice or situation deemed to be contrary to or inconsistent with this Code, associated policies or any legal or regulatory standard. In FY19, Pernod Ricard launched a Group-wide system titled Speak-Up. This allows stakeholders who wish to report such misconducts to the Group to do so in a safe and confidential manner. Hosted by a third party, it is available 24/7. Reports that are deemed to be filed in good faith can be subject to internal investigation following an preliminary assessment from the Integrity Committee. This is comprised of the following Group-level functions: Legal, Internal Audit, HR and S&R.

If the allegations reported end up to be substantiated, the Integrity Committee or its local delegate examines their severity and makes recommendations to the management who decides on the appropriate mitigation and/or remediation measures, and/or disciplinary sanctions against the wrongdoer(s).

Pernod Ricard has a zero-tolerance policy towards retaliation against anyone who has reported an allegation or supported an investigation in good faith. Pernod Ricard conducts dedicated workshops with Human Resources Directors and with the legal and compliance network to manage whistleblowing cases and conduct investigations. The Group also runs global communication campaigns to increase awareness and improve employee understanding on what can be reported and how alerts are being processed.

3.5 Reference table for the United Nations Sustainable Development Goals (SDGs)

Priority SGDs	Other SDGs impacted by Pernod Ricard	SDG targets to which Pernod Ricard contributes	Section 3 subsection title	Pages
15 LIFE ON LAND; 13 CLIMATE ACTION	7 AFFORDABLE AND CLEAN ENERGY; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION		**Nurturing Terroir**	
			Support communities to regenerate ecosystems and tackle climate change	103
			Pernod Ricard's agricultural footprint	104
		7.3; 12.2; 12.4; 12.8; 13.1; 15.1; 15.6	An agile and ambitious journey towards sustainable terroirs	106
			Impactful programmes on regenerative agriculture and biodiversity	107
8 DECENT WORK AND ECONOMIC GROWTH; 5 GENDER EQUALITY	1 NO POVERTY; 3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 10 REDUCED INEQUALITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION		**Valuing People**	
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3.6 Methodology note and third-party verification

3.6.1 Methodology note relating to non-financial reporting

3.6.1.1 Period & scope of reporting

Social, environmental and societal data is reported annually and relates to the period from 1 July 2020 to 30 June 2021. Unless otherwise stated, this data relates to activities under the Group's operational control.

Scope of social reporting

The social analyses in this report are based on all Group entities that have reported data on their employees for the relevant period. When the Group acquires a newly controlled entity and only when Pernod Ricard has the complete ownership of the entity, its corporate HR data is included in full in the figures. At the end of each financial year, the list of entities in the Group's social reporting is compared to the financial reporting list to ensure its completeness. In FY21, reporting covered 133 entities with employees during the year.

The scope of consolidation and level of detail for corporate data have changed since FY19. Social data is no longer reported by affiliate but by legal entity. This explains the increase in the number of entities covered since then.

This year, the following updates have been made:

- **France:**
  - Pernod SAS & Ricard SAS merged into the entity Pernod Ricard France;
- **Asia:**
  - Creation of Pernod Ricard Vietnam Spirits & Wines Company Limited,
  - Creation of Pernod Ricard Asia Duty Free Ltd – Travel Retail Asia,
  - Creation of New World Liquor,
  - Dissolution of EURO TRADE LTD;
- **LATAM:**
  - Creation of D&CO Platform Services, SA de CV;
- **EMEA:**
  - Dissolution of CG Hibbert.

The Asia-Pacific Region includes the Asia distribution network and the Group's Wines business. This also includes Bodegas Tarsus and the Pernod Ricard Winemakers Spain affiliate, based in Spain, and the Pernod Ricard Winemakers Kenwood and Pernod Ricard Winemakers Mumm Napa affiliates, based in the United States. A distinction is made between the Brand Companies and the Market Companies for Australia and New Zealand resulting in two entities for each country.

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

The social reporting indicators are selected to provide the Group with a reliable and accurate picture of its global footprint. The data collected enables Pernod Ricard to be increasingly socially responsible in respect of its employees worldwide.

Scope of societal reporting

Indicators relating to responsible drinking are included in the social report. The indicators cover all Pernod Ricard affiliates (Brand Companies and Market Companies) that are required to include their societal information in the social report, with the exception of certain entities. This is because the roll-out of the S&R strategy and the associated action plans are managed by a sole affiliate when several affiliates are in the same country. These entities do not have to send information to the Group's reporting system.

Scope of environmental reporting

Pernod Ricard's environmental reporting relates to production sites under the Group's operational control on 30 June in the financial year in question and that were operational throughout the year. It does not cover administrative sites (head offices or sales offices) or logistics warehouses when these are located outside industrial sites (this only relates to a few isolated warehouses). This is because their environmental impact is not significant compared to those located within industrial sites. It also covers the agricultural supply chain.

FY21 reporting covers 89 industrial sites. This figure is lower than in FY20 following the disposal or closure of two production sites (Paisley in United-Kingdom and Tamaki in New Zealand). The industrial scope taken into account for this financial year therefore covers a production volume of 1,035 million litres (finished product either bottled or in bulk), compared with 958 million in FY20, and a volume of distilled alcohol of 244 million litres in FY21 compared to 232 million litres in FY20.

3.6.1.2 Clarification regarding indicators

Social indicators

Average headcount is calculated in terms of full-time equivalents, without taking into account short-term employee absences. Long-term absences involving contract suspensions are taken into account in the calculation of the FTE.

Since FY19, employees are included in the headcount of the legal entity with which they have an employment contract. Expatriates and seconded employees are included in the headcount of their host affiliates.

Pernod Ricard China employees are accounted for as staff on permanent contracts. Chinese employment contracts actually comprise a statutory duration and are only converted into permanent contracts after a number of years. However, given the specific characteristics of employment legislation in China, Pernod Ricard considers its employees to be permanent staff. Due to the particular characteristics of local labour laws, as of last year the same rule applies to Pernod Ricard Minsk employees, as the concept of fixed-term contract does not exist in Belarus.

Work-study contracts (apprenticeship contracts and training contracts) are not counted as fixed-term contracts, and this also applies to work placement students, temporary workers and VIE programme volunteers.

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

Regarding the Covid-19 crisis, the leave days resulting from governmental restrictions have been excluded from the absenteeism reporting to keep coherence with previous absenteeism rates. However, in some countries, sick leaves have been granted to allow parents to take care of their child having no school – these leaves cannot be differentiated from real sick leaves and have been included. Any absence given by the Company to get vaccinated are also part of the absenteeism, as exceptional motives.

The absenteeism rate is calculated based on the theoretical number of hours and working days worked per year.

In FY21, the calculation for lost time accident severity & frequency rates evolved to follow a more commonly used method and ease the reading of these indicators. The number of accidents & the number of subsequent calendar days lost are now used against the annual full time equivalent for both employees & interim workers, and not anymore against the number of days theoretically worked during the year.

Additionally, and in line with the Group H&S policy, frequency/severity rates for workplace accidents, number of lost time and number of fatalities integrate newly acquired companies only in their second full fiscal year – this year, Drinks&Co Store France, DrinksAndCo Marketplace SLU, Bodeboca, Inverroche, Pernod Ricard Vietnam Spirits & Wines Company Limited, Pernod Ricard Asia Duty Free Ltd – Travel Retail Asia, D&CO Platform Services, New World Liquor have been excluded from these indicators.

Commuting accidents are no longer included in the number of accidents. They are thus not used to calculate frequency and severity rates. Conversely, frequency and severity rates now take into account the number of workplace accidents involving temporary staff (workers employed by a staff agency for a temporary period and directly supervised by Pernod Ricard).

Training hours completed by employees are recorded, including both face-to-face training and e-learning hours. Employees are only counted as having received training once, regardless of the number of training courses they have attended.

Headcount and FTE calculations consider employees leaving the group on the last day of the fiscal year as active. The related termination events are then included on the next fiscal to calculate departure rates & turnover.

Definition for the classification "Top Management" has been reviewed and reclarified after the FY19 publication. This classification reflects the employees from COMEX to Band C job levels.

Environmental indicators

The Group footprint on agricultural land is assessed by the areas on which purchased agricultural raw materials are used. These equivalent areas are estimated on the basis of the agricultural yields of the various materials used by the Group (except for the agave footprint which is based on accurate land coverage). For transformed products, industrial yields are used to assess the quantities of agricultural materials purchased.

The environmental performance of sites is expressed using various ratios. These are based on the business category in which the Group has classified the sites:

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

At Group level, consolidated performance is expressed based either on:

- the amount of distilled alcohol for environmental impacts primarily due to distillation (*e.g.* water or energy consumption), expressed in units per thousand litres of pure distilled alcohol (kl PA);
- the bottled volume or the volume of finished products manufactured (including products delivered in bulk) when bottling or production is the main source of impact (such as in the case of solid waste), expressed in units per thousand litres (kl);
- the number of hectares occupied by vineyards for agricultural properties, expressed in units per hectare (ha).

For industrial sites, this distinction is sometimes complex, as some sites have several activities. As such, since the time frames involved in bottling may sometimes be very different from those for distilling (aged spirits: whiskies, cognac, etc.), these figures may be difficult to interpret from year to year. Both calculation methods are therefore presented for some indicators. Setting overall Group quantitative targets for the quantity of water or energy consumed per unit produced, for example, becomes complex as the consolidation of targets depends on the business mix during the year and the consolidated indicator chosen. For that reason, the results expressed by the indicators should be used with care and interpreted over the long term. Where a significant reporting error from previous periods is identified, historical data is only readjusted if the impact on Group performance is greater than 1%. This is to allow for a better interpretation of results and trends.

Definition for "renewable energy consumption" and "renewable electricity consumption" have been reviewed after the FY19 publication in order to respect the RE100 requirements. Since FY20:

- the total renewable electricity consumption is calculated with the part covered by green or renewable energy certificates and the amount of renewable electricity produced and used on site;
- the total renewable energy consumption is calculated with the total renewable electricity consumption and the amount of other renewable energy used on site (biogass, biofuel, etc.).

Water Risk Assessment is realised using Aqueduct Water Risk Atlas, a tool developed by the World Resources Institute (WRI). The Internal Water Risk Index (IWRI) is calculated based on the blended rating from three Aqueduct indicators:

- overall Water Risk;
- baseline Water Stress;
- baseline Water Stress – 2025 projected using a "Business as Usual" scenario.

Three water risk levels are defined as a result of "Internal Water Risk Index" analysis:

- extremely high risk, sites with an IWRI higher than 4;
- high risk, sites with an IWRI between 3 and 4;
- medium risk, sites with an IWRI between 2 and 3;
- low risk, sites with an IWRI lower than 2.

Any sites from the two highest risk levels (*i.e.* 3 or higher) are required to replenish their water consumption through water projects. Dedicated co-packers only include bottling process activities with at least 90% of production volume associated to Pernod Ricard. The quantities of water replenished through projects in place are consolidated at country-level and for watersheds with same level of risk.

Related to the Group carbon footprint calculation, FY19 POS materials carbon emissions data have been used for FY21 figures.

3.6.1.3 Collection, consolidation and monitoring of data

Data collection methods

To guarantee the standardisation and reliability of results, non-financial indicators are formalised in reporting procedures. This includes specific definitions of each indicator, which are passed on to all Managers involved in collecting and consolidating data.

Pernod Ricard constantly seeks to improve the collection and analysis of its data. It accordingly updates its procedures and user guide each year in line with the Group's evolving needs. Improvements are made to ensure compliance with the requirements of the decree implementing article 225 on the transparency obligations of companies regarding social and environmental matters and in accordance with applicable national or international frameworks. The updates also result from contributions from affiliates when reporting data and auditor feedback. Any changes made since the previous year are highlighted.

For social indicators, a new tool has been created and used to gather and process the data since FY19.

A consolidation tool has been used to gather and process the data for FY21, from local entities. For social indicators, a new tool has been created and used to gather and process the data for FY21.

Methods for consolidating and checking data

After being submitted by entities, data is compiled at management entity level, then at Region or Brand level for submission to Headquarters. The data is processed and consolidated at each level. Each entity collecting and compiling data is responsible for the indicators reported and certifies the data as well as the checks done.

This control is facilitated by automatic checks within the data entry tool in the consolidation documents sent to the Regions or Brands and in the consolidation tool. Amongst other things, these include consistency checks against previous years and between the indicators themselves. For social indicators, at each step the affiliates can explain any variations *versus* the previous financial year – for 10% or more variations, a comment is required to facilitate the understanding and tracking.

Once all the data have been collected, Headquarters performs consistency checks to identify any reporting or input errors. When there are significant variations, the Group checks with the affiliates to ensure the data is valid. Finally, Headquarters consolidates these data.

3.6.2 Statutory Auditor's report

Report of one of the Statutory Auditors, appointed as independent third party, on the consolidated non-financial statement

This is a free translation into English of the Statutory Auditor's 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 standards applicable in France.

For the year ended 30 June 2021

To the Pernod Ricard Shareholders' Meeting,

In our capacity as Statutory Auditor of Pernod Ricard, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non-financial statement for the year ended 30 June 2021 (hereinafter the "Statement"), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Board of Directors is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement has been prepared by applying the company's procedures (hereinafter the "Guidelines"), summarized in the Statement and available on request from its headquarters.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the Statutory Auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

However, it is not our responsibility to provide any conclusion on the company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation nor on the compliance of products and services with the applicable regulations.

Nature and scope of procedures

We performed our work in accordance with Articles A. 2251 et seq. of the French Commercial Code defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000 (*Assurance engagements other than audits or reviews of historical financial information*).

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

- We familiarized ourselves with the Group's business activity and the description of the principal risks associated.
- We assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector.
- We verified that the Statement covers each category of information stipulated in section III of Article L. 2251021 governing social and environmental affairs, as well as in the second paragraph of Article L. 22-10-36 regarding the respect for human rights and the fight against corruption and tax evasion.
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code.
- We verified that the Statement presents the business model and a description of principal risks associated with all the entity's activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks.
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that in our judgment were of most significance (see Appendix), through work conducted at consolidating entity level, and for others with a selection of entities.
- We verified that the Statement covers the consolidated scope, *i.e.* all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement.
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information.

- We carried out, for the key performance indicators and other quantitative outcomes[1] (see Appendix) that in our judgment were of most significance:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
  - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities[2] and covered between 8% and 64% of the consolidated data for the key performance indicators and outcomes selected for these tests.
- We assessed the overall consistency of the Statement in relation to our knowledge of the company.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work engaged the skills of nine people between March and September 2021.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around twenty interviews with people responsible for preparing the Statement.

Conclusion

Based on our work, nothing has come to our attention that cause us to believe that the non financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Paris-La Défense, September 20th, 2021

One of the Statutory Auditors,

Deloitte & Associés

Marc de Villartay
Partner, Audit

Julien Rivals
Partner, Sustainability Services

(1) ***Quantitatives informations:*** *see appendix.*
(2) ***Entities targeted by detailed tests on social indicators:*** *Pernod Ricard India Private Limited, Irish Distillers Ltd, Pernod Ricard España, Pernod Ricard Rouss CJSC, Havana Club International, Pernod Ricard Mexico.*
Entity targeted by detailed tests on environmental indicators: *Kilmalid, GlenKeith, The Glenlivet (Total volume of water abstracted), Longmorn (Total volume of water used, V Total volume of water abstracted, Total volume of waste water released, Chemical oxygen demand released into the natural environment), Midleton, Fox and Geese, San José, Brancott (Quantity of waste sent to landfill), Zielona Gora (Total energy consumed), Rowland Flat, Vineyards New-Zealand, Vineyards Argentina, Vineyards USA.*

APPENDIX

Information selected by the independent third party:

- **Social indicators:** Headcount and average headcount (permanent and temporary contracts), Representation of women in Top Management, Absenteeism rate, Total departure rate, Voluntary departure rate, Number of resignations, Frequency rate, Severity rate, Number of work accidents with lost-time, % of the payroll invested by the Group in training, Number of employees trained, Training hours, Employees covered by a welfare protection plan (death and invalidity) with a benefit equivalent to at least one year of the employee's fixed annual salary, Employees benefitting from health insurance.
- **Environmental indicators:** Produced volume (distilled alcohol, wine made, bottled product and bulk), Total volume of water used (industrial sites and vineyards), Total volume of water abstracted, Total volume of waste water released, Chemical oxygen demand (COD) released into the natural environment, Total quantity of waste, Quantity of waste recycled, Quantity of waste incinerated, Quantity of waste sent to landfilled, Quantity of hazardous waste treated externally, Breakdown of the weight of packaging (focus on glass and cardboard purchase), PET post consumer recycled content, Part of carboard is certified to standards ensuring sustainable forest management, Total energy consumed (industrial sites), % of renewable energy, % of renewable electricity, Direct emissions (Scope 1), Indirect emissions (Scope 2), Total amount of agricultural raw material used (tons), Total footprint of the agricultural terroirs (hectares).
- **Qualitative information:** Impactful programs on regenerative agriculture and biodiversity, Decision tree for nurturing terroir, Breakdown of Group carbon footprint by category, Human Rights, Responsible supply chain – Products and services supply, Health & Safety, Circular packaging and distribution, Water resource preservation strategy tailored to meet local challenges, Responsible hosting – responsible marketing, Quality, food safety and product compliance, Transparency and integrity of strategies and influencing practices.

SECTION — 04

RISK MANAGEMENT

4.1 Internal control and risk management

This section covering risk management and internal control follows corporate governance guidelines, in compliance with the French Financial Markets Authority (AMF) reference framework for risk management and internal control.

4.1.1 Definition of internal control

The Group's internal control policies and procedures are designed to ensure:

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

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

4.1.2 Description of the internal control environment

4.1.2.1 Components of the internal control system

The principal bodies responsible for internal control are as follows:

At Group level

- The **Executive Board** is the permanent coordination body for the management of the Group;
- The **Executive Committee** ensures that the Group's operations are carried out properly and that its main policies are applied;
- The **Internal Audit Department** works under the Group Chief Executive Officer and reports to the Executive Board and the Audit Committee. The internal audit team based at Headquarters is in charge of implementing the audit plan, with the support of the audit teams in the Regions. The audit plan is drawn up once the Group's main risks have been identified and analysed. It is validated by the Executive Board and by the Audit Committee and presents various cross-disciplinary issues that will be reviewed during the financial year, the list of affiliates that will be audited, and the main topics to be covered during the audits. The conclusions are then submitted to the Audit Committee, Executive Board and Statutory Auditors for examination and analysis; and
- **External Auditors:** the Board of Directors selects the Statutory Auditors to be proposed at the Shareholders' Meeting on the basis of recommendations from the Audit Committee.

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

At affiliate level

The **Management Committee** is appointed by Headquarters or the relevant Region and is composed of the affiliate's Chairman & CEO and of the Directors of its main functions. The Management Committee is responsible for managing the main risks that could affect the affiliate; and

The affiliate's **Chief Financial Officer** is tasked by the Managing Director of the affiliate with establishing appropriate internal control systems for the prevention and control of risks arising from the affiliate's operations, in particular, accounting and finance risks, including error or fraud.

4.1.2.2 Identification and management of risks

During FY21, the Group focused on:

- updating the Group's risk mapping, a process that involved various Group affiliates and functions;
- strengthening internal control within the Group, using various approaches, including the continued development of data analytics to strengthen auditing methods;
- implementing the self-assessment questionnaire on internal control and risk management. This questionnaire, which was updated during the financial year, complies with the French Financial Market Authority (AMF) reference framework for risk management and internal control, as does its application guide, itself updated in July 2010; and
- performing audits: 25 internal audits were conducted in FY21. The purpose of these audits was to ensure that the Group's internal control principles were properly applied in its affiliates. They also allowed to review the processes in place, best practices and potential areas for improvement on various cross-cutting themes. The specificity of this exercise was the setting up of remote audits for most of the assignments carried out.

All of the key areas for improvement identified were addressed in specific action plans drawn up at every affiliate and at Group level, which were validated by the Executive Board and the Audit Committee. Their implementation is regularly monitored and assessed by the Group's Internal Audit Department.

The work performed resulted in an improvement of the quality of internal control and risk management to improve within the Group.

4.1.2.3 Key components of internal control procedures

The key components of internal control procedures are as follows:

A formal **delegation of authority** procedure, which sets out the powers of the Chairman & CEO, as well as the powers delegated to members of the Executive Board.

The **internal control principles** which outline the common ground of all principles and rules that apply to all of the Group's affiliates with respect to internal control for each of the 14 main operational cycles identified.

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

- a summary by affiliate and an overall Group summary, both of which are provided to the Executive Board and the Audit Committee; and
- a letter of representation from every affiliate to the Chairman & CEO of its 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 identified risks.

The **Internal Audit Charter** applies to all employees who have a management and audit position. It defines the standards, tasks, responsibilities and organisation of the Group's Internal Audit Department and the way in which it operates, in order to remind every employee to strive for compliance with and improvement of the internal control process.

The **Pernod Ricard Quality, Safety and Environment Standards** set out the rules to be followed in these areas. The Group's Operations Department is responsible for ensuring that they are followed.

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

- the budget is subject to specific instructions (principles and timetable) published by Headquarters and sent to all affiliates. The final budget is approved by the Group's Executive Board;
- reporting is prepared on the basis of data input directly by affiliates working to a specific timetable provided at the beginning of the year and in accordance with the reporting manual and the accounting principles published by Headquarters;
- monthly performance analysis is carried out as part of the reporting process and is presented by the Finance Department to the Executive Board, the Executive Committee and at Meetings of the Audit Committee and Board of Directors;
- a multi-year strategic plan is established for the Group's main brands every three years; and
- a single management and consolidation system allows each affiliate to directly input all its accounting and financial data.

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

4.1.2.4 Headquarters' legal and operational control over affiliates

Affiliates are mostly wholly owned, either directly or indirectly, by Pernod Ricard.

Pernod Ricard is represented directly or indirectly (through an intermediate affiliate) on its affiliates' Boards of Directors.

The Group's internal control principles lay down the various internal control rules applicable to all affiliates.

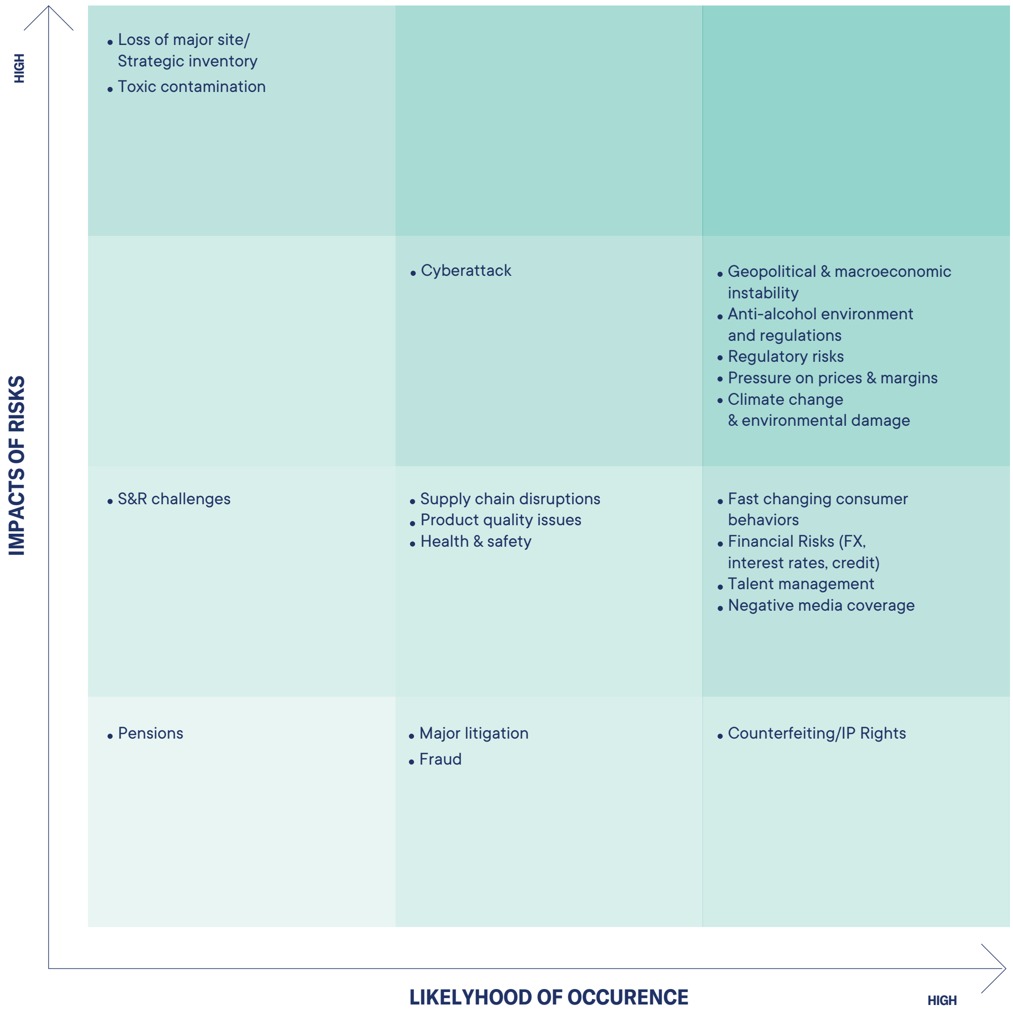
The role assigned to Pernod Ricard, as described in the subsection on "Decentralised organisation" in Section 1 "Presentation of Pernod Ricard" of this universal registration document, is an important component of the control of affiliates.

4.2 Risk factors

In 2021, the Group updated its risk mapping, a risk management oversight tool involving all Pernod Ricard functions and affiliates. This identification of the Group's risks, in which Management took an active part, highlighted the Group's resilience in the face of the Covid-19 pandemic, and contributed to the redefinition of the main risk profiles and their management.

Compared to the previous mapping, the main changes that have taken place reflect the impacts of the sanitary crisis (for example regarding the health and safety of people or supply disruptions) as well as changes in the risk assessment (for example due to rapid changes in consumer behaviour). Some risks have seen their impact diminish, taking into account the fact that they are mainly the consequences of the materialisation of other risks in this matrix (such as major litigation or harmful media coverage). Lastly, a new risk has been highlighted at the end of the financial year, relating to the growing importance of CSR issues and the Group's desire to make an active contribution in this area.

This mapping is reproduced below to provide a visual representation of the issues, without replacing the explanatory text that follows. The different risks are classified according to their potential impact and likelihood of occurrence. This risk mapping reflects Pernod Ricard's exposure and takes into account the control measures in place to limit the probability and impact. This mapping will be reviewed annually to take into account major changes in the risk environment facing the Group Pernod Ricard.



Risk hierarchy

Risks relating to business activities	Geopolitical and macroeconomic instability
	Pressure on prices and margins
	Cyberattack
	Fast changing consumer behaviors
	Talent management
	Negative media coverage
	Supply chain disruptions
	S&R challenges
	Fraud
Industrial and environmental risks	Loss of major site/strategic inventory
	Toxic contamination
	Climate change and environmental damage
	Product quality issues
	Health and safety
Legal and regulatory risks	Regulatory risks: • business ethics • taxes and levies
	Anti-alcohol environment and regulations
	Counterfeiting/IP rights
	Major litigation
Financial risks	Financial risks: • FX • Interest rates • Credit
	Pensions

Risk factors exist in a limited number of categories depending on their nature. Within each category, the most important risk factors are presented first.

4.2.1 Impact of the Covid-19 pandemic on Pernod Ricard's key risk factors and outlook

Many of the risks mapped have materialised in one way or another (personal safety, legal restrictions on the sale of alcohol, financial risks) or have required heightened vigilance (cyberattacks, supply disruptions) in the context of the sanitary crisis triggered by the Covid-19 pandemic. The main impact of the sanitary crisis lies in the sharp decline in Group sales resulted from the lockdown periods, in particular due to widespread closures in the hospitality and nightclub sector and a sharp fall in air traffic affecting the travel retail business.

Since the start of the health crisis, and throughout FY21, Pernod Ricard has maintained measures enabling it to:

- protect the health and safety of its employees by rigorously applying the recommendations of local authorities and the World Health Organization (partial shut-down of operations, widespread working from home for staff, rotation of teams, etc.);
- ensure the continuity of its industrial, commercial and logistical operations; and
- maintain dynamic management of its activity (including the management of its resources) in a context of very uncertain outlook depending on the country.

4.2.2 Description of key risk factors

I. Risks relating to business activities

1. Geopolitical and macroeconomic instability

RISK IDENTIFICATION AND DESCRIPTION

Due to its international scope, the Group Pernod Ricard is exposed to the risks of geopolitical tensions and macroeconomic instabilities.

The acceleration of the protectionist trends observed in recent years may lead to an increase in customs barriers, as was the case in the context of the trade conflicts between the United States and China, on the one hand, and the European Union, on the other.

In addition, the global sanitary crisis triggered by the Covid-19 pandemic has increased the risk of the resurgence of a global macroeconomic crisis and social unrest.

POTENTIAL IMPACTS ON THE GROUP

These geopolitical and macroeconomic disruptions in the Group's markets could lead to heightened volatility in Pernod Ricard's commercial and financial results.

Macroeconomic instability and, in particular, potential constraints on consumer purchasing power, may have a negative impact on consumption opportunities and the Group's sales.

Sustained geopolitical tensions could also lead to difficulties in accessing certain markets.

These economic crises and trade tensions could weigh on the Group's operating margins.

RISK CONTROL AND MITIGATION

For the Group, the best way to protect itself is to diversify its activities, both geographically and by category: it is present in 73 countries and has a leading brand in all major spirit categories. Pernod Ricard continues to develop new distribution channels (e-commerce, home entertainment) and to exploit new consumption opportunities, such as the "low/no alcohol" trend. Accordingly, the Group regularly reassesses its routes-to-market and local partners. In addition, crisis management programmes are in place in all affiliates. Similarly, in certain cases, the Group may increase prices in order to mitigate the impact on margins. Finally, under certain circumstances, production and logistics infrastructures can be adapted.

2. Pressure on prices and margins

RISK IDENTIFICATION AND DESCRIPTION

The concentration and consolidation of distributors both locally and internationally has been ongoing for several years. E-commerce is also becoming an increasingly important alternative to traditional distribution channels. This competitive environment affects the Group's ability to increase its prices and may sometimes force Pernod Ricard to organise more aggressive and frequent promotional campaigns.

The Group also faces heightened competition from both major international players on its strategic brands and local groups or producers on its local brands, driven by the increasing success of craft products, as is the case with vodka in the United States.

Lastly, purchase price inflation (materials, services) is closely monitored by the Group in order to limit pressure on margins.

POTENTIAL IMPACTS ON THE GROUP

Potential impacts include:

- the increased bargaining power of Pernod Ricard's customers leading to margin erosion and/or loss of market share;
- temporary delisting of products on shelves and/or removal of promotional materials;
- pressure on Pernod Ricard to align prices across markets within a region;
- the more intense competition in mature markets and the increasingly competitive nature of emerging markets, requiring the Group to boost its advertising and promotional investments, or even to reduce or freeze prices in order to protect market share, thereby weighing on results;
- damage to the brand image of products, resulting from price reductions; and
- a decrease in margins due to a deterioration in purchasing conditions from the Group's suppliers and/or a limited ability to reflect cost increases in the price of its products.

RISK CONTROL AND MITIGATION

To mitigate risk, Pernod Ricard earmarks approximately 16% of net sales for A&P investments to reinforce brand equity and, in turn, the ability to increase prices. In addition, Pernod Ricard has rolled out several initiatives to boost net sales (Revenue Growth Management), such as the development of a promotional effectiveness tool, the analysis of commercial conditions and pricing structures, and the implementation of dedicated pricing resources. These initiatives are adopted in the affiliates and coordinated at Group level by the Headquarters.

Particular attention is paid to the operating margin, a key indicator monitored by the management control teams. The Group has put in place the appropriate organisations and initiatives to ensure satisfactory purchasing conditions for its raw materials while maintaining relationships of mutual trust with its key suppliers.

3. Cyberattack

RISK IDENTIFICATION AND DESCRIPTION

The Group's digital transformation has brought with it greater exposure to risks stemming from cyberattacks, as well as those related to IT and telecommunications system failures. These systems are of inestimable importance to the Group's day-to-day operations, in particular regarding processing, transmission and storage of electronic data relating as much to the Group's operations and financial statements, as to the communication between Pernod Ricard's personnel, customers and suppliers.

In addition, more stringent personal data protection regulations, including the General Data Protection Regulation, increase the risks associated with regulatory non-compliance.

POTENTIAL IMPACTS ON THE GROUP

Potential impacts of a cyberattack and its effects depend on the nature of the attack, but could include:

- leakage, loss, theft of personal, strategic or confidential data, and the resulting chain of potential repercussions;
- system failure; and
- incapacity to perform day-to-day operations.

Although the Group invests a significant amount in maintaining and safeguarding its IT systems, particularly in view of growing threats in terms of cybercriminality, any malfunctions, significant disruption, loss or disclosure of sensitive data could disrupt the normal course of business, and have financial, operational or reputational consequences.

Lastly, the Covid-19 pandemic has caused a spectacular rise in teleworking within the Group, which has shaken up traditional ways of organising work, while at the same time presenting attackers with increased opportunities to launch cyber-attacks.

RISK CONTROL AND MITIGATION

Pernod Ricard has drawn up a cybersecurity roadmap based on the establishment of dedicated governance and resources.

The Group has taken out a "cyber-insurance" policy and is striving to strengthen the security of its infrastructures, websites and networks. Infrastructure monitoring and management is performed constantly. IT and security audits are regularly performed to assess whether the level of security is adequate; they give the Group a good overview of the reliability of its IT systems. In addition, awareness-raising campaigns are conducted. Lastly, tests are carried out on the recovery of the Group's IT systems following a hypothetical cyberattack, and a plan has been designed to facilitate the recovery of data as efficiently as possible.

4. Fast changing consumer behaviors

RISK IDENTIFICATION AND DESCRIPTION

Accentuated by the Covid-19 pandemic, the trend in consumer behaviour has accelerated, in terms of product offerings (artisanal spirits, trend for little or no alcohol), purchasing preferences (e-commerce, fast delivery) or dialogue and brand experiences with (digital marketing, cross-channel points of contact, etc.).

Pernod Ricard needs to adapt its organisation, portfolio, business model and market access routes to these new trends and continue to innovate, always placing the consumer at the centre of its decisions and marketing and commercial choices.

POTENTIAL IMPACTS ON THE GROUP

Difficulties in detecting and predicting future consumer behaviour could result in under-investment in categories, products and channels that turn out to be strong or conversely over-investment in those that are running out of steam.

Over time, Pernod Ricard could lose market share or miss out on growth opportunities and damage its brand image and/or reputation.

RISK CONTROL AND MITIGATION

To mitigate risk, Pernod Ricard acts across its entire organisation:

- the Consumer Insights organisation studies and improves knowledge of consumer behaviour and societal changes in the Group in order to anticipate changes in trends. This was strengthened in 2019 by its centralisation and the creation of relays in the markets as well as by the intensification of social listening resources;
- innovation hubs have been created in the regions to develop products and services with high added value, both for the Group and for its consumers and users. In addition, an agile TLO experimentation method (Test, Learn, Optimise) has been set up;
- from a strategic standpoint, the diversification of the business model, market access methods and portfolio management are closely monitored and changes deemed relevant are implemented. For example, the Group entered the direct-to-consumer sales channel with the launch of Drinks&Co, a brand bringing together an online marketplace and physical stores. Moreover, the creation of Conviviality Ventures in 2017 also makes it possible to invest indirectly in new activities that complement those of Pernod Ricard by benefiting from the rich and innovative start-up ecosystem;
- finally, the Group continues its in-depth digital transformation. The six transformation priorities have been brought together in Key Digital Programmes. They make it possible to continuously improve the effectiveness of marketing and sales processes and to identify the maximum opportunities in the relationships that are established with the various partners through incubated programmes. These programmes are based on the in-depth exploitation of data and the latest available technologies such as machine learning algorithms.

5. Talent management [1]

RISK IDENTIFICATION AND DESCRIPTION

Pernod Ricard's success depends on the commitment of its employees and its ability to attract and retain them as well as develop their skills, particularly in highly competitive labour markets, such as Asia, Africa and Eastern Europe, where turnover rates are higher than in the rest of the world. This competitive talent market is heightened by the search for scarce skills (such as digital skills) and by changes in the aspirations of new generations. Moreover, employee development through geographic mobility is a key issue (diversity of career paths, management of the partner's career, cost control, etc.).

POTENTIAL IMPACTS ON THE GROUP

The Group is aware that talent management must remain an area of long-term vigilance to ensure the sustainability of the business and ensure the transmission of key know-how within the organisation. Excessively high turnover or unduly long job vacancies could have a financial impact and demotivate teams. This could potentially slow the implementation of key Group development projects and have an adverse impact on its business, results or reputation.

RISK CONTROL AND MITIGATION

To mitigate risk, the Group has established an ambitious skills development policy facilitating dynamic career management. Accordingly, shared processes and tools have been developed to allow all affiliates to optimise the assessment of skills and performance, to formalise the detection of talents, to encourage internal mobility and to monitor employee satisfaction. Since 2019, a talent management system, based on a leadership model with expected behaviours at each level, has been put in place (Let's Talk Talent). Shared by the whole Group, this system puts the employee at the centre of Human Resources processes and clarifies performance expectations, using a common language for everyone. Moreover, Pernod Ricard University trains the Group's future leaders through leadership development courses. Succession plans are regularly reviewed by the Top Management, especially for key positions within the Group. Lastly, measures are carried out regularly to improve quality of life at work. They include the facilitation of remote work, measures related to well-being at work, the modernisation of workspaces and managerial awareness-raising programmes.

6. Negative media coverage

RISK IDENTIFICATION AND DESCRIPTION

The constant increase in the number of social networks, the speed of circulation of information and its influence, mean that the Group could face the risk of being exposed to harmful media coverage and inappropriate publications or messages. Furthermore, the prolonged spread of misleading information in the media and in particular on social networks (fake news) has been observed in recent years. It cannot be ruled out that the Group Pernod Ricard could be affected by this type of action, which is difficult to control.

POTENTIAL IMPACTS ON THE GROUP

A malicious attack aimed at harming the Group's reputation or a genuine incident in relation to Pernod Ricard brands could have a significant impact on the Group's image and reputation. Further widespread negative media coverage could jeopardise consumers' confidence in Pernod Ricard brands, resulting in a potential sales decline.

RISK CONTROL AND MITIGATION

The Group's risk is managed through a series of internal and external measures. While internal measures focus primarily on raising the awareness of Pernod Ricard employees of the impact of social media and sharing best practices in terms of communication, external measures are used to monitor social media and promote the Group's CSR activities.

(1) Note that this risk is also covered in Section 3.3.2.1 of the Non-Financial Information Statement.

7. Supply chain disruptions

RISK IDENTIFICATION AND DESCRIPTION

While the global crisis linked to the Covid-19 pandemic has shown the resilience of the Group Pernod Ricard's supply chain, it has also shown that large-scale, unpredictable events could occur and render access to markets more complex. Other factors also remain relevant, such as the failure of a key supplier, the unavailability of certain raw materials (weather conditions, in particular) or the closure or impossibility of access to certain routes, whether sea or land. By way of illustration, a trend towards the concentration of suppliers of raw materials and packaging has been observed for a number of years. Today, many of the Group's affiliates work with the same suppliers, which creates risk-charged interdependence should one of them fail (*e.g.* in the event of a major accident at one of their production sites).

POTENTIAL IMPACTS ON THE GROUP

A breakdown in the supply chain could occur due to the unavailability of certain raw materials or packaging materials, causing production of some of the Group's products to be shut down.

Furthermore, the unavailability of certain products on the shelves, for one or more of the reasons mentioned here, could result in penalties invoiced by the Group's customers for non-compliance with the commercial terms and conditions and service rates agreed between the parties.

Lastly, an unexpected rise in the cost of raw materials or packaging materials could significantly increase the Group's operating costs. As it is not certain that this increase can be offset by higher prices, the Group's results could be affected.

RISK CONTROL AND MITIGATION

As part of the business continuity measures put in place for the Group's strategic brands, affiliates systematically identify supply alternatives whenever there is a risk of a single supplier. These alternatives are also tested to ensure the viability of these choices. In addition, to mitigate other scenarios taken into account in these business continuity plans (such as the loss of a storage site or transport difficulties), emergency stocks are planned and taken into account on a permanent basis in the supply and production decisions of Brand Companies and Market Companies.

Lastly, the reinforcement of the "S&OP" process, supported by the rollout of IT tools, gives better visibility concerning future demand and associated supply plans. In this context, more detailed planning of needs - at the level of the Brand Companies in particular - makes it possible to secure supply volumes from key suppliers and facilitate allocation decisions for the various markets if necessary.

8. S&R challenges

RISK IDENTIFICATION AND DESCRIPTION

Pernod Ricard places the responsibility and sustainability of its activities at the heart of its strategy and decisions. In this context, an ambitious roadmap for 2030, called Good Times From a Good Place, was rolled out in 2019. Structured around natural resources and key stakeholders for the Group, this strategy has four pillars ("Nurturing terroir", "Valuing People", "Acting Circular" and "Responsible Hosting") for each of which quantitative and qualitative objectives have been defined.

All of these commitments represent real challenges that the Group is intent upon tackling, in line with its historical approach and the expectations of its stakeholders, in particular consumers, employees and shareholders.

POTENTIAL IMPACTS ON THE GROUP

Failure to meet these objectives or the occurrence of an event in conflict with our commitments (such as an industrial accident) would damage the credibility and reputation that the Group has built up over recent years with its stakeholders, in addition to the direct consequences.

RISK CONTROL AND MITIGATION

The Group has built a solid governance around the issues of responsibility and sustainability. At the level of the Board of Directors, a CSR Committee ensures that Pernod Ricard's roadmap and commitments are monitored. In addition, at operational level, a steering committee meets four times a year to ensure that the resources are put in place to achieve the objectives. Pernod Ricard is also setting up key partnerships to reinforce the implementation of the strategy. Finally, reporting and monitoring tools covering all indicators in all Group affiliates make it possible to verify the Group's progress and the alignment of all functions involved in achieving these goals.

9. Fraud

RISK IDENTIFICATION AND DESCRIPTION

Pernod Ricard is exposed to the risks of fraud, notably due to its presence in a wide range of countries as well as its accelerating digitalisation, and to constantly evolving threats (cyber-attacks, criminal organisations, etc.).

POTENTIAL IMPACTS ON THE GROUP

From theft to cybercriminality, any type of occurrence could lead to financial losses (including legal costs to recover defrauded sums and products), leakage of sensitive information or theft of major physical assets. It could also have a significant impact on the Group's reputation.

RISK CONTROL AND MITIGATION

To mitigate this risk, the Group Pernod Ricard has implemented training measures (*e.g.* the online course on internal control) to raise fraud awareness among Pernod Ricard employees. In addition, a strong internal control framework – relying on the Group internal control principles and related tools – has been set up across the Group to limit the risk of occurrence. Further, the Group conducts internal and external audits each year to ensure the effectiveness of measures in place.

II. Industrial and environmental risks

1. Loss of a major industrial site/strategic inventory

RISK IDENTIFICATION AND DESCRIPTION

Today, the main identified causes that could result in the loss of a major industrial site or strategic inventory are:

- a fire and/or explosion related to the manufacture and handling of flammable products (*e.g.* alcohol);
- a natural catastrophe such as an earthquake, hurricane or flood; and
- a malicious act.

Several Group sites are located in seismic zones, particularly in New Zealand, Armenia, California and Mexico.

Certain sites, including the San José plant in Cuba, are exposed to risk of cyclones.

Lastly, the Group has significant stock of ageing products, such as Scotch whisky, Irish whiskey, cognac, rum, brandy and wines, which are highly flammable.

POTENTIAL IMPACTS ON THE GROUP

The loss of a major industrial site or strategic inventory is considered a major risk for Pernod Ricard. The materialisation of this risk could result in a significant operating loss and as such a sharp drop or prolonged interruption in the supply of certain products, thereby preventing the Group from meeting consumer demand.

Moreover, an incident at one of the sites, whether accidental or the result of a malicious act, could jeopardise the safety of Group employees or could cause environmental damage.

RISK CONTROL AND MITIGATION

To manage this risk, an Operations Risk Manager reporting to the Operations Department is responsible for coordinating the actions of affiliates in the implementation of preventive measures (design and maintenance of facilities, training, operating procedures, etc.) and physical protection mechanisms (automatic extinguishing, retention basins, emergency procedures, etc.).

In cooperation with the insurer, more than 40 industrial sites are reviewed each year, resulting in an appraisal of the quality of risk, and as such, recommendations for improvement for each.

In addition, a Group monitoring programme for business continuity and management systems is in place. Strategic affiliates have identified the various scenarios that could affect their operations and have drawn up business continuity plans including the implementation of emergency solutions and access to alternative means of production in the event of the loss of a site.

2. Toxic contamination [1]

RISK IDENTIFICATION AND DESCRIPTION

The Group purchases most raw materials (grapes, cereals, agave, etc.) used in the manufacture of its wines & spirits from farmers or industrial producers (alcohol, sugar, flavourings, etc.). The presence of undesirable substances in these raw materials or a defect in the distillation, fermentation or bottling process could result in the presence of chemical (contaminant), biological (microorganism), physical (foreign body) or allergen contamination.

POTENTIAL IMPACTS ON THE GROUP

The Group's reputation and image may be undermined at any time by one-off incidents at an industrial facility or relating to a specific product. For example, contamination, whether arising accidentally, or through an act of malice, could cause injury or intoxication to a consumer, thereby exposing the Group to litigation and causing business and/or reputational harm to brands.

RISK CONTROL AND MITIGATION

The Group has implemented protection and control systems to limit the risk of contamination. The control of this risk is based both on the application of the HACCP method, which aims at identifying the risks involved in the manufacturing process and to bring them under control, as well as on the implementation of specific internal guidelines. This approach is also accompanied by the implementation of management systems compliant with the ISO 22000 standard for food safety management, which is aimed specifically at controlling such risk.

The Group conducts a programme of in-depth analyses covering all contaminants deemed possible. In 2019 and 2020, it focused on all Strategic International Brands and the biggest Strategic Local Brands.

An operation to detect contaminants, covering all Strategic International Brands and the most important Strategic Local Brands, is periodically conducted by the Group's head office. It consists of an array of chemical analyses covering all the contaminants considered possible, and involves detection testing for around 40 unwanted molecules plus several hundred pesticides.

(1) *Note that this risk is also covered in Section 3.4.1.1 of the Non-Financial Information Statement.*

3. Climate change and environmental damage [1]

RISK IDENTIFICATION AND DESCRIPTION

Given the nature of Pernod Ricard's business, climate change and related risks are a major concern:

- on the one hand, the climate impacts the Group's activities in several ways: threats to the supply of raw materials such as grapes and grain, risks related to the management of water resources (flooding, drought); and
- on the other hand, potential damage can be caused by Pernod Ricard (CO_2 emissions, accidental pollution).

POTENTIAL IMPACTS ON THE GROUP

Increasingly irregular crop yields, climate events such as frost, hail and drought and shifting climatic boundaries can affect the quality, availability and, to a greater extent, the price of raw materials.

Where grains are concerned, this effect, coupled with rising global demand, is contributing to 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 point to an increase in alcohol content in wine and champagne, changes to certain qualitative parameters and change in phytosanitary pressure, as well as the risk of frost or drought, which vary depending on geography.

A similar risk exists in relation to the water supply for production sites: a number of sites use underground water tables for their supply and these can also be affected by climate change.

From a regulatory point of view, environmental issues, and in particular climate-related issues, are leading to stricter regulations on carbon emissions. In Europe, the Group's four largest distilleries are subject to the European Union carbon emission trading system (EU-ETS). The direct financial challenge is moderate for Pernod Ricard but can be expected to increase significantly in the years to come. The economic impact of regulations on energy and carbon is also felt through indirect consumption *via* the Group's suppliers (especially with respect to glass, alcohol and transport).

RISK CONTROL AND MITIGATION

For grapes, the relevant inter-professional organisations, such as those for cognac and champagne and the corresponding organisations for wine in Australia and New Zealand, have incorporated this issue into their research programmes in order to adapt their practices to the changes (choice of grape varieties, vine training, vinification, etc.).

The availability and quality of water at the production sites are key factors in ensuring the quality of Pernod Ricard's products and are monitored very closely. Responsible water management is a significant component of the Group's environmental policy: each site has to ensure that the use of groundwater or river water and the release of wastewater back into the environment do not harm nature. Sites located in areas identified as high risk in terms of water supply are subject to enhanced monitoring so as to ensure the sustainability of resources used by minimising water consumption and recharging the equivalent volume of water in the same area from which it is taken.

As for the financial impact related to CO_2 emissions generated directly by the Group's activities or indirectly by its suppliers, a CO_2 emission reduction plan has been put in place, aligned with a scenario of less than 2°C.

In addition, Pernod Ricard's impact on the climate was taken into account in the definition of the "Preserve to share" roadmap. In concrete terms, the "Nurturing terroir" and "Acting Circular" pillars involve the Company in the following areas:

- biodiversity: by 2030, 100% of the Group's affiliates worldwide will have a strategic biodiversity project that will address the most pressing local issues;
- regenerative agriculture: by 2025, pilot regenerative agriculture programmes will be developed by the Group for vineyards in eight wine-growing regions – Argentina, California, the Cognac region, Champagne, Spain, Australia, New Zealand and China – aiming to replicate natural processes and improve the quality of soils, watersheds and ecosystems;
- packaging and waste: elimination of single-use plastic promotional items in 2021 and 100% of packaging to be recyclable, compostable, reusable or bio-sourced by 2025; and
- the balance of water resources and the carbon footprint: by 2030, offset of 100% of the consumption of production sites located in watersheds under high water stress, by replenishing water resources in these regions, and a 50% reduction in the carbon intensity of the Group's activities, in line with the Science-Based Targets initiative.

(1) *Note that this risk is also covered in Section 3.3.3.2 of the Non-Financial Information Statement.*

4. Product quality issues [1]

RISK IDENTIFICATION AND DESCRIPTION	POTENTIAL IMPACTS ON THE GROUP
The main product quality issues encountered within the Group arise from the level of quality and compliance of the: • product ingredients; • packaging; • production process; and • development process of our new products.	The success of the Group's brands depends upon the positive image that consumers have of those brands. A quality issue with one of the products in the portfolio, affecting the integrity of its brand or its image among consumers, could have a negative impact on the Group's sales.

RISK CONTROL AND MITIGATION

Quality risk management is based on a joint quality management approach implemented worldwide in all production affiliates. Coordinated by the Group's Operations Department, this risk management policy is based on internal Pernod Ricard standards and on systematic risk analysis.

It draws on the standards setting out best practices and minimum requirements in each of the areas concerned by quality:

- foreign bodies;
- contamination;
- traceability;
- quality control; and
- product recall.

It is also backed up by an ambitious quality certification process for Group production sites based on the following two international standards:

- ISO 9001 for quality management; and
- ISO 22000 for food safety management.

(1) Note that this risk is also covered in Section 3.4.1.1 of the Non-Financial Information Statement.

5. Health and safety [1]

RISK IDENTIFICATION AND DESCRIPTION

Preventing and managing occupational risks is something the Company owes its employees.

The notion of "occupational risk" can be defined as all threats to the health of employees encountered in the context of their professional activity. They may result in an accident or a so-called "occupational" illness. A non-exhaustive list of occupational risks Pernod Ricard is committed to preventing is as follows:

- risks relating to noise and vibrations;
- electrical risk;
- fire and explosion risk;
- road risk;
- risks relating to the use of certain machines or work equipment; and
- psychosocial risks.

In addition to these traditional risks related to the industrial environment and work in a company, the Covid-19 pandemic may have affected the physical and mental health of Group employees. Despite the implementation of demanding health protocols and the compliance with isolation and quarantine measures, some employees contracted the disease. In addition, repeated lockdowns and prolonged periods of work from home have created disruption to social links and affected the work-life balance.

POTENTIAL IMPACTS ON THE GROUP

Personal injury is one of the main potential impacts for the Group.

The most serious potential impacts are:

- the death of one or more employees, subcontractors, visitors or other third parties;
- permanent disability of employees, subcontractors, visitors or other third parties; and
- occupational illness.

Reputational impact related to inadequate management of working conditions must also be taken into account.

The active and widespread circulation of a virus such as Covid-19 could lead to repeated absences due to illness, the implementation of home working measures or the temporary stoppage of certain sites leading to potential production losses for the Group.

RISK CONTROL AND MITIGATION

The Group has embarked on a process to reduce workplace accidents by launching a comprehensive inventory of industrial sites with the greatest potential for improvement at the end of 2017. The main sites are now assessed by an external company in accordance with specific criteria in terms of both the safety culture and the ISO 45001 "Occupational Health and Safety" management system.

Building on this overview and the commitment of senior management, the Group has signalled its goal of becoming leader in 2025 in the Wine & Spirits sector in terms of Health and Safety. This goal is embodied in a programme known as "Taking care of each other", built on the following three strategic pillars:

- develop a culture where safety is central to the Group's values of conviviality;
- engage, motivate and empower all employees and subcontractors on the issue of safety; and
- improve our operational efficiency through excellence in Health and Safety.

This programme, which is closely monitored by the Group's Top Management, is part of the Group's CSR strategy and has gradually been extended to all affiliates.

Finally, the protection of the Health and Safety of its employees lies at the heart of the Group's decisions by rigorously applying the recommendations of local authorities and those of the World Health Organization. Several initiatives have been put in place, in affiliates and at head office, to prevent psychosocial risks linked to prolonged isolation in the context of a pandemic, such as:

- dedicated mental health hotlines;
- partnerships with medical centres;
- virtual moments of conviviality through fun activities (dancing, cooking); and
- strict rules regarding over-connection and meeting and working hours.

(1) Note that this risk is also covered in Subsection 3.3.2.3 of the Non-Financial Information Statement.

III. Legal and regulatory risks

1. Regulatory risks

a. Business ethics [1]

RISK IDENTIFICATION AND DESCRIPTION

Pernod Ricard is a decentralised company present in 73 countries where anti-bribery laws apply with potential extraterritorial effect.

Examples include the US Foreign Corrupt Practices Act, the UK Bribery Act or France's Sapin II law. The Group is thus required to take into account and rigorously monitor the risk of corruption and influence peddling, as well as to ensure such risks are taken into account in all relevant legal systems, in all regions of the world in which it operates.

Moreover, Company employees interact, even to a marginal extent, with political and administrative officials. The nature of Pernod Ricard's activity (production of wines & spirits enjoyed during a meal or in a bar), for which the motto is "Créateurs de convivialité", means that inappropriate invitations could be issued to people in a position of public authority as part of a lobbying effort.

POTENTIAL IMPACTS ON THE GROUP

Recent regulations concerning the fight against corruption, influence peddling and compliance with business ethics expose Pernod Ricard to the risk of administrative and criminal sanctions, as well as a reputational risk in the event of non-compliance.

In addition, certain corrupt practices, consisting in offering undue, excessive and/or inappropriate benefits, even without deliberate intention to obtain an undue advantage, are severely punished by the anti-corruption laws of three of the main countries in which the Group operates and provide for the criminal liability of the legal entities and natural and moral persons involved, accompanied in particular by heavy financial penalties for the Company as well as for the perpetrators of such practices.

Reputational damage resulting from a judicial conviction or breach of the rules could damage the Company's overall credibility, and an illicit or reprehensible act, even on a single occasion, could negatively impact all Group employees seeking to deliver a message to public authorities. This could in turn limit the Company's ability to legally influence laws that are harmful to its business. It could also result in regulatory developments harming the Company's business (tax increases, marketing restrictions, etc.).

As a result, these regulations could together result in a significant increase in financial expense or a reduction in the Group's activities.

RISK CONTROL AND MITIGATION

Pernod Ricard has conducted a mapping of the specific risks linked to corruption and influence peddling in order to identify and manage corruption and influence peddling risks inherent to the Group's activities and specific to production and distribution processes, as well as cross-functional risks. The Group is also committed to promoting a "zero tolerance" policy through a clear discourse by the Group's Management and relayed by the local management in affiliates. Specific rules for employees and stakeholders have been put in place. These are set out in the Group's Code of Business Conduct, which includes a mandatory online course for all employees in order to better understand the potential risks of corruption and influence peddling and the behaviours to adopt in order to prevent them. Pernod Ricard has also acquired digital tools to support its compliance initiatives: Speak Up, a global system for reporting behaviours that are contrary to the Code of Business Conduct; Gifted!, an app dedicated to the declaration and validation of gifts and invitations; Partner Up, platform for assessing the risk of corruption and influence peddling of third parties with which the Group may work.

In line with the development of legislation on these subjects and the expectations of stakeholders, the Group is also working on Human Rights and environmental issues. Since 2015, Blue Source, a mandatory process for all Pernod Ricard direct procurement, has been rolled out. This aims to ensure the integrity of the Group's partners in these areas and supports them in implementing action plans when necessary. Potential partners assessed as not meeting the standards set are not selected to support the Group in its activities.

Finally, the Group's lobbying policy is governed by the Code of Business Conduct, which contains very specific provisions to prevent any reprehensible practices, whether unintended or otherwise. In France, Pernod Ricard files a disclosure statement with the HATVP [2], the High Authority for Transparency in Public [3] Life and is a member of Transparency International's *Forum des entreprises engagées*. The Group is also a joint signatory of a best practice guide on parliamentary lobbying expenditure published by Transparency International.

(1) Note that this risk is also covered in Section 3.4 of the Non-Financial Information Statement.
(2) https://www.hatvp.fr/fiche-organisation/?organisation=582041943
(3) https://transparency-france.org/entreprise/forum-des-entreprises-engagees-2

b. Taxes and levies [1]

RISK IDENTIFICATION AND DESCRIPTION

As an international player in the Wine & Spirits sector , the Group is very sensitive to changes in indirect taxation, in particular customs duties and excise duties on alcoholic beverages, such as the temporary customs duties introduced by the US government in 2019 on imports of single malt Scotch Whiskey or Spanish wines, followed by duties on certain categories of Cognac in 2021 (transatlantic dispute known as Airbus/Boeing, where the US measures consisted of commercial retaliation to European subsidies for the aerospace industry).

The Group is also exposed to possible changes in tax regulations, in particular concerning direct taxation, in the countries in which it operates, notably at the instigation of the OECD, the European Union or national governments (including tax rates), and accounting policies and standards.

Lastly, Pernod Ricard may be subject to tax audits in several countries, and there is no guarantee that the tax authorities will validate the positions taken by the Group, even if the Group deems them to be correct and reasonable in view of its operations.

POTENTIAL IMPACTS ON THE GROUP

An increase in import taxes and excise duties or a change in laws relative to duty free sales could result in an increase in the price of the Group's products and a reduction in the consumption of its Wine & Spirits brands or an increase in the Group's costs, thereby affecting the Group's financial position and operating profit. Nevertheless, this risk is qualified by the size of advertising and promotional investment which can, in certain cases, limit the impact on consumption of an increase in prices.

Other changes in tax regulations could also have a material impact on the Group's results, such as an increase in the corporate tax rate in the countries in which the Group operates.

Lastly, in the event that the tax authorities successfully challenge the Group on any material positions, the Group may be subject to additional tax liabilities that may have an adverse effect on the Group's financial position if they are not covered by provisions or if they otherwise trigger a cash payment.

RISK CONTROL AND MITIGATION

The Group has a tax policy based on compliance with applicable laws and regulations, sound conduct and proactive and efficient tax management. It involves the rejection of all artificial arrangements, the application of a transfer pricing policy based on the arm's length principle, efficient organisation of the tax function within the Group and a transparent attitude towards the tax authorities.

Very often, when the Group is confronted with increases in customs duties that affect the entire wine & spirits industry in a given country, the authorities of the exporting country provide their diplomatic support to resolve the problem. As a result, European governments have opened a dialogue with the US government to eliminate customs duties arising from the Airbus/Boeing dispute. This action led to the ending of all customs duties concerned in the spring of 2021.

Furthermore, the Group's diversification in terms of geographies and product categories mitigates the potential impact of tax risks.

(1) Note that this risk is also covered in Section 3.4.1.6 of the Non-Financial Information Statement.

2. Anti-alcohol environment and regulations [1]

RISK IDENTIFICATION AND DESCRIPTION

The Group's businesses throughout the world are subject to a growing number of regulations. Regulatory decisions and changes in legal and regulatory systems could have adverse impacts on Pernod Ricard's business, particularly in the areas of advertising and promotions, labelling and access to distribution.

In almost all countries in the world, the production, import/export and sale and distribution of alcohol are subject to special regulations. These are constantly changing. Likewise, the presentation or labelling, advertising and promotion of alcoholic products are subject to increasingly strict regulations, the aim of which is often to better inform consumers about the risks of inappropriate alcohol use and sometimes even reduce their alcohol consumption.

The religious, cultural and media context of each country leads to wide variation in the regulation of alcoholic beverages. In general, there is a movement towards greater constraints on this type of product, its promotion or its distribution.

POTENTIAL IMPACTS ON THE GROUP

Regulatory decisions and changes in legal and regulatory requirements in these areas could have a negative impact on Pernod Ricard's business:

- **advertising and promotions**: regulatory authorities in the countries in which the Group trades could impose restrictions on advertising for alcoholic beverages (*e.g.* television advertising or sponsorship of sports events). One effect of these limitations would be to prevent or restrict the Group's ability to retain or recruit consumers for its brands in a challenging competitive environment. Restrictions on advertising freedom could also constrain the Group's ability to launch new innovations. They thus have a significant impact on the Group's business;
- **labelling**: changes to labelling requirements for alcoholic beverages could diminish the appeal of these products for consumers, who might switch to other less tightly regulated products, resulting in a decline in sales. Furthermore, such changes could have the consequence of increasing costs, thereby affecting the Group's results; and
- **access to distribution**: government authorities in countries in which the Group operates may seek to restrict consumer access to the Group's products. For example, the prohibition of alcohol in Bihar (India) led to the cessation of Pernod Ricard's activities in that State. Likewise, restrictions on channels, hours or points of sale are occurring regularly in many countries. These restrictions tend to shift consumption to illegal or parallel distribution channels, which compete with the Group's lawful business.

RISK CONTROL AND MITIGATION

Pernod Ricard actively participates in public debates relating to the adoption of laws and regulations that affect the Group. The Company's teams promote the Group's positions and solutions to local decision-makers and legislators. Pernod Ricard does this through professional bodies to which it belongs, or directly when the subject specifically concerns the Group.

Pernod Ricard is also committed to ensuring that the products distributed are promoted responsibly and in line with the ethical marketing or commercial standards agreed within the International Alliance for Responsible Drinking (IARD). Internal controls are in place to ensure compliance with the Pernod Ricard Commercial Communication Code, which includes all the rules to which marketing communications are subject.

In line with its CSR ambitions, Pernod Ricard also wants to be part of the players who are proactively changing legislation and practices, by promoting alternatives to exclusively repressive solutions to treat alcohol abuse and which have not proven their effectiveness. Currently, more than 150 initiatives to prevent the dangers of abusive or inappropriate consumption are developed by the Group worldwide, alone or with partners. From 2021, a pictogram "prohibited to minors", as well as a pictogram on the risk of excessive alcohol consumption while driving, will be affixed to all bottles produced by the Group's brands, three years ahead of the initial schedule (insofar as the regulations in the country where they are sold allow it).

(1) Note that this risk is also covered in Section 3.2.2 of the Non-Financial Information Statement.

3. Major litigation

RISK IDENTIFICATION AND DESCRIPTION

Like other companies in the Wine & Spirits sector, the Group may be the subject of legal action or other litigation and complaints from consumers or government authorities. In addition, the Group routinely faces litigation in the normal course of business.

The Group records provisions for all disputes in which it is involved and all risks it faces. At 30 June 2021, these provisions totalled €366 million, compared with €431 million at 30 June 2020 (see Note 4.7 – *Provisions* to the consolidated financial statements).

POTENTIAL IMPACTS ON THE GROUP

Major litigation of any type could have an adverse impact on the Group's financial position (in the event of a fine or damages), or the Group's image and reputation due to media coverage and posts on social networks, and may result in the loss of rights, in particular intellectual property rights (in the event of the cancellation of a trademark).

RISK CONTROL AND MITIGATION

To avoid litigation, the Legal Department, in charge of the Group's protection and defence, has implemented preventive measures. Marketing and operational teams are made aware of legal issues on an ongoing basis, model agreements are made available, and the legal teams provide support in the very early stages of projects. Legal functions have been established at the regional and local levels to ensure better local monitoring. Furthermore, a quarterly report listing the major risks identified by local legal teams, particularly with regard to compliance, counterfeiting, cyberattack, personal data and potential major disputes is sent to staff at head office, who are responsible for coordination.

4. Counterfeiting/IP rights

RISK IDENTIFICATION AND DESCRIPTION

The Group's brands are one of the key aspects of its competitiveness. However, they face various threats: unauthorised reproduction, imitation, use of signs likely to create confusion in the mind of the public, refilling of bottles with counterfeit liquids. These issues remain crucial in various markets, and could pose serious threats to consumers, including endangering their health. In addition, the increasing sophistication of techniques for unauthorised reproduction of the Group's products can lead to difficulties in authenticating them.

In the context of the Covid-19 pandemic, illegal traders are actively seeking to take advantage of the measures put in place to combat the spread of the virus. The closure of on-trade premises and some official retail outlets, combined with legislation prohibiting the production, import, distribution and sale of alcoholic beverages in certain countries, has triggered a shift to online demand (a distribution channel increasingly used by counterfeiters), as well as a resurgence of black market activity. This is of particular concern in India and South Africa.

POTENTIAL IMPACTS ON THE GROUP

Fraudulent use of the Group's brands damages its image and reputation and impacts its development prospects and results, and could cause consumers to shun the Group's products if their reliability is not guaranteed (in the case of refills) or if third parties deliberately create confusion with the Group's brands (brand imitation). It also increases operating costs.

While avenues for legal recourse are generally satisfactory, it may be difficult in some countries to obtain swift and dissuasive sanctions against counterfeiters.

RISK CONTROL AND MITIGATION

The protection and defence of the Group's intellectual property rights is based on a triangular organisation established to maximise desired efficiency while minimising costs.

First component: at the end of 2014, the Group set up a centralised team (the "Group Intellectual Property Hub") dedicated notably to protecting the brands. This team ensures the protection of rights and defends them against any attempt by third parties to file similar rights in order to avoid confusion among consumers and the undermining or dilution of the Group's brands.

Second component: the Brand Companies are in charge of proceedings brought against any counterfeit goods and/or imitations that may be present in the markets.

Third component: a Brand Security team leads the fight against illicit trade in the Group's products globally by coordinating all action taken against counterfeiting and other forms of trafficking. This action takes the form of investigations on the ground or online, and legal action combined with initiatives to raise awareness among local authorities. In the context of the Covid-19 pandemic, the Brand Security team has stepped up its general monitoring of online sales platforms and social media. Many counterfeiting production facilities have also been dismantled with the help of local authorities, particularly in India and China. Lobbying has also been undertaken jointly with the Public Affairs teams and the Transnational Alliance to Combat Illicit Trade (TRACIT) to raise government awareness of the impact of measures taken on illicit trade during the lockdown. Lastly, the Brand Security team is also involved in the development of technical/technological measures to improve the protection of the Group's products. Examples of such measures include a scheme based on the principle of the smart bottle, introduced in strategic markets such as China, which enables consumers to check the authenticity of the Group's products using a QR code integrated into the packaging. In addition, a platform identifying local legislation that could encourage illicit trade was set up in conjunction with industry stakeholders to identify high-risk regions and take the necessary action during the Covid-19 pandemic.

The defence of intellectual property rights also involves operational staff, who are called on to identify imitations (products/brands) in the field and to pass on all necessary information to the aforementioned teams for action.

IV. Financial risks

The Group's main financial risks are market, credit and liquidity risks. They are subject to risk management policies and procedures put in place to measure and manage them and reduce their occurrence or impact.

In an economic context that remains uncertain and in order to manage the liquidity risk that may result from the repayment of financial liabilities at their contractual maturity, Pernod Ricard has taken precautionary measures to ensure sufficient liquidity to meet its needs and continues to diversify its sources of financing, thereby limiting dependence on various lenders.

Thus, the Group anticipated the refinancing of a portion of its Bonds in US dollars in October 2020 (issuance and early redemption of existing Bonds in US dollars *via* the exercise of the make-whole option provided for in the contract, for an equivalent amount). This transaction made it possible to substantially extend the average maturity of the Group's bond debt.

As of 30 June 2021, the Group's cash position stood at €2.1 billion, plus €3.4 billion in undrawn secured credit lines, including a €600 million revolving credit line set up in March 2020.

The Credit Agreements also set out obligations, including a commitment to provide lenders with adequate information, compliance with a solvency ratio at each half-year end (which must be less than or equal to 5.25) and compliance with certain commitments customary in this type of credit agreement (including the maintenance of the credit's pari passu ranking).

1. Foreign exchange risk [1]

RISK IDENTIFICATION AND DESCRIPTION

Due to its international footprint, the Group is naturally exposed to fluctuations in foreign currencies (excluding the euro, its functional and reporting currency) in which its operations are carried out (transaction and translation risks) and in which its assets and liabilities are denominated.

POTENTIAL IMPACTS ON THE GROUP

Fluctuations of this nature may therefore have an impact on Pernod Ricard's results and shareholders' equity.

They include:

- conversion risk for the financial statements of consolidated affiliates with a functional currency other than the euro; and
- operational risks on operating cash flows not denominated in the entities' functional currency.

Moreover, fluctuations in currencies against the euro (notably the US dollar) may impact the nominal amount of these debts and the financial expense reported in euros in the consolidated financial statements, and this could affect the Group's reported results.

RISK CONTROL AND MITIGATION

As a rule, it is Group policy to invoice end customers in the functional currency of the distributing entity. The resulting net foreign exchange exposures are hedged by the use of forward transactions.

Residual risk may be partially hedged by the use of financial derivatives (forward purchases, forward sales or options) intended to hedge highly probable receivables or payables or to secure the receipt of dividends.

For asset risk, financing foreign currency-denominated assets acquired by the Group with debt in the same currency provides natural hedging.

2. Interest rates risk [1]

RISK IDENTIFICATION AND DESCRIPTION

Pernod Ricard is exposed to changes in interest rates on its financial liabilities and its liquid assets; such changes may have a positive or negative effect on its financial expense.

As of 30 June 2021, the Group's debt consisted of floating-rate debt (8%) and fixed-rate debt (92%), to which should be added a hedging portfolio intended to limit the negative effects of interest rate fluctuations.

POTENTIAL IMPACTS ON THE GROUP

The Group is naturally affected by changes in interest rates in its functional currency and, more marginally, by changes in the interest rates of other currencies contributing to its consolidated Net debt.

A rise or fall of 50 basis points in interest rates (euro or US dollar) would result in an increase or decrease of €5 million in the cost of net financial debt.

RISK CONTROL AND MITIGATION

As part of its financial policy, Pernod Ricard seeks to limit interest rate risk by focusing on fixed-rate funding for a significant portion of its financial debt.

(1) Note 4.9 to the consolidated financial statements.

3. Credit risk [1]

RISK IDENTIFICATION AND DESCRIPTION

Credit risk for the Group is dominated by the risk of financial loss stemming from a default (cash flow difficulties or liquidation) among customers indebted to a Group affiliate. Although the effects of the Covid-19 pandemic have severely affected some of the Group's customers – in particular those operating in the hospitality and nightclub sectors – the rate of non-recovery of receivables remained extremely low.

POTENTIAL IMPACTS ON THE GROUP

The non-recovery of a commercial receivable in the event of non-payment or liquidation of customers would have a negative impact on the Group's financial statements.

RISK CONTROL AND MITIGATION

The diversity and multiplicity of the Group's distribution network, spread over many countries, and the diversification of the main customers from the large retail sector, limit its exposure.

Moreover, internal procedures are in place to assess the financial health of the Group's customers and adapt credit terms and activity as appropriate.

Lastly, risk of this nature is limited by the subscription of credit insurance with the standard guarantees. The Group's risk hedging policy is based on the partial transfer of risk to insurers.

4. Pensions [2]

RISK IDENTIFICATION AND DESCRIPTION

The Group's unfunded pension obligations amounted to €477 million as of 30 June 2021. During FY21, the Group's contributions to pension plans totalled €63 million.

The Group's pension obligations are for the most part covered by balance sheet provisions and partially covered by pension funds or insurance. The amount of these provisions is based on certain actuarial assumptions, including, for example, discounting factors, demographic trends, pension trends, future salary trends and expected returns on plan assets.

POTENTIAL IMPACTS ON THE GROUP

The asset/liability balance is subject to, among other factors, the performance of invested assets. A liquidity crisis or major financial shock could significantly undermine the performance of financial assets and jeopardise the asset/liability balance. A pronounced asset/liability imbalance may require an increase in the Group's pension liabilities recognised in the balance sheet and result in an increase in the allowance for retirement provisions. This could have a significant negative impact on the Group's financial results.

RISK CONTROL AND MITIGATION

Specific governance and a management policy have been implemented and are regularly reviewed in line with the risk profile of the Group's various pension plans. The investment strategy is subject to frequent review in order to minimise the volatility of assets.

The buy-in transaction achieved for the largest of the Group's Pension Fund in September 2019 is a concrete example of the active derisking strategy. The Fund's Trustee has purchased an insurance policy from a highly rated and well established insurance company to cover the majority of the pensions obligations. The insurance policy therefore reduces the Group's exposure on that Fund to funding deficits arising from market risks, including inflation and interest rate risks, and longevity risks.

In addition, defined benefit plans (mainly affiliates in North America, the United Kingdom and the rest of Europe) are subject to an annual actuarial valuation on the basis of country-specific assumptions.

(1) *Note 4.9 to the consolidated financial statements.*
(2) *Note 4.7 to the consolidated financial statements.*

4.3 Insurance and risk coverage

For Pernod Ricard, insurance is a solution for the financial transfer of major risks facing the Group. This transfer is accompanied by a policy of prevention to reduce risk as much as possible. The Group evaluates its risks with care in order to fine-tune the level of coverage of the risks it incurs.

The Group has two types of coverage: Group insurance programmes and local policies. The programmes at Group level are monitored by the Internal Audit Director who coordinates the insurance and risk management policy, and also by a person in charge of monitoring industrial risk prevention.

4.3.1 Insurance policies

In order to cover the main risks, Pernod Ricard has set up international insurance programmes for all Group affiliates, barring exceptions due to local regulatory constraints in certain countries or as a result of more attractive conditions offered by the local market. These programmes provide the following coverage:

- property damage and business interruption losses;
- operating/product liability, including costs and losses incurred by the Group due to accidental and/or criminal contamination;
- environmental liability;
- Directors' civil liability;
- damage during transport (and storage); and
- fraud/cybersecurity.

Moreover, credit insurance programmes are in place, aimed at reducing the risks associated with trade receivables.

Some affiliates have contracted additional insurance to meet *ad hoc* needs (for example, vineyard insurance, car fleet insurance, etc.).

4.3.2 Coverage

Type of insurance	Coverage and limits on the main insurance policies (1)
Damage to property and operating losses	• Coverage: fully comprehensive (except exclusions).
	• Basis of compensation: • replacement value for moveable property and real estate, except for certain affiliates, which have exceptionally chosen, with the contractual agreement of the insurers, to provide for another basis of compensation; • cost price for inventories, except for certain maturing inventories that are insured at replacement value or net carrying amount plus a fixed margin (tailored to each company); • business interruption losses with a compensation period generally between 12 and 36 months depending on the Company.
	• Limits on compensation: • main compensation limit of €1,050 million, covering all damage and business interruption losses. The programme includes additional limits, for example to cover natural events; • furthermore, a captive insurance company provides insurance coverage for an amount of €3 million per claim with a maximum commitment of €5 million *per annum*.
General civil liability (operating and product liability)	• Fully comprehensive coverage (except for exclusions) for damage caused to third parties for up to €220 million per year of insurance.
Product contamination	• Coverage taken out under the general civil liability programme for recall expenses, the cost of the relevant products, business interruption and outlay on rebuilding Pernod Ricard's image following accidental or criminal contamination of products that could endanger persons or property: coverage of up to €45 million per year.
General environmental liability	• Coverage for environmental damage of up to €30 million.
Directors' civil liability	• Coverage of up to €150 million per year of insurance.
Transport	• Coverage of up to €20 million per claim.
Fraud/Cybersecurity	• Coverage of up to €35 million per year, with a cyber-insurance sub-limit of €20 million.
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 2021. Changes have been negotiated for FY22. Some contracts provide specific limits for certain aspects of coverage.*

4.3.3 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, the Group or the company in question would rely on its brokers and insurers and all service providers as required to ensure the effective management and resolution of the claim. All these players have the experience and means required for managing exceptional situations.

4.4 Risks and disputes: provisioning procedure

As part of its commercial activities, Pernod Ricard is involved in legal actions and subject to tax, customs and administrative audits. The Group only records provisions for risks and contingencies when it is likely that a current obligation stemming from a past event will require the payment of an amount that can be reliably estimated. The amount of the provision is the best estimate of the outflow of resources required to extinguish this liability. Provisions accordingly involve an assessment by Group Management.

4.5 Financial and accounting information

4.5.1 Preparation of the Group's consolidated financial statements

In addition to the management information described above, the Group prepares half-year and annual consolidated financial statements. This process is managed by the Consolidation Department attached to the Group's Finance Department, as follows:

- communication of the main Group accounting and financial policies through a procedures manual;
- preparation of specific instructions by the Consolidation Department, including a detailed timetable, and issuance to the affiliates prior to each consolidation;
- consolidation by sub-group;
- preparation of the consolidated financial statements on the basis of the information provided, to cover the entire scope of consolidation; and
- use of a single software package by Group affiliates. The maintenance of this software package and user training are carried out by the Group's Finance Department, with occasional assistance from external consultants.

In addition, consolidated affiliates sign a letter of representation addressed to the Statutory Auditors, which is also sent to the Headquarters. This letter is binding on the Senior Management of each consolidated affiliate with regard to the accuracy and completeness of the financial information sent to the Headquarters in respect of the consolidation process.

4.5.2 Preparation of Pernod Ricard's 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, 20 September 2021

Mr Alexandre Ricard
Chairman and CEO

SECTION — 05

MANAGEMENT REPORT

5.1 Key figures from the consolidated financial statements for the year ended 30 June 2021

5.1.1 Income statement

(€ million)	**30.06.2020**	**30.06.2021**
Net sales	8,448	8,824
Gross margin after logistics expenses	**5,086**	**5,293**
Advertising and promotion expenses	(1,327)	(1,393)
Contribution after advertising and promotion	3,759	3,900
Profit from recurring operations	2,260	2,423
Operating profit	**978**	**2,361**
Financial income/(expense)	(366)	(371)
Corporate income tax	(258)	(667)
Share of net profit/(loss) of associates and net profit from assets held for sale	(3)	(4)
NET PROFIT	**350**	**1,318**
Of which: • Non-controlling interests • Attributable to owners of the parent	 21 329	 13 1,305
EARNINGS PER SHARE – BASIC *(€)*	**1.25**	**5.00**
EARNINGS PER SHARE – DILUTED *(€)*	**1.24**	**4.99**

5.1.2 Balance sheet

(€ million)	**30.06.2020**	**30.06.2021**
Assets		
Non-current assets	21,953	21,816
Of which intangible assets and goodwill	*16,576*	*16,230*
Current assets	9,485	10,321
Assets held for sale	87	11
TOTAL ASSETS	**31,525**	**32,147**
Liabilities		
Consolidated shareholders' equity	14,211	15,075
Non-current liabilities	12,735	12,854
Current liabilities	4,563	4,218
Liabilities held for sale	16	0
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**31,525**	**32,147**

5.1.3 Net financial debt

(€ million)	**30.06.2020**	**30.06.2021**
Gross non-current financial debt	8,791	8,894
Gross financial debt from recurring operations	1,103	192
Non-current derivative instruments – assets	(53)	(65)
Current derivative instruments – assets	(3)	-
Non-current derivative instruments – liabilities	-	-
Current derivative instruments – liabilities	-	-
Cash and cash equivalents	(1,935)	(2,078)
NET FINANCIAL DEBT EXCLUDING LEASE LIABILITY	**7,902**	**6,944**
Lease liabilities	522	508
NET FINANCIAL DEBT	**8,424**	**7,452**
Free Cash Flow [(1)]	830	1,628

(1) The calculation of Free Cash Flow is set out in Note 5.3 – Net debt of the management report.

5.1.4 Cash Flow statement

(€ million)	**30.06.2020**	**30.06.2021**
Self-financing capacity before financing interest and taxes	2,423	2,738
Net interest paid	(335)	(315)
Net income tax paid	(474)	(371)
Decrease/(increase) in working capital requirements	(433)	(54)
Net change in cash flow from operating activities	**1,181**	**1,999**
Net change in cash flow from investment activities	**(936)**	**(486)**
Net change in cash flow from financing activities	**795**	**(1,412)**
Cash flow from discontinued operations	(3)	-
Effect of exchange rate changes	(26)	43
CASH AND CASH EQUIVALENTS AT START OF PERIOD	**923**	**1,935**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,935**	**2,078**

5.2 Analysis of business activity and results

FY21 saw very robust and diversified growth, driven by Must-Win markets, with United States and China achieving record sales of over $2 billion and €1 billion respectively. Premiumisation was strong, thanks to the growth of Strategic International Brands and Specialty Brands. Pernod Ricard gained market share in most key markets.

The transformation momentum is powerful, with significant investments in priority brands and markets, good progress in digital transformation, fast growth in e-commerce (+63%) and the acceleration of the Sustainability & Responsibility 2030 roadmap.

Performance was excellent and resource management dynamic: the +213 bps improvement in the operating margin was significant. Cash performance was exceptional: the Net debt/EBITDA ratio decreased to 2.6x.

The Transform & Accelerate strategy launched in 2018 produced significant results. The consumer trends that underpinned this strategy are now more relevant than ever. As a result, Pernod Ricard is continuing its transformation to become The Conviviality Platform. This strategy aims to maximise long-term value creation, with the following medium-term ambition (in a normalised context):

- Embed dynamic growth and deliver operating leverage:
  - net sales growth of between +4% and +7%, leveraging competitive advantages and continuous investment behind key priorities,
  - special attention to the price effect and operational excellence initiatives,
  - maintaining a high level of advertising and promotional spend of around 16% of net sales, with strong decisions to support priority brands and markets, while stimulating innovation,
  - structural cost discipline, making it possible to invest in priorities while maintaining an agile organisation, with growth below that of net sales,
  - improvement in the operating margin of around 50-60 bps per year, as soon as net sales are in the +4% to +7% range;
- Financial policy priorities, while maintaining an investment grade rating, are:
  - investment in future organic growth, in particular through strategic stocks and capex,
  - continued active portfolio management, including value-creating M&A transactions,
  - dividend pay-out ratio of around 50% of Net profit from recurring operations,
  - share buyback programme (which will resume in FY22).

A detailed presentation of the strategy will take place during a Capital Market Day in FY22.

5.2.1 Presentation of results

5.2.1.1 Group net profit per share from recurring operations – diluted

(€ million)	30.06.2020	30.06.2021
Profit from recurring operations	2,260	2,423
Financial income/(expense) from recurring operations	(328)	(262)
Corporate income tax on recurring operations	(468)	(526)
Net profit from discontinued operations, non-controlling interests and share of net profit from equity associates	(25)	(24)
GROUP NET PROFIT FROM RECURRING OPERATIONS [(1)]	**1,439**	**1,612**
GROUP NET PROFIT PER SHARE FROM RECURRING OPERATIONS – DILUTED *(€)*	**5.45**	**6.16**

(1) Recurring operating income after taking into account current financial expenses, current income tax, income from equity associates, and income from discontinued operations or operations held for sale.

5.2.1.2 Profit from recurring operations

Group *(€ million)*	30.06.2020	30.06.2021	Reported growth		Organic growth [(1)]	
Net sales	8,448	8,824	376	4%	810	10%
Gross margin after logistics expenses	5,086	5,293	206	4%	550	11%
Advertising and promotion expenses	(1,327)	(1,393)	(66)	5%	(116)	9%
Contribution after advertising and promotion	3,759	3,900	141	4%	434	12%
PROFIT FROM RECURRING OPERATIONS	**2,260**	**2,423**	**163**	**7%**	**415**	**18%**

(1) Organic growth, defined in note 5.5.1 Organic growth.

Americas *(€ million)*	**30.06.2020**	**30.06.2021**	**Reported growth**		**Organic growth (1)**	
Net sales	2,449	2,627	178	7%	336	14%
Gross margin after logistics expenses	1,599	1,699	100	6%	260	16%
Advertising and promotion expenses	(461)	(470)	(9)	2%	(39)	9%
Contribution after advertising and promotion	1,138	1,229	91	8%	221	19%
PROFIT FROM RECURRING OPERATIONS	**718**	**803**	**85**	**12%**	**194**	**27%**

(1) Organic growth, defined in note 5.5.1 Organic growth.

Asia/Rest of World *(€ million)*	**30.06.2020**	**30.06.2021**	**Reported growth**		**Organic growth (1)**	
Net sales	3,467	3,640	173	5%	372	11%
Gross margin after logistics expenses	1,969	2,060	91	5%	219	11%
Advertising and promotion expenses	(517)	(542)	(25)	5%	(44)	9%
Contribution after advertising and promotion	1,452	1,518	66	5%	175	12%
PROFIT FROM RECURRING OPERATIONS	**938**	**996**	**58**	**6%**	**148**	**16%**

(1) Organic growth, defined in note 5.5.1 Organic growth.

Europe *(€ million)*	**30.06.2020**	**30.06.2021**	**Reported growth**		**Organic growth (1)**	
Net sales	2,532	2,557	26	1%	101	4%
Gross margin after logistics expenses	1,519	1,534	15	1%	71	5%
Advertising and promotion expenses	(349)	(381)	(32)	9%	(33)	9%
Contribution after advertising and promotion	1,169	1,153	(17)	-1%	38	3%
PROFIT FROM RECURRING OPERATIONS	**605**	**624**	**19**	**3%**	**73**	**12%**

(1) Organic growth, defined in note 5.5.1 Organic growth.

5.2.2 Organic net sales growth of Strategic International Brands

In millions of 9-litre cases	**Volumes 30.06.2020**	**Volumes 30.06.2021**	**Organic growth (1) in net sales**	**Volume growth**	**Price/mix**
Absolut	10.3	10.5	5%	2%	3%
Chivas Regal	3.7	3.6	3%	-1%	4%
Ballantine's	7.2	7.6	1%	6%	-5%
Ricard	4.2	4.2	-1%	1%	-3%
Jameson	7.6	8.6	15%	14%	1%
Havana Club	4.2	4.3	-4%	3%	-7%
Malibu	3.9	4.8	24%	22%	2%
Beefeater	3.1	2.9	-5%	-6%	2%
Martell	2.0	2.4	24%	20%	3%
The Glenlivet	1.2	1.4	19%	16%	3%
Royal Salute	0.2	0.2	-6%	-12%	6%
Mumm	0.6	0.7	12%	12%	0%
Perrier-Jouët	0.3	0.3	5%	6%	0%
STRATEGIC INTERNATIONAL BRANDS	**48.3**	**51.5**	**11%**	**7%**	**4%**

(1) Organic growth, defined in note 5.5.1 Organic growth.

FY21 net sales increased in all regions:

- America: +14%, excellent diversified growth with the United States, Canada and South America offsetting the decline in Travel Retail;
- Asia/Rest of the World: +11%, very strong growth driven mainly by China, Korea and Turkey, and to a lesser extent India;
- Europe: +4%, dynamic recovery thanks to the United Kingdom, Germany and Eastern Europe, but decline in Spain, Ireland and Travel Retail.

By category:

- Strategic International Brands: +11%, very strong recovery in activity, mainly driven by Martell in China and Jameson in the United States;
- Strategic Local Brands: +7%, driven by the upturn in Seagram's Indian Whiskies, Kalhua, Passport and Ramazzotti;
- Specialty Brands: +28%, growth still very buoyant for Lillet, Aberlour, Malfy, American whiskeys, Avion and Redbreast;
- Strategic Wines: stable, with Campo Viejo growing but a decline for Jacob's Creek and Kenwood.

5.2.3 Contribution after advertising and promotion

Gross margin improved by +64 bps:

- the price effect was stable, due to a more limited number of price increases in the context of Covid;
- the absorption of fixed costs improved, due to volume growth and savings linked to operational excellence initiatives.

The ratio of advertising and promotional expenses to net sales was around 16%, thanks to targeted investments, with a rapid response to changes in the dynamics between distribution channels and reinvestment in markets and categories that are returning to growth.

5.2.4 Profit from recurring operations

Profit from recurring operations amounted to €2,423 million in FY21, with organic growth of +18.3% (+7.2% as reported) and a very strong improvement in the operating margin of +213 bps.

Structure costs improved by +136 bps, reflecting strict resource management and the impact of the reorganisations in FY20. A significant increase is expected in FY22 to support future growth.

Profit from recurring operations includes +€28 million related to the US Drawback.

Exchange rates had a negative impact on Profit from recurring operations: -€255 million, due to the depreciation of the US dollar and emerging currencies against the Euro.

5.2.5 Financial income/(expense) from recurring operations

Financial expenses from recurring operations reached €262 million, a fall of €66 million compared to the previous year, mainly due to the success of bond refinancing at more favourable rates and, to a lesser extent, a positive FX effect.

5.2.6 Group share of net profit from recurring operations

The tax rate for profits from recurring operations in FY21 was 24.3%, in line with the rate for FY20, with the geographical mix effect offsetting the positive effect of the reduction in the tax rate in France.

Group net profit from recurring operations amounted to €1,612 million, with growth of +12% as reported, compared to FY20.

5.2.7 Group share of net profit

Group net profit amounted to €1,305 million, up by +297% as reported, a very sharp increase, due to a favourable basis of comparison on non-recurring operating expenses, in particular asset impairment of €1 billion in FY20.

5.3 Net debt

Reconciliation of net financial debt – the Group uses net financial debt in the management of its cash and its Net debt capacity. A reconciliation of the net financial debt and the main balance sheet items is provided in Note 4.9 – *Financial instruments* in the Notes to the annual consolidated financial statement. The following table shows the change in Net debt over the year:

(€ million)	30.06.2020	30.06.2021
Profit from recurring operations	**2,260**	**2,423**
Other operating income/(expenses)	**(1,283)**	**(62)**
• Depreciation of fixed assets	350	367
• Net change in impairment of goodwill, property, plant and equipment and intangible assets	1,007	78
• Net change in provisions	97	(80)
• Fair value adjustments on commercial derivatives and biological assets	(3)	1
• Net (gain)/loss on disposal of assets	(27)	(16)
• Expenses related to share-based payments	23	28
SUB-TOTAL OF DEPRECIATION AND AMORTISATION, CHANGE IN PROVISIONS AND OTHER	**1,446**	**377**
SELF-FINANCING CAPACITY BEFORE FINANCING INTEREST AND TAX	**2,423**	**2,738**
Decrease/(increase) in working capital requirements	(433)	(54)
Net interests and tax payments	(809)	(686)
Net acquisitions of non-financial assets and others	(352)	(370)
FREE CASH FLOW	**830**	**1,628**
Of which recurring Free Cash Flow	*1,003*	*1,745*
Net acquisitions of financial assets and activities and other	(587)	(116)
Change in scope of consolidation	-	-
• Capital increase and other changes in shareholders' equity	-	-
• Dividends and interim dividends paid	(849)	(704)
• (Acquisition)/disposal of treasury shares	(526)	(20)
SUB-TOTAL DIVIDENDS, PURCHASE OF TREASURY SHARES AND OTHER	**(1,374)**	**(724)**
DECREASE/(INCREASE) IN DEBT (BEFORE FOREIGN EXCHANGE IMPACT)	**(1,132)**	**788**
Effect of exchange rate changes	(69)	265
Non-cash effect on lease debt	(603)	(81)
DECREASE/(INCREASE) IN DEBT (AFTER FOREIGN EXCHANGE IMPACT)	**(1,804)**	**972**
Net debt at beginning of period	(6,620)	(8,424)
Net debt at end of period	(8,424)	(7,452)

5.4 Outlook

For FY22, Pernod Ricard expects:

- continued strong sales momentum in FY22, supported by the recovery of On-trade, the resilience of Off-trade, the momentum in e-commerce, and a very gradual return to travel, despite the health restrictions;
- a very dynamic first quarter, on a low comparison basis;
- significant advertising and promotional investments and structure costs, to seize reinvestment opportunities and support future growth;
- continued implementation of a clear strategy and digital transformation;
- resumption of the share buyback programme (circa €0.5 billion).

5.5 Recent developments

On 31 August 2021, the Group entered into an agreement to acquire a minority stake in Sovereign Brands, owner of a rapidly growing portfolio of super-premium wine and spirits brands. The latter comprises mainly the brands Luc Belaire (French sparkling wines), Bumbu (a range of rum-based products from the Caribbean), the Brazilian gin McQueen and the Violet Fog, and the French liqueur Villon. This equity investment is the first step in a long-term partnership aimed at generating commercial opportunities between Sovereign Brands and Pernod Ricard, such as the study of possible joint industrial and commercial projects.

5.6 Definitions and reconciliation of non-IFRS measures to IFRS measures

Pernod Ricard's management process is based on the following non-IFRS measures which are chosen for planning and reporting. The Group's management believes these measures provide valuable additional information for users of the financial statements in understanding the Group's performance. These non-IFRS measures should be considered as complementary to the comparable IFRS measures and reported movements therein.

5.6.1 Organic growth

Organic growth is calculated after excluding the impacts of exchange rate movements and acquisitions and disposals.

Exchange rates impact is calculated by translating the current year results at the prior year's exchange rates.

For acquisitions in the current year, the post-acquisition results are excluded from the organic movement calculations. For acquisitions in the prior year, post-acquisition results are included in the prior year but are included in the organic movement calculation from the anniversary of the acquisition date in the current year.

Where a business, brand, brand distribution right or agency agreement was disposed of or terminated in the prior year, the Group excludes in the organic movement calculations the results for that business from the prior year. For disposals or terminations in the current year, the Group excludes the results for that business from the prior year from the date of the disposal or termination.

This measure enables the Group to focus on the performance of the business which is common to both years and which represents those measures that Local Managers are most directly able to influence.

5.6.2 Free Cash Flow

Free Cash Flow comprises the net cash flow from operating activities, aggregated with the proceeds from disposals of property, plant and equipment and intangible assets and after deduction of the capital expenditures.

5.6.3 "Recurring" indicators

The following three measures represent key indicators for the measurement of the recurring performance of the business, excluding significant items that, because of their nature and their unusual occurrence, cannot be considered as inherent to the recurring performance of the Group:

- **Recurring Free Cash Flow**
  - Recurring Free Cash Flow is calculated by restating Free Cash Flow from non-recurring items.
- **Profit from recurring operations**
  - Profit from recurring operations corresponds to the operating profit excluding other non-current operating income and expenses.
- **Group share of net profit from recurring operations**
  - Group net profit from recurring operations corresponds to net profit attributable to equity holders of the parent before other non-recurring operating income and expenses, non-recurring financial income and expenses and non-recurring income taxes.

5.6.4 Net debt

Net financial debt, as defined and used by the Group, corresponds to total gross financial debt (translated at the closing rate), including lease liabilities and derivatives designated as fair value hedges and net foreign currency asset hedges (hedging of net investments and similar), less cash and cash equivalents.

5.6.5 EBITDA

EBITDA stands for "earnings before interest, taxes, depreciation and amortisation". EBITDA is an accounting measure calculated using the Group's profit from recurring operations excluding depreciation and amortisation on operating fixed assets.

5.7 Material contracts

5.7.1 Significant contracts not related to financing

5.7.1.1 Suntory

In 1988, Allied Domecq entered into a series of agreements with Suntory Ltd, one of Japan's leading producers and distributors of spirits. One of the provisions of these agreements concerned the creation of a joint-venture company in Japan called Suntory Allied Ltd, in which 49.99% of the capital and voting rights are owned by Allied Domecq and 50.01% by Suntory Ltd. Suntory Allied Ltd was granted the exclusive distribution rights for certain Allied Domecq brands in Japan until 31 March 2029.

The management of Suntory Allied Ltd is jointly controlled by Pernod Ricard, as successor-in-interest to Allied Domecq, and Suntory Ltd.

5.7.2 Financing contracts

5.7.2.1 Credit Agreements

2017 Credit Agreement (syndicated credit)

As part of the refinancing of the bank debt taken out in 2012 to cover the Group's short-term financing requirements, Pernod Ricard and certain of its affiliates signed a new five-year €2.5 billion revolving credit facility (the "**Credit Agreement**") on 14 June 2017. As the extension options to six or seven years have been activated, this agreement now expires in 2024.

The obligations of each of the borrowers under the Credit Agreement are guaranteed by Pernod Ricard. No security interest (*sûreté réelle*) was granted under the terms of the Credit Agreement.

2020 Credit Agreement (bilateral credit)

On 23 March 2020, Pernod Ricard and Pernod Ricard Finance signed a bilateral revolving credit facility (as amended by an amendment dated 9 April 2020, the "**Bilateral Credit Agreement**", together with the Credit Agreement, the "**Credit Agreements**") in a principal amount of €600 million, for an initial period of 12 months, with the option for a 12-month extension to be activated during the financial year.

The obligations of Pernod Ricard Finance under the Bilateral Credit Agreement are guaranteed by Pernod Ricard. No security interest (*sûreté réelle*) was granted under the terms of the Bilateral Credit Agreement.

Provisions of the Credit Agreements

The Credit Agreements contain customary representations and warranties, as well as the usual restrictive covenants contained in such contracts, notably restricting the ability of some Group companies (subject to certain exceptions) to pledge their assets as security interest, alter the general nature of the Group's activities or carry out certain acquisition transactions.

The Credit Agreements also set out obligations, including a commitment to provide lenders with adequate information, compliance with a solvency ratio at each half-year end as mentioned hereunder (the "**Solvency Ratio**"), and compliance with certain commitments customary in this type of credit agreement (including the maintenance of the credit's *pari passu* ranking).

5.7.2.2 Solvency ratio (total consolidated Net debt/consolidated EBITDA)

The Solvency Ratio must be 5.25 or less. At 30 June 2021, the Group was compliant with this solvency ratio (see "Liquidity risks" in this management report).

The Credit Agreements incorporate the main terms of the 2012 syndicated Credit Agreement and, in addition, provide for certain cases of voluntary or compulsory early repayment obligations, depending on circumstances, which are standard practice for credit agreements of this kind (including non-compliance with commitments, change of control and cross default). The Credit Agreements also contain a clause under which the taking of control of Pernod Ricard by any other person or group of persons acting in concert (other than Société Paul Ricard or any group of persons acting in concert with Société Paul Ricard) is likely to constitute grounds for compulsory early repayment.

5.7.2.3 Bond issuance

The Group has issued Bonds (the "Bonds") through (i) Pernod Ricard, and (ii) Pernod Ricard Finance LLC, a wholly-owned affiliate of Pernod Ricard, whose issues are secured by Pernod Ricard.

The nominal amount of the Bonds and the interest thereon constitute direct, unsubordinated and unsecured obligations of the issuer in question, ranking equally amongst themselves and *pari passu* with all other unsecured and unsubordinated debt, present and future, of said issuer. In addition, Pernod Ricard and Pernod Ricard Finance LLC have undertaken not to grant any security interests in respect of Bonds or other debt securities admitted, or liable to be admitted, to trading on a regulated market, an over-the-counter market or other stock exchange unless the Bonds benefit from similar collateral or other collateral approved, as the case may be, by the mass of bondholders (Pernod Ricard) or by the meeting of bondholders (Pernod Ricard Finance LLC).

These bond issuances include a clause regarding change of control, which could lead to the compulsory early repayment of Bonds upon request of each bondholder in the event of a change of control of Pernod Ricard (benefitting a person or a group of persons acting in concert) and leading to a deterioration in Pernod Ricard's financial rating.

In addition, these Bonds may be redeemed early if certain customary events of default arise.

	Amount *(US$ thousands)*	Amount *(€ thousands)*	Place of issue	Nominal value	Maturity date	Repayment dates	Allocation of net proceeds of the issue	Rate
USD bond of 12.01.2012	850,000		Private placement for institutional investors, and subject to New York State (United States) law	US$ 150,000 (with multiples of US$ 1,000 in excess of this amount)	15.01.2042	Payable annually in arrears on 15 January and 15 July	Repayment of part of the 2008 syndicated loan denominated in US dollars	Annual fixed rate of 5.50%
USD bond of 12.01.2012	800,000		Private placement for institutional investors, and subject to New York State (United States) law	US$ 150,000 (with multiples of US$ 1,000 in excess of this amount)	15.07.2022	Payable annually in arrears on 15 January and 15 July	Repayment of part of the 2008 syndicated loan denominated in US dollars	Annual fixed rate of 4.25%
EUR bond of 29.09.2014		650,000	Regulated market of Euronext Paris	100,000	27.09.2024	Payable annually in arrears on 27 September	Repayment of bond debt to extend the maturity of the Group's debt	Annual fixed rate of 2.125%
EUR bond of 28.09.2015		500,000	Regulated market of Euronext Paris	100,000	28.09.2023	Payable annually in arrears on 28 September	Repayment of bond debt to extend the maturity of the Group's debt	Annual fixed rate of 1.875%
EUR bond of 17.05.2016		600,000	Regulated market of Euronext Paris	100,000	18.05.2026	Payable annually in arrears on 18 May	Repayment of bond debt to extend the maturity of the Group's debt	Annual fixed rate of 1.50%
USD bond of 08.06.2016	600,000		Private placement for institutional investors, and subject to New York State (United States) law	US$ 150,000 (with multiples of US$ 1,000 in excess of this amount)	08.06.2026	Payable annually in arrears on 8 June and 8 December from 8 December 2016	Repayment of short-term debt and bond debt to extend the maturity of the Group's debt	Annual fixed rate of 3.25%
EUR bond of 24.10.2019		500,000	Regulated market of Euronext Paris	100,000	24.10.2023	Payable annually in arrears on 24 October	General financing requirements of the Group	Annual fixed rate of 0%
EUR bond of 24.10.2019		500,000	Regulated market of Euronext Paris	100,000	24.10.2027	Payable annually in arrears on 24 October	General financing requirements of the Group	Annual fixed rate of 0.50%
EUR bond of 24.10.2019		500,000	Regulated market of Euronext Paris	100,000	24.10.2031	Payable annually in arrears on 24 October	General financing requirements of the Group	Annual fixed rate of 0.875%
EUR bond of 06.04.2020		750,000	Regulated market of Euronext Paris	100,000	07.04.2025	Payable annually in arrears on 7 April	General financing requirements of the Group	Annual fixed rate of 1.125%

	Amount *(US$ thousands)*	Amount *(€ thousands)*	Place of issue	Nominal value	Maturity date	Repayment dates	Allocation of net proceeds of the issue	Rate
EUR bond of 06.04.2020		750,000	Regulated market of Euronext Paris	100,000	08.04.2030	Payable annually in arrears on 8 April	General financing requirements of the Group	Annual fixed rate of 1.75%
EUR bond of 30.04.2020		250,000	Regulated market of Euronext Paris	100,000	07.04.2025	Payable annually in arrears on 7 April	General financing requirements of the Group	Annual fixed rate of 1.125%
EUR bond of 30.04.2020		250,000	Regulated market of Euronext Paris	100,000	08.04.2030	Payable annually in arrears on 8 April	General financing requirements of the Group	Annual fixed rate of 1.75%
USD bond of 01.10.2020	600,000		Private placement for institutional investors, and subject to New York State (United States) law	US$ 150,000 (with multiples of US$1,000 in excess of this amount)	01.04.2028	Payable annually in arrears on 1 April and 1 October	General financing requirements of the Group	Annual fixed rate of 1.25%
USD bond of 01.10.2020	900,000		Private placement for institutional investors, and subject to New York State (United States) law	US$ 150,000 (with multiples of US$1,000 in excess of this amount)	01.04.2031	Payable annually in arrears on 1 April and 1 October	General financing requirements of the Group	Annual fixed rate of 1.625%
USD bond of 01.10.2020	500,000		Private placement for institutional investors, and subject to New York State (United States) law	US$ 150,000 (with multiples of US$1,000 in excess of this amount)	01.10.2050	Payable annually in arrears on 1 April and 1 October	General financing requirements of the Group	Annual fixed rate of 2.75%

5.7.2.4 Euro Medium Term Notes (EMTN) Programme

After obtaining the approval of the French Financial Markets Authority on the base prospectus, on 26 May 2020, Pernod Ricard set up a Euro Medium Term Notes (EMTN) programme, updated on 6 October 2020 (the "**Programme**"). According to the terms of the Programme, Pernod Ricard and Pernod Ricard International Finance LLC may issue Bonds by means of private placements in various currencies. The issues of Pernod Ricard International Finance LLC under the programme will be secured by Pernod Ricard SA. The securities may be admitted to trading on Euronext Paris. The maximum nominal amount of securities outstanding under the Programme is set at €7 billion (or its equivalent in any other currency). At its meeting on 1 September 2020, the Board of Directors authorised Pernod Ricard to issue Bonds under the Programme up to a maximum nominal amount of €1.5 billion (or its equivalent in any other currency) for a period of one year from 1 September 2020.

5.7.2.5 Europe Factoring Agreement

On 15 December 2008, certain affiliates of Pernod Ricard and Pernod Ricard Finance signed a factoring framework agreement with BNP Paribas Factor, to set up a pan-European factoring programme in the gross amount of €350 million, which was increased to €400 million by an addendum dated 23 June 2009. The programme was most recently renewed on 3 December 2018, for a period of five years from 1 January 2019. This programme was agreed in the amount of €500 million. The receivables are sold under the contractual subrogation regime under French law, except where certain local legal restrictions are in force. As substantially all of the risks and rewards related to the receivables are transferred to the purchaser in accordance with this factoring programme, transferred receivables are deconsolidated.

5.7.2.6 Securitisation (Master Receivables Assignment Agreement)

On 24 June 2009, certain affiliates of Pernod Ricard entered into an international securitisation programme arranged by Crédit Agricole CIB. The purpose of the programme was the transfer of eligible commercial receivables to €STR, in accordance with the provisions of a framework agreement dated 24 June 2009 and country-specific agreements entered into at the time that each relevant affiliate joined the programme. This programme was renewed on 17 June 2019 under the terms of an addendum to the framework agreement. The programme amounts to €65 million, US$230 million, £145 million and 400 million Swedish kronor.

This three-year programme includes a change of control clause that applies to each affiliate participating in the programme as a seller, which could lead to the early repayment of the programme by the affiliate concerned by such change of control. "Change of control" is defined as Pernod Ricard ceasing to hold, directly or indirectly, at least 80% of the share capital or voting rights of an affiliate participating in the programme as a seller, unless (i) Pernod Ricard continues to hold, directly or indirectly, 50% of the share capital or voting rights of such affiliate and (ii) issues, at the request of Crédit Agricole CIB, a guarantee in terms that Crédit Agricole CIB deems satisfactory (acting reasonably) for the purpose of securing the obligations of such affiliate under the securitisation transaction documents.

5.7.2.7 Factoring agreement Pacific

On 18 March 2013, a new agreement for the sale of receivables was signed between Pernod Ricard Winemakers Pty Ltd (formerly Premium Wine Brands Pty [1]), Pernod Ricard Winemakers New Zealand Limited (formerly Pernod Ricard New Zealand Limited) and The Royal Bank of Scotland plc. This factoring agreement covers Australia and New Zealand and amounts to AUD128.5 million and NZD45 million. The receivables sale agreement was taken over in full by BNP Paribas on 4 December 2015, replacing The Royal Bank of Scotland plc.

Additional information on the impact of these financing contracts on the Group's financial statements is provided in Notes 4.8.1 – *Breakdown of net financial debt by nature and maturity* and 4.8.7 – *Bonds* to the consolidated financial statements.

(1) Renamed Pernod Ricard Winemakers Pty.

SECTION — 06

CONSOLIDATED FINANCIAL STATEMENTS

6.1 Consolidated income statement

€ million	30.06.2020	30.06.2021	Notes
Net sales	8,448	8,824	2
Cost of sales	(3,361)	(3,531)	2
Gross margin after logistics expenses	**5,086**	**5,293**	**2**
Advertising and promotion expenses	(1,327)	(1,393)	2
Contribution after advertising and promotion	**3,759**	**3,900**	**2**
Structure costs	(1,499)	(1,477)	
Profit from recurring operations	**2,260**	**2,423**	
Other operating income/(expenses)	(1,283)	(62)	3.1
Operating profit	**978**	**2,361**	
Financial expenses	(403)	(410)	3.2
Financial income	36	39	3.2
Financial income/(expense)	**(366)**	**(371)**	
Corporate income tax	(258)	(667)	3.3
Share of net profit/(loss) of associates	0	(4)	
Net profit of discontinued and held for sale activities	(3)	0	4.12
NET PROFIT	**350**	**1,318**	
o/w: • non-controlling interests • attributable to owners of the parent	 21 329	 13 1,305	
Earnings per share – basic *(in euros)*	1.25	5.00	3.4
Earnings per share – diluted *(in euros)*	1.24	4.99	3.4

6.2 Consolidated statement of comprehensive income

€ million	30.06.2020	30.06.2021
Net profit for the period	**350**	**1,318**
Non-recyclable items		
Actuarial gains/(losses) related to defined benefit plans	**(758)**	**114**
Amounts recognised in shareholders' equity	*(919)*	*125*
Tax impact	*161*	*(11)*
Equity instruments	**(119)**	**143**
Unrealised gains and losses recognised in shareholders' equity	*(120)*	*144*
Tax impact	*1*	*(1)*
Recyclable items		
Net investment hedges	**10**	**18**
Amounts recognised in shareholders' equity	*13*	*27*
Tax impact	*(4)*	*(9)*
Cash flow hedges	**5**	**7**
Amounts recognised in shareholders' equity (1)	*8*	*10*
Tax impact	*(3)*	*(3)*
Translation differences	**(65)**	**(7)**
Other comprehensive income for the period, net of tax	**(927)**	**275**
COMPREHENSIVE INCOME FOR THE PERIOD	**(577)**	**1,593**
o/w: • attributable to owners of the parent • non-controlling interests	 (600) 23	 1,585 8

(1) Including €(3) million recycled through profit or loss for the period.

6.3 Consolidated balance sheet

Assets

€ million	**30.06.2020**	**30.06.2021**	**Notes**
Net amounts			
Non-current assets			
Intangible assets	10,965	10,725	4.1
Goodwill	5,611	5,505	4.1
Property, plant and equipment	3,095	3,177	4.2
Non-current financial assets	522	685	4.3
Investments in associates	28	36	
Non-current derivative instruments	54	65	4.3/4.10
Deferred tax assets	1,678	1,623	3.3
TOTAL NON-CURRENT ASSETS	**21,953**	**21,816**	
Current assets			
Inventories and work in progress	6,167	6,555	4.4
Trade receivables and other operating receivables	906	1,126	4.5
Income taxes receivable	142	141	
Other current assets	323	413	4.6
Current derivative instruments	12	8	4.3/4.10
Cash and cash equivalents	1,935	2,078	4.8
TOTAL CURRENT ASSETS	**9,485**	**10,321**	
Assets held for sale	87	11	4.12
TOTAL ASSETS	**31,525**	**32,147**	

Liabilities

€ million	30.06.2020	30.06.2021	Notes
Shareholders' equity			
Capital	411	406	6.1
Share premium	3,052	3,052	
Retained earnings and currency translation adjustments	10,177	10,066	
Group net profit	329	1,305	
Shareholders' equity attributable to owners of the parent	**13,968**	**14,829**	
Non-controlling interests	243	246	
TOTAL SHAREHOLDERS' EQUITY	**14,211**	**15,075**	
Non-current liabilities			
Non-current provisions	310	253	4.7
Provisions for pensions and other long-term employee benefits	605	477	4.7
Deferred tax liabilities	2,596	2,825	3.3
Bonds – non-current	8,599	8,787	4.8
Non-current lease liability	433	405	4.8
Other non-current financial liabilities	192	108	4.8
Non-current derivative instruments	0	0	4.10
TOTAL NON-CURRENT LIABILITIES	**12,735**	**12,854**	
Current liabilities			
Current provisions	222	163	4.7
Trade payables	1,877	2,337	
Income taxes payable	232	282	3.3
Other operating payables	1,016	1,134	4.11
Bonds - current	723	70	4.8
Current lease liability	88	103	4.8
Other current financial liabilities	380	122	4.8
Current derivative instruments	24	6	4.10
TOTAL CURRENT LIABILITIES	**4,563**	**4,218**	
Liabilities related to assets held for sale	16	0	4.12
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**31,525**	**32,147**	

6.4 Changes in consolidated shareholders' equity

€ 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
Opening position on 01.07.2019	**411**	**3,052**	**12,592**	**327**	**34**	**(276)**	**(153)**	**15,987**	**195**	**16,182**
Comprehensive income for the period	-	-	329	(758)	(114)	(57)	-	(600)	23	(577)
Capital increase	-	-	-	-	-	-	-	-	-	-
Expense related to share-based payments	-	-	22	-	-	-	-	22	-	22
(Acquisition)/disposal of treasury shares	-	-	(56)	-	-	-	(530)	(587)	-	(587)
Sale and repurchase agreements	-	-	-	-	-	-	-	-	-	-
Dividends and interim dividends distributed	-	-	(820)	-	-	-	-	(820)	(22)	(842)
Changes in scope of consolidation	-	-	-	-	-	-	-	-	47	47
Other transactions with minority interests	-	-	(35)	-	-	-	-	(35)	-	(35)
Other movements	-	-	1	-	-	-	-	1	-	1
CLOSING POSITION ON 30.06.2020	**411**	**3,052**	**12,033**	**(431)**	**(79)**	**(333)**	**(684)**	**13,968**	**243**	**14,211**

€ 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
Opening position on 01.07.2020	**411**	**3,052**	**12,033**	**(431)**	**(79)**	**(333)**	**(684)**	**13,968**	**243**	**14,211**
Comprehensive income for the period	-	-	1,305	111	150	19	-	1,585	8	1,593
Capital variation	(5)	-	(519)	-	-	-	525	0	-	0
Expense related to share-based payments	-	-	28	-	-	-	-	28	-	28
(Acquisition)/disposal of treasury shares	-	-	(39)	-	-	-	19	(20)	-	(20)
Sale and repurchase agreements	-	-	-	-	-	-	-	-	-	-
Dividends and interim dividends distributed	-	-	(733)	-	-	-	-	(733)	(8)	(742)
Changes in scope of consolidation	-	-	1	-	-	-	-	1	3	5
Other transactions with minority interests	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-	-
CLOSING POSITION ON 30.06.2021	**406**	**3,052**	**12,075**	**(320)**	**70**	**(314)**	**(140)**	**14,829**	**246**	**15,075**

6.5 Consolidated cash flow statement

€ million	30.06.2020	30.06.2021	Notes
Cash flow from operating activities			
Group net profit	329	1,305	
Non-controlling interests	21	13	
Share of net profit/(loss) of associates, net of dividends received	0	4	
Financial (income)/expenses	366	371	
Tax (income)/expenses	258	667	
Net profit from discontinued operations	3	0	
Depreciation of fixed assets	350	367	
Net change in provisions	97	(80)	
Net change in impairment of goodwill, property, plant and equipment and intangible assets	1,007	78	
Changes in fair value of commercial derivatives	0	4	
Changes in fair value of biological assets and investments	(3)	(4)	
Net (gain)/loss on disposal of assets	(27)	(16)	
Expenses related to share-based payments	23	28	
Self-financing capacity before financing interest and taxes	**2,423**	**2,738**	
Decrease/(increase) in Working Capital Requirements	(433)	(54)	5.1
Interests paid	(371)	(350)	
Interests received	36	35	
Tax paid/received	(474)	(371)	
NET CHANGE IN CASH FLOW FROM OPERATING ACTIVITIES	**1,181**	**1,999**	
Cash flow from investing activities			
Capital expenditure	(365)	(433)	
Proceeds from disposals of property, plant and equipment and intangible assets	14	63	
Change in scope of consolidation	-	-	
Purchases of financial assets and activities	(618)	(131)	5.2
Disposals of financial assets and activities	34	15	5.2
NET CHANGE IN CASH FLOW FROM INVESTING ACTIVITIES	**(936)**	**(486)**	
Cash flow from financing activities			
Dividends and interim dividends paid	(849)	(704)	
Other changes in shareholders' equity	-	-	
Issuance of long-term debt	3,822	1,788	5.3
Repayment of debt	(1,553)	(2,379)	5.3
Repayment of lease debt	(100)	(97)	
(Acquisition)/disposal of treasury shares	(526)	(20)	
Other transactions with non-controlling interests	-	-	
NET CHANGE IN CASH FLOW FROM FINANCING ACTIVITIES	**795**	**(1,412)**	
Cash flow from non-current assets held for sale	(3)	-	
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (BEFORE FOREIGN EXCHANGE IMPACT)	**1,037**	**100**	
Effect of exchange rate changes	(26)	43	
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (AFTER FOREIGN EXCHANGE IMPACT)	**1,012**	**143**	
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**923**	**1,935**	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,935**	**2,078**	

6.6 Notes to the consolidated financial statements

DETAILED CONTENTS FOR THE NOTES

Pernod Ricard SA is a French public limited company (*Société Anonyme),* subject to all laws governing commercial companies in France, including in particular the provisions of the French Commercial Code. The Company is headquartered at 5 cours Paul Ricard, 75008 Paris, France and is listed on the Euronext exchange. The consolidated financial statements reflect the accounting position of Pernod Ricard and its affiliates (the "Group"). They are reported in millions of euros (€), rounded to the nearest million.

The Group manufactures and sells wines and spirits.

The Board of Directors approved the consolidated financial statements for the financial year ended 30 June 2021 on 31 August 2021.

Note 1 Accounting policies and significant events

Note 1.1 Accounting policies

1. Principles and accounting standards governing the preparation of the annual consolidated financial statements

Because of its listing in a country of the European Union, and in accordance with EC Regulation 1606/02, the Group's consolidated financial statements for the financial year ended 30 June 2021 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union.

The accounting policies used to prepare the consolidated financial statements to 30 June 2021 are consistent with those used for the consolidated financial statements to 30 June 2020, with the exception of standards and interpretations adopted by the European Union applicable to the Group from 1 July 2020 (see Note 1.1.2 – *Changes in accounting standards*). The Group does not adopt early application of standards or interpretations.

The Group's financial year runs from 1 July to 30 June.

2. Changes in accounting standards

Standards, amendments and interpretations whose implementation has been mandatory since 1 July 2020

As of 1 July 2020, the Group has applied the amendment to IFRS 9 and IFRS 7 published by the IASB in September 2019 and adopted by the European Union as part of the reform of benchmark interest rates. This amendment allows the Group not to take into account uncertainties about the future of benchmark interest rates in assessing the effectiveness of hedging relationships and/or in evaluating the highly probable nature of the hedged risk, thereby enabling it to secure existing or future hedging relationships until such uncertainties are resolved.

Documented interest rate derivatives hedging debts indexed to a benchmark rate are presented in Note 4.8 – *Financial liabilities*. At 30 June 2021, the Group's exposure to financial instruments indexed to floating rates with a maturity date beyond the implementation date of the reform is limited. The potential impact on financial information of the replacement of an existing benchmark rate by another will take effect as soon as Phase 2 of the benchmark interest rate reform is adopted.

The effects of the following IFRS IC agenda decisions are currently being analysed by the Group:

- decision published in April 2021 relating to IAS 38 (Intangible Assets) on the recognition of configuration or customisation costs in a cloud computing arrangement as part of a "Software as a service" agreement;
- decision published in April 2021 relating to IAS 19 (Employee Benefits) on the attribution of employee benefits to periods of service. This decision clarifies the periods over which employee benefits should be attributed in allocating the IAS 19 expense.

Where applicable, the impact of the application of these decisions will be presented subsequently.

Furthermore, the following decisions did not have a significant impact on the Group's financial statements at 30 June 2021:

- decision published in June 2021 on IAS 2 (Inventories – Costs) necessary to sell inventories;
- decision published in June 2021 on IAS 10 (Events after the reporting period – Preparation of financial statements) when an entity is no longer a going concern.

No other new standards, amendments or interpretations are applicable to Pernod Ricard as of 1 July 2020.

3. Measurement basis

The financial statements are prepared in accordance with the historical cost method, except for certain categories of assets and liabilities, which are measured in accordance with the methods provided by IFRS.

4. Principal uncertainties arising from the use of estimates and judgements by Management

Estimates

The preparation of consolidated financial statements in accordance with IFRS means that Group Management makes a certain number of estimates and assumptions which have an impact on the amount of the Group's assets and liabilities, and items of profit and loss during the financial year. These estimates are made on the assumption that the Company will continue as a going concern, and are based on information available at the time of their preparation. Estimates may be revised where the circumstances on which they were based change or where new information becomes available. Future outcomes can differ from these estimates.

Goodwill and intangible assets

As indicated in Note 4.1 – *Intangible assets and goodwill*, in addition to annual impairment tests applied to goodwill and intangible assets with indefinite useful lives (such as brands), the Group carries out spot impairment tests where there is an indication that the value of an intangible asset may have been impaired. Any impairment loss is calculated using discounted future cash flows and/or the market values of the assets in question. These calculations require the use of assumptions regarding market conditions and projected cash flows, and any changes in these assumptions may thus lead to results different from those initially estimated.

Provisions for pensions and other post-employment benefits

As indicated in Note 4.7 – *Provisions*, the Group runs defined benefit and defined contribution pension plans. In addition, provisions are also recognised in virtue of certain other post-employment benefits such as life insurance and medical care (mainly in the United States and the United Kingdom). The carrying amount of these provisions at the 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, future salary increases, the rate of employee turnover and life expectancy.

These assumptions are generally updated annually. The assumptions used in the preparation of the financial statements for the year ended 30 June 2021 and the procedures used in their determination are set out in Note 4.7 – *Provisions*. The Group considers that the actuarial assumptions used are appropriate and justified. However, such actuarial assumptions may change in the future and this may have a material impact on the amount of the Group's benefit obligations and on its profits.

Deferred tax

As indicated in Note 3.3 – *Corporate income tax*, the deferred tax assets recognised result mainly from tax loss carryforwards and from temporary differences between the tax base and the carrying amounts of assets and liabilities. Deferred tax assets in respect of tax losses are recognised if it is probable that the Group will have future taxable profits against which such losses will be used. The assessment of whether the Group will be able to use these tax losses is largely a matter of judgement. Analyses are carried out to decide whether or not these tax loss carryforwards are likely to be usable in the future.

Provisions

As explained in Note 4.7 – *Provisions*, the Group is involved in a number of disputes and claims arising in the ordinary course of its business. In some cases, the amounts requested by the claimants are significant and the legal proceedings can take several years. In this context, provisions are calculated on the basis of the Group's best estimate of the amount that will be payable based on the information available (notably that provided by the Group's legal advisers). Any change to assumptions can have a significant effect on the amount of the provision recognised. The carrying amount of these provisions at the 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.

Hyperinflation

In accordance with the provisions of IAS 29, Argentina has been considered a hyperinflationary economy since 1 July 2018.

However, given the contribution of Argentina's business performance to the Group's financial statements, the impact of the application of IAS 29 has been deemed non-material, and the corresponding restatements have not been made.

5. Business combinations

Business combinations carried out before 1 July 2009 were recognised using the accounting standards in force as of 30 June 2009. Business combinations after 1 July 2009 are measured and recognised in accordance with the revised version of IFRS 3: the consideration transferred (cost of acquisition) is measured at the fair value of assets given, equity instruments issued and liabilities incurred at the transaction date. Identifiable assets and liabilities belonging to the acquired company are measured at their fair value at the acquisition date. Costs directly attributable to the acquisition, such as legal, due diligence and other professional fees are recognised as other operating expenses incurred.

Any surplus consideration in excess of the Group's share in the fair value of the acquired company's identifiable assets and liabilities is recognised as goodwill. The option is available for each transaction to apply either proportionate or full goodwill methods. Goodwill arising on the acquisition of foreign entities is denominated in the functional currency of the business acquired. Goodwill is not amortised. Instead, it is subject to an impairment test once a year or more often if there is any indication that its value may have been impaired.

Finally, in accordance with IFRS 3 as revised and IAS 27 as amended, the Group recognised in 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 a very limited number of entities, a functional currency that is different from the local currency may be used if it reflects the entity's economic environment and the currency in which most of the entity's transactions are denominated.

6.3 Translation of transactions denominated in foreign currencies

Transactions denominated in foreign currencies are generally translated into the functional currency using the exchange rate applicable at the transaction date. Non-monetary assets and liabilities denominated in foreign currencies are recognised at the historical exchange rate applicable at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applying at the closing date. Foreign currency differences are recognised in profit and loss for the period, except for foreign currency differences arising on debts designated as hedges for the net foreign currency assets of consolidated affiliates. The latter are recognised directly in 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 euros at year-end exchange rates. The income statement and cash flows are translated on the basis of average exchange rates. The differences resulting from the translation of the financial statements of these affiliates are recognised in translation differences within shareholders' equity under other comprehensive income. 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 no longer subject to depreciation or amortisation. They are shown separately in the balance sheet at the lower of the carrying amount or the fair value less costs to sell. An asset is considered as being held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order for this to be the case, the asset must be available for immediate sale and its sale must be highly probable. Items in the balance sheet related to discontinued operations and assets held for sale are presented under specific lines in the consolidated financial statements. Income statement items related to discontinued operations and assets held for sale are presented separately in the financial statements for all periods reported upon if they are significant from a Group perspective.

Note 1.2 Significant events during the financial year

1. Impacts of the Covid-19 epidemic

The continuation of the Covid-19 pandemic over most of FY21 has impacted the Group's business. Many countries have taken strict measures to try to slow the spread of the epidemic and have imposed the closure of establishments open to the public (including bars, hotels and restaurants) as well as lockdown measures and restrictions on international travel (affecting Travel Retail activities in particular).

Nevertheless, the Group rebounded and net sales amounted to €8,824 million (an increase of 9.7% in organic growth and 4.5% in reported growth).

As part of the management of this crisis, the Group has taken a number of strong measures:

- priority given to the health and safety of its employees and partners;
- active inventory management to maintain a healthy level in main markets;
- active management of resources and cost control to adapt to the crisis;
- dynamic cash management and a strengthened liquidity position thanks to a new bond issue in US dollars over the period and the early redemption of Bonds maturing in April 2021 and January 2022 (see Note – 1.2.2.2 *Bond issues and redemptions*).

Despite the crisis, the Group has continued to implement its Transform & Accelerate agenda.

Furthermore, the Group has paid particular attention to the recoverability of its trade receivables in view of the increased credit risk related to the crisis, with the measures implemented enabling optimised management of trade receivables.

2. Other significant events during the financial year

2.1 Acquisitions and disposals

During the year, the Group continued the same strategy by strengthening its positions through partnerships/acquisitions of super and ultra-Premium brands in fast-growing categories such as the agreements signed with the companies Ojo de Tigre, owner of the Mezcal brand of the same name, Vermuteria de Galicia, owner of the Spanish Vermouth Petroni and La Hechicera Company, owner of the Columbian rum of the same name.

As part of its strategy of dynamic management of its brand portfolio, the Group also sold the Doble V brand in Spain.

2.2 Bond issues and redemptions

On 1 October 2020, the Group Pernod Ricard, through one of its wholly-owned subsidiaries, issued a US$2 billion bond in three tranches of 7.5, 10.5 and 30 years, bearing interest at a fixed annual rate of 1.25%, 1.625% and 2.75%, respectively.

On 6 November 2020, Pernod Ricard SA redeemed (i) the remaining amount of the 5.75% Bonds maturing in April 2021 for a principal amount of US$500 million, and (ii) all of the 4.45% Bonds maturing in January 2022 for a principal amount of US$1,500 million in accordance with the optional redemption clause provided for in the terms and conditions of these Bonds.

These early redemptions gave rise to the payment of a non-recurring fee (called "make-whole call") of €72 million.

On 26 January 2021, Pernod Ricard SA redeemed the total of its Pandios USD bond for an amount of US$ 201 million.

2.3. Favourable court ruling on Drawback in the United States

A lawsuit was filed on April 15, 2019 by the National Association of Manufacturers (NAM) against the US Treasury Department and the United States Customs and Border Protection (CBP) on behalf of its members, including Pernod Ricard, to invalidate the regulations published in February 2019 and to affirm that Drawback is authorised pursuant to Article 19 USC§ 1313(j)(2) as amended by the Trade Facilitation and Trade Enforcement Act of 2015, which was enacted on February 24, 2016 (TFTEA).

The Drawback provided for under US law allows a company to benefit from the refund of excise duties or taxes paid on certain imported goods when similar goods are exported. On August 23, 2021, the US Court of Appeals for the Federal Circuit handed down its ruling in favour of the National Association of Manufacturers, upholding the first instance judgement handed down in February 2020. As a result, Pernod Ricard may benefit from the Drawback on the basis of exports of certain spirits outside the United States. The impact of this decision on Pernod Ricard's FY21 financial statements represents an additional pre-tax income of US$163 million (€137 million), of which US$33 million (€28 million euros) in Profit from Recurring Operations. As of June 30, 2021, the Group had already collected US$187 million (€156 million) in respect of claims already filed.

Note 2 Segment information

Net sales

The Group's net sales primarily comprise sales of finished products, and are recorded in the income statement upon transfer of control of the products. It is measured at the fair value of the consideration received or to be received, after deducting trade discounts, volume rebates, certain costs associated with business and promotional activity and sales-related taxes and duties, notably excise duties.

Costs of commercial and promotional activity

Pursuant to IFRS 15, certain costs of services rendered in connection with sales, such as advertising programmes in conjunction with distributors, listing costs for new products, promotional activities at point of sale, and advertising and promotional expenses, are deducted directly from net sales if there is no distinct service whose fair value can be reliably measured.

Duties and taxes

In accordance with IFRS 15, certain import duties, in Asia for instance, are classified as cost of sales, as these duties are not specifically re-billed to customers (as is the case for social security stamps in France, for example).

Discounts

In accordance with IFRS 15, early payment discounts are not considered to be financial transactions, but rather are deducted directly from net sales.

Gross margin after logistics expenses, contribution after advertising and promotion expenses, profit from recurring operations and other operating income and expenses

The gross margin after logistics costs corresponds to sales (excluding duties and taxes), less costs of sales and logistics expenses. The contribution after advertising and promotion expenses includes the gross margin after deduction of logistics expenses and advertising and promotion expenses. The Group applies recommendation 2013-R03 of the French accounting standards authority (Autorité des Normes Comptables – ANC), notably as regards the definition of Profit from recurring operations. Profit from recurring operations is the contribution after advertising and promotion expenses less trading costs and overheads. This is the indicator used internally to measure the Group's operational performance. It excludes other operating income and expenses, such as those related to restructuring, capital gains and losses on disposals, impairment of property, plant and equipment and intangible assets, and other non-recurring operating income or expenses. These other operating income and expenses are excluded from Profit from recurring operations because the Group believes they have little predictive value due to their occasional nature. They are described in detail in Note 3.1 – *Other operating income and expenses*.

The Group is focused on the single business line of Wines and Spirits sales. The Group is structured into three primary operating segments constituted by the following geographical areas: Europe, Americas and Asia/Rest of World.

The Group Management Team assesses the performance of each segment on the basis of sales and its profit from recurring operations, defined as the gross margin after logistics, advertising, promotional and structure costs. The operating segments presented are identical to those included in the reporting provided to Managing Directors, in particular for the performance analysis.

Items in the income statement and the balance sheet are allocated on the basis of either the destination of sales or profits. Operating segments follow the same accounting policies as those used for the preparation of the consolidated financial statements. Intra-segment transfers are transacted at market prices.

At 30.06.2020 *€ million*	**Americas**	**Asia/Rest of World**	**Europe**	**Total**
Income statement items				
Segment net sales	3,747	5,181	4,032	12,960
o/w intersegment sales	*1,298*	*1,715*	*1,500*	*4,512*
Net sales (excluding Group)	**2,449**	**3,467**	**2,532**	**8,448**
Gross margin after logistics expenses	1,599	1,969	1,519	5,086
Contribution after advertising and promotion	1,138	1,452	1,169	3,759
Profit from recurring operations	718	938	605	2,260
Other information				
Current investments	113	233	611	957
Depreciation, amortisation and impairment	972	133	251	1,356

At 30.06.2021 *€ million*	**Americas**	**Asia/Rest of World**	**Europe**	**Total**
Income statement items				
Segment net sales	3,794	5,494	4,185	13,473
o/w intersegment sales	*1,167*	*1,854*	*1,628*	*4,649*
Net sales (excluding Group)	**2,627**	**3,640**	**2,557**	**8,824**
Gross margin after logistics expenses	1,699	2,060	1,534	5,293
Contribution after advertising and promotion	1,229	1,518	1,153	3,900
Profit from recurring operations	803	996	624	2,423
Other information				
Current investments	106	109	316	531
Depreciation, amortisation and impairment	42	165	236	444

The impact of right-of-use assets on current investments and depreciation, amortisation and impairment expense is as follows:

At 30.06.2021 *€ million*	**Americas**	**Asia/Rest of World**	**Europe**	**Total**
Current investments	12	39	48	100
Depreciation, amortisation and impairment	15	40	44	99

Breakdown of net sales

€ million	**30.06.2020**	**30.06.2021**	**Variation** *(€ million)*	**Variation** *(%)*
Strategic International Brands	5,268	5,544	275	5%
Strategic Local Brands	1,599	1,576	(23)	-1%
Strategic Wines	431	425	(6)	-1%
Speciality	373	472	99	27%
Other products	776	807	31	4%
TOTAL	**8,448**	**8,824**	**376**	**4%**

Note 3 Notes to the income statement

Note 3.1 Other operating income and expenses

Other operating income and expenses include impairment of property, plant and equipment and intangible assets, costs relating to restructuring and integration, capital gains or losses on disposals, as well as other non-recurring operating income and expenses. These other operating income and expenses are excluded from the profit from recurring operations given their unusual, abnormal and infrequent nature, which would distort the reading of the Group's performance.

Other operating income and expenses are broken down as follows:

€ million	30.06.2020	30.06.2021
Impairment of property, plant and equipment and intangible assets	(1,007)	(78)
Gains or losses on asset disposals and acquisition costs	11	(34)
Net restructuring and reorganisation expenses	(178)	(64)
Disputes and risks	(47)	141
Other non-current operating income and expenses	(63)	(26)
OTHER OPERATING INCOME AND EXPENSES	**(1,283)**	**(62)**

At 30 June 2021, other operating income and expenses primarily consisted of:

- impairment losses on property, plant and equipment and intangible assets for €78 million, mainly comprising immpairment on the Imperial brand for €70 million as a result of impairment testing of the Group's brands and related assets;
- restructuring costs of 64 million euros related to various reorganisation projects;
- net income related to the settlement of disputes and risks for €141 million, including €109 million in respect of the Drawback (see Note 2.3 - *Significant events during the financial year*).

In addition, the costs generated by the health crisis were recognised in profit from recurring operations.

Note 3.2 Financial income/(expense)

€ million	30.06.2020	30.06.2021
Interest expenses on net financial debt	(340)	(261)
Financial expenses on lease liabilities	(14)	(13)
Interest income on net financial debt	36	36
Net financing cost	**(319)**	**(238)**
Structuring and placement fees	(2)	(3)
Net financial impact of pensions and other long-term employee benefits	0	(17)
Other net current financial income (expense)	(7)	(3)
Financial income/(expense) from recurring operations	**(328)**	**(262)**
Foreign currency gains/(losses)	(19)	(37)
Other non-current financial income/(expenses)	(19)	(73)
TOTAL FINANCIAL INCOME/(EXPENSES)	**(366)**	**(371)**

At 30 June 2021, the net cost of financial debt included financial expenses of €211 million on Bonds, €3 million on interest rate hedges, €5 million on factoring and securitisation agreements, €13 million on interest on lease liabilities, and €5 million in other expenses.

The financial income/(expense) was also impacted by the early redemption of the Bonds denominated in USD detailed in Note 2.1 – *Significant events during the period* for €72 million, negative foreign exchange impacts for €37 million, and the net impact of pensions and other long-term employee benefits for €17 million euros.

Weighted average cost of debt

The Group's weighted average cost of debt was 2.8% over FY21 compared to 3.6% over FY20.

Weighted average cost of debt is defined as net financing costs plus structuring and placement fees as a proportion of average net financial debt outstanding plus the average amount outstanding on factoring and securitisation programmes.

Note 3.3 Corporate income tax

Analysis of the income tax expense

€ million	30.06.2020	30.06.2021
Current income tax	(364)	(425)
Deferred income tax	106	(242)
TOTAL	**(258)**	**(667)**

Analysis of effective tax rate – Net profit from continuing operations before tax

€ million	30.06.2020	30.06.2021
Operating profit	978	2,361
Financial income/(expense)	(366)	(371)
Taxable profit	**611**	**1,990**
Theoretical tax charge at the effective income tax rate in France	(210)	(637)
Impact of tax rate differences by jurisdiction	111	218
Tax impact of variation in exchange rates	-	7
Re-estimation of deferred tax assets linked to tax rate changes	(77)	(193)
Impact of tax losses used/not used	(6)	40
Impact of reduced/increased tax rates on taxable results	-	-
Taxes on distributions	(25)	(31)
Other impacts	(52)	(72)
EFFECTIVE TAX EXPENSE	**(258)**	**(667)**
EFFECTIVE TAX RATE	**42%**	**34%**

The tax reform in the United Kingdom generated a revaluation of tax assets and liabilities following the increase in the corporate tax rate from 19% to 25%. The net impact is a tax charge of €200 million at 30 June 2021.

Deferred tax is recognised on time differences between the tax and book values of assets and liabilities in the consolidated balance sheet and is measured using the balance sheet approach. Deferred taxes relating to right-of-use assets and lease liabilities are recognised on a net basis. The effects of changes in tax rates are recognised in 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 value. In order to evaluate the Group's ability to recover these assets, particular account is taken of forecasts of future taxable profits.

Deferred tax assets relating to tax loss carryforwards are only reported when they are likely to be recovered, based on projections of taxable income calculated by the Group at the end of each financial year. All assumptions used, including, in particular, growth in operating profit and financial income (expenses), taking into account interest rates, are 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:

€ million	**30.06.2020**	**30.06.2021**
Margins in inventories	119	111
Fair value adjustments on assets and liabilities	28	13
Provision for pension benefits	100	78
Deferred tax assets related to losses eligible for carryforward	933	913
Provisions (other than provisions for pensions benefits) and other items	498	509
TOTAL DEFERRED TAX ASSETS	**1,678**	**1,623**
Accelerated tax depreciation	136	175
Fair value adjustments on assets and liabilities	2,313	2,469
Pension and other hedging assets	147	181
TOTAL DEFERRED TAX LIABILITIES	**2,596**	**2,825**

Tax loss carryforwards (recognised and unrecognised) represent potential tax savings of €1,154 million and €1,232 million at 30 June 2021 and 30 June 2020 respectively. The potential tax savings at 30 June 2021 and 30 June 2020 relate to tax loss carryforwards with the following expiry dates:

FY20

	Tax effect of loss carryforwards *€ million*	
Year	**Losses recognised**	**Losses not recognised**
2020	0	1
2021	0	1
2022	1	4
2023	1	3
2024 and after	790	192
No expiry date	140	97
TOTAL	**933**	**299**

FY21

	Tax effect of loss carryforwards *€ million*	
Year	**Losses recognised**	**Losses not recognised**
2021	0	1
2022	0	2
2023	2	4
2024	2	2
2025 and after	727	189
No expiry date	182	43
TOTAL	**913**	**241**

Group income taxes payables are broken down as follows:

€ million	**30.06.2020**	**30.06.2021**
Other current tax liabilities	108	166
Uncertain tax positions	125	117
TOTAL CURRENT TAX LIABILITIES	**232**	**282**

Note 3.4 Earnings per share

Basic and diluted earnings per share are calculated on the basis of the weighted average number of outstanding shares, less the weighted average number of dilutive instruments.

The calculation of diluted earnings per share takes into account the potential impact of the exercise of all dilutive instruments (such as stock options, convertible Bonds, etc.) on the theoretical number of shares. When funds are obtained at the date of exercise of the dilutive instruments, the "treasury stock" method is used to determine the theoretical number of shares to be taken into account. When funds are obtained at the issue date of the dilutive instruments, net profit is adjusted for the finance cost, net of tax, relating to these instruments.

Numerator *(€ million)*	**30.06.2020**	**30.06.2021**
Group net profit	329	1,305
Denominator *(in number of shares)*		
Average number of outstanding shares	262,858,086	260,796,076
Dilutive effect of bonus share allocations	1,063,687	624,364
Dilutive effect of stock options and subscription options	115,058	93,465
Average number of outstanding shares - diluted	**264,036,831**	**261,513,904**
Earnings per share *(€)*		
Earnings per share – basic	1.25	5.00
Earnings per share – diluted	1.24	4.99

Note 3.5 Expenses by type

Operating profit notably includes depreciation, amortisation and impairment expenses as well as personnel expenses as follows:

€ million	**30.06.2020**	**30.06.2021**
Depreciation, amortisation and impairment expense on property, plant and equipment and intangible assets*	**(1,314)**	**(441)**
Salaries and payroll costs	(1,317)	(1,216)
Pensions, medical expenses and other similar benefits under defined-benefit plans	(46)	(46)
Expense related to share-based payments	(22)	(28)
TOTAL PERSONNEL EXPENSES	**(1,385)**	**(1,290)**

* *Including impairment of intangible assets of €999 million at 30.06.2020.*

Operating profit also includes €4.3 million in lease expenses relating to short-term leases, €1.7 million in expenses relating to leases of low-value assets and €2.1 million in expenses relating to variable rents.

Note 4 Notes to the balance sheet

Note 4.1 Intangible assets and goodwill

Intangible assets are measured at cost on initial recognition. With the exception of assets with indefinite useful lives, they are amortised on a straight-line basis over their period of use, which is generally less than five years, and are written down when their recoverable amount is less than their net carrying amount. Amortisation of intangible assets is recognised within operating profit in the income statement.

In the context of the Group's activities, and in accordance with IAS 38 (Intangible assets), research and development costs are recognised as expenses in the financial year during which they are incurred, except for certain development costs which meet the capitalisation criteria described by the standard.

		Movements in the year					
€ million	**30.06.2019**	**Acquisitions**	**Allowances**	**Disposals**	**Foreign currency gains and losses**	**Other movements**	**30.06.2020**
Goodwill	5,528	199	-	(1)	21	0	5,747
Brands	12,957	227	-	0	47	0	13,230
Other intangible assets	452	41	-	(20)	(7)	5	471
GROSS VALUE	**18,937**	**467**	**-**	**(21)**	**60**	**5**	**19,448**
Goodwill	(137)	-	-	-	1	0	(136)
Brands	(1,408)	-	(999)	0	9	0	(2,398)
Other intangible assets	(318)	-	(34)	10	6	(1)	(338)
AMORTISATION/IMPAIRMENT	**(1,863)**	**-**	**(1,033)**	**10**	**16**	**(1)**	**(2,872)**
INTANGIBLE ASSETS, NET	**17,074**	**467**	**(1,033)**	**(11)**	**76**	**4**	**16,576**

		Movements in the year					
€ million	**30.06.2020**	**Acquisitions**	**Allowances**	**Disposals**	**Foreign currency gains and losses**	**Other movements**	**30.06.2021**
Goodwill	5,747	15	-	-	(139)	19	5,642
Brands	13,230	13	-	(8)	(346)	6	12,894
Other intangible assets	471	73	-	(42)	(2)	42	541
GROSS VALUE	**19,448**	**100**	**-**	**(50)**	**(488)**	**67**	**19,077**
Goodwill	(136)	-	-	-	(1)	(0)	(137)
Brands	(2,398)	-	(72)	7	95	(0)	(2,369)
Other intangible assets	(338)	-	(43)	40	2	(1)	(341)
AMORTISATION/IMPAIRMENT	**(2,872)**	**-**	**(116)**	**46**	**95**	**(1)**	**(2,847)**
INTANGIBLE ASSETS, NET	**16,576**	**100**	**(116)**	**(4)**	**(393)**	**66**	**16,230**

Goodwill

Goodwill is subject to an impairment test at least once a year and whenever there is an indication that its value may have been impaired. To perform these tests, goodwill is allocated by geographical area on the basis of asset groupings at the date of each business combination. These asset groupings correspond to groups of assets which jointly generate identifiable cash flows that are largely independent. If impairment is identified, an impairment loss is recognised in profit and loss for the financial year.

Goodwill mainly stems from the acquisitions of Allied Domecq in July 2005 and Vin&Sprit in July 2008. The change in the value of goodwill in the period was mainly due to the acquisitions mentioned in Note 1.2.1 – *Significant events during the financial year – Acquisitions and disposals*, as well as currency fluctuations.

Brands

The 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 a part of acquisitions of foreign entities are denominated in the functional currency of the business acquired.

The main brands recorded on the balance sheet are: Absolut, Ballantine's, Beefeater, Chivas Regal, Kahlúa, Malibu, Martell and Brancott Estate. Most of these were recognised at the time of the acquisitions of Seagram, Allied Domecq and Vin&Sprit. The change in the gross value of brands for the period was mainly due to the acquisitions mentioned in Note 1.2.1 – *Significant events during the financial year – Acquisitions and disposals*, as well as currency fluctuations.

Impairment of tangible or intangible assets

In accordance with IAS 36, intangible assets and property, plant and equipment are subject to impairment tests whenever there is an indication that the value of the asset has been impaired and at least once a year for non-current assets with indefinite useful lives (goodwill and brands).

The assets subject to impairment tests are included in cash generating units (CGUs), corresponding to linked groups of assets which generate identifiable cash flows. The CGUs include assets related to the Group's brands and are allocated in accordance with the three geographical areas defined by the Group, on the basis of the sale destination of the products. Concerning the inclusion of leases treated in accordance with IFRS 16, the simplified method was used, consisting of including the net value of the rights-of-use and lease liabilities in the various CGUs.

When the recoverable amount of a CGU is less than its net carrying amount, an impairment loss is recognised within operating profit. The recoverable amount of the CGU is the higher of its market value and its value in use.

Value in use is measured based on cash flows projected over a 19-year period. This period reflects the typically long lives of the Group's brands and their productive assets. Discounted projected cash flows are established based on annual budgets and multi-year strategies, extrapolated into subsequent years by gradually converging the figure for the last year of the plan for each brand and market towards a perpetual growth rate. The calculation includes a terminal value derived by capitalising the cash flows generated in the last forecast year. Assumptions applied to sales and advertising and promotional expenditure are determined by Management based on previous results and long-term development trends in the markets concerned. The cash flow projection methodology takes into account, with respect to Working Capital Requirements and investments, the specific features of white spirits and maturing alcohols. The present values of discounted cash flows are sensitive to these assumptions, as well as to consumer trends and economic factors.

Market value is based either on the sale price, net of selling costs, obtained 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 net sales and in terms of terminal values are reasonable and consistent with market data available for each of the CGUs. Additional impairment tests are applied where events or specific circumstances suggest that a potential impairment exists.

In addition to annual impairment tests applied to goodwill and brands, specific impairment tests are applied where there is an indication that the value of an intangible asset may have been impaired. The data and assumptions used for the impairment tests applied to cash generating units (CGUs) are as follows:

€ million	Method used to determine the recoverable amount	Net carrying amount of goodwill at 30.06.2021	Net carrying amount of brands at 30.06.2021	Value in use		
				Discount rate 2020	Discount rate 2021	Perpetual growth rate
Europe	Value in use based on the discounted cash flow method	1,833	3,921	5.80%	5.70%	From -1% to +2.5%
Americas		2,760	5,070	6.83%	6.48%	From -1% to +2.5%
Asia/Rest of World		911	1,533	7.42%	7.24%	From -1% to +2.5%

The amount of any additional impairment of goodwill, brands and related assets at 30 June 2021 is described below, resulting from:

- a 50 basis point reduction in the growth rate of the contribution after advertising and promotional expenditure;
- a 50 basis point increase in the after-tax discount rate;
- a 100 basis point increase in the after-tax discount rate; or
- a 50 basis point reduction in the perpetual rate growth over the duration of the multi-year plans.

€ million	50 basis point decrease in the growth rate of the contribution after advertising and promotional expenditure	50 basis point increase in the after-tax discount rate	100 basis point increase in the after-tax discount rate	50 basis point decrease in the perpetual growth rate
Europe	(0)	(4)	(86)	(1)
Americas	0	(4)	(211)	0
Asia/Rest of World	(2)	(5)	(17)	(3)
TOTAL	**(2)**	**(13)**	**(314)**	**(4)**

Note 4.2 Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost and broken down by component. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. Useful life is reviewed on a regular basis. The average depreciable lives for the major categories of property, plant and equipment are as follows:

Buildings	15 to 50 years
Machinery and equipment	5 to 15 years
Other fixed assets	3 to 5 years
Vines	25 to 33 years

Depreciation of property, plant and equipment is recognised within operating profit in the income statement.

In accordance with the amendments to standards IAS 41 and IAS 16, vines are, since 1 July 2016, valued at acquisition cost and depreciated over their useful life. In accordance with IAS 41, agricultural produce (harvests) continues to be recognised at fair value on the balance sheet, after deducting estimated selling costs, as from the date at which it is possible to obtain a reliable assessment of price, for example by referring to an active market. Changes in fair value are recognised in profit and loss. Land on which biological assets are planted is measured in accordance with IAS 16.

In accordance with IFRS 16, applicable from 1 July 2019, right-of-use assets for leases are recognised as property, plant and equipment in the class of underlying asset to which the right of use relates, with the corresponding recognition of a lease liability. These are mainly offices occupied by the Group and recorded under Buildings. The value of right-of-use assets is determined on the basis of the amount of the lease liability, adjusted for the amount of prepaid rent, initial direct costs, benefits received from lessors and, where applicable, remediation costs. Right-of-use assets relating to leases are depreciated over the term of the lease. The accounting principles for determining the lease liability are detailed in Note 4.8 – *Financial liabilities.*

Items of property, plant and equipment, including right-of-use assets, are written down when their recoverable amount falls below their net carrying amount.

				Movements in the financial year						
€ million	**30.06.2019**	**IFRS 16 impacts***	**01.07.2019**	**Acquisitions**	**Allowances**	**Disposals**	**Foreign currency gains and losses**	**Other movements**	**30.06.2020**	***of which right-of-use assets***
Land	343	53	396	3	-	0	(3)	4	399	*51*
Buildings	1,294	190	1,484	327	-	(19)	(23)	(1)	1,766	*407*
Machinery and equipment	2,006	11	2,017	92	-	(39)	(26)	140	2,186	*41*
Other property, plant and equipment	790	38	828	83	-	(36)	(12)	8	870	69
Assets in progress	241	-	241	161	-	0	(3)	(216)	182	-
Advance on property, plant and equipment	8		8	19	-	-	0	(3)	24	-
GROSS VALUE	**4,681**	**292**	**4,973**	**685**	**-**	**(95)**	**(67)**	**(69)**	**5,427**	***567***
Land	(32)	-	(32)	-	(9)	0	1	0	(40)	*(7)*
Buildings	(537)	-	(537)	(3)	(120)	16	10	12	(621)	*(67)*
Machinery and equipment	(1,198)	-	(1,198)	(4)	(123)	35	16	2	(1,272)	*(20)*
Other property, plant and equipment	(366)	-	(366)	(1)	(67)	33	5	(3)	(399)	*(25)*
Assets in progress	-	-	-	-	-	-	0	-	0	-
AMORTISATION/ IMPAIRMENT	**(2,132)**	**-**	**(2,132)**	**(8)**	**(319)**	**84**	**32**	**11**	**(2,332)**	***(119)***
PROPERTY, PLANT AND EQUIPMENT, NET	**2,549**	**292**	**2,841**	**677**	**(319)**	**(10)**	**(36)**	**(58)**	**3,095**	***448***

* *See Note 1.1.2.1 to the 2019/20 URD consolidated financial statements and notes for the first-time application of IFRS 16.*

		Movements in the year						
€ million	**30.06.2020**	**Acquisitions**	**Allowances**	**Disposals**	**Foreign currency gains and losses**	**Other movements**	**30.06.2021**	***of which right-of-use assets***
Land	399	4	-	(5)	3	5	405	*53*
Buildings	1,766	84	-	(83)	21	49	1,838	*442*
Machinery and equipment	2,186	60	-	(118)	21	116	2,264	*32*
Other property, plant and equipment	870	80	-	(64)	18	18	923	*75*
Assets in progress	182	217	-	(0)	2	(180)	220	-
Advance on property, plant and equipment	24	9	-	(0)	(0)	(26)	7	-
GROSS VALUE	**5,427**	**454**	**-**	**(271)**	**65**	**(17)**	**5,658**	**602**
Land	(40)	-	(9)	2	(1)	(0)	(48)	*(13)*
Buildings	(621)	-	(120)	58	(9)	3	(691)	*(122)*
Machinery and equipment	(1,272)	(0)	(127)	101	(17)	(3)	(1,317)	*(15)*
Other property, plant and equipment	(399)	(0)	(69)	50	(8)	0	(425)	*(35)*
Assets in progress	0	-	(0)	-	0	-	(0)	-
AMORTISATION/ IMPAIRMENT	**(2,332)**	**(0)**	**(325)**	**211**	**(35)**	**(0)**	**(2,481)**	***(186)***
PROPERTY, PLANT AND EQUIPMENT, NET	**3,095**	**454**	**(325)**	**(60)**	**30**	**(18)**	**3,177**	***416***

Note 4.3 Financial assets

Financial assets consist mainly of Group interests in non-consolidated companies, loans, sureties and deposits, guarantee deposits required by the tax regulations of certain countries and plan assets for pension obligations (not entering into the scope of IFRS 9).

Equity instruments

Investments in non-consolidated entities are recorded in the Balance sheet at fair value. Fair value results and the disposal gain or loss are recorded, in accordance with the management intention, either (i) in the income statement under the heading "Financial income/Financial expenses – other non-recurring financial items" or (ii) in consolidated shareholders' equity under the heading "Other comprehensive income" and are not recycled through profit or loss.

Fair value is determined on the basis of the financial criteria most appropriate to the specific situation of each company. The fair value of financial assets listed on a financial market is their stock market value. The valuation criteria generally used for other non-consolidated investments are share of equity and future profitability.

Loans, guarantees and deposits

Loans, guarantees and deposits are valued at amortised cost.

	30.06.2020		30.06.2021	
€ million	**Current**	**Non-current**	**Current**	**Non-current**
Net financial assets				
Equity instruments	-	93	-	286
Other financial assets	-	273	-	294
Net loans and receivables				
Loans, receivables and deposits*	-	156	-	106
Total net non-current financial assets	**-**	**522**	**-**	**685**
Derivative instruments	12	54	8	65
FINANCIAL ASSETS	**12**	**576**	**8**	**750**

* *Following the application of IFRS 16 from 1 July 2019, the category "Loans, receivables and deposits" includes receivables relating to subleases for €15 million at 30 June 2021 (€14 million at 30 June 2020).*

The table below shows the movements of financial assets, excluding derivative instruments:

		Movements in the year					
€ million	**30.06.2019**	**Acquisitions**	**Allowances**	**Disposals**	**Foreign currency gains and losses**	**Other movements**	**30.06.2020**
Other financial assets	1,097	2	-	(6)	13	(832)	273
Equity instruments	202	19	-	(2)	0	(119)	101
Investment-related receivables	191	31	-	(9)	(9)	16	219
GROSS VALUE	**1,489**	**52**	**-**	**(17)**	**4**	**(935)**	**593**
Provisions for other financial assets	0	-	0	-	0	0	0
Impairment losses recognised on available-for-sale financial assets	-	-	-	-	-	-	-
Provisions on equity instruments	(7)	-	-	-	0	-	(7)
Impairment losses recognised on investment-related receivables	(62)	-	-	-	(1)	0	(63)
PROVISIONS	**(70)**	**-**	**0**	**-**	**(1)**	**0**	**(71)**
NON-CURRENT FINANCIAL ASSETS, NET	**1,419**	**52**	**0**	**(17)**	**3**	**(935)**	**522**

		Movements in the year					
€ million	**30.06.2020**	**Acquisitions**	**Allowances**	**Disposals**	**Foreign currency gains and losses**	**Other movements**	**30.06.2021**
Other financial assets	273	(0)		-	17	4	294
Equity instruments	101	51		(1)	(2)	144	293
Loans, guarantees and deposits	219	24		(11)	(6)	(119)	107
GROSS VALUE	**593**	**75**	**-**	**(12)**	**9**	**28**	**694**
Provisions for other financial assets	0		(0)		0	-	(0)
Impairment losses recognised on available-for-sale financial assets	-		-	-	-	-	-
Provisions on equity instruments	(7)		-	-	0	0	(7)
Provisions for loans, guarantees and deposits	(63)		(1)		4	59	(2)
PROVISIONS	**(71)**		**(1)**	**-**	**4**	**59**	**(9)**
NON-CURRENT FINANCIAL ASSETS, NET	**522**	**75**	**(1)**	**(12)**	**13**	**87**	**684**

Other financial assets at 30 June 2021 included €285 million of plan surplus related to employee benefits, compared to €265 million at the end of June 2020. This change is mainly due to changes in actuarial assumptions over the period (see Note 4.7 – *Provisions*).

At 30 June 2021, equity instruments consisted mainly of unconsolidated securities held by the Group and in particular, those of Jumia Technologies AG, measured at fair value through OCI in the amount of €165 million based on the closing share price of €25.61 on 30 June 2021 (compared with €4.90 per share on 30 June 2020).

Note 4.4 Inventories and work in progress

Inventories are measured at the lower of either their cost (acquisition cost and cost of production, including indirect production overheads) or their net realisable value. Net realisable value is the selling price less the estimated costs of completion and sale of inventories. Most inventories are valued using the weighted average cost method. The cost of long-cycle inventories is computed using a single method which includes distilling and ageing costs. These inventories are classified in current assets, although a substantial part remains in inventory for more than one year in order to undergo the ageing process used for certain wines & spirits before being sold.

The breakdown of inventories and work-in-progress at the balance sheet date is as follows:

		Movements in the year				
€ million	**30.06.2019**	**Change in gross values**	**Change in impairment**	**Foreign currency gains and losses**	**Other movements**	**30.06.2020**
Raw materials	140	33	-	(5)	4	173
Work in progress	4,877	295	-	(40)	51	5,183
Goods in inventory	505	94	-	(19)	0	580
Finished products	280	12	-	(7)	11	296
GROSS VALUE	**5,802**	**435**	**-**	**(71)**	**66**	**6,232**
Raw materials	(10)	-	(2)	0	0	(11)
Work in progress	(10)	-	(13)	0	-	(23)
Goods in inventory	(13)	-	(3)	1	(1)	(16)
Finished products	(13)	-	(4)	1	1	(15)
IMPAIRMENT	**(46)**	**-**	**(21)**	**2**	**0**	**(65)**
NET INVENTORIES	**5,756**	**435**	**(21)**	**(69)**	**66**	**6,167**

		Movements in the year				
€ million	**30.06.2020**	**Change in gross values**	**Change in impairment**	**Foreign currency gains and losses**	**Other movements**	**30.06.2021**
Raw materials	173	3	-	(1)	2	177
Work in progress	5,183	214	-	85	4	5,486
Goods in inventory	580	76	-	(10)	-	646
Finished products	296	32	-	(3)	6	331
GROSS VALUE	**6,232**	**325**	**-**	**72**	**11**	**6,641**
Raw materials	(11)	-	(5)	(0)	-	(16)
Work in progress	(23)	-	(5)	(0)	(1)	(29)
Goods in inventory	(16)	-	(7)	(0)	(0)	(23)
Finished products	(15)	-	(3)	0	1	(17)
IMPAIRMENT	**(65)**	**-**	**(20)**	**(0)**	**-**	**(86)**
NET INVENTORIES	**6,167**	**325**	**(20)**	**72**	**11**	**6,555**

At 30 June 2021, ageing inventories intended mainly for use in whisky and cognac production accounted for 82% of work-in-progress. The Group is not significantly dependent on its suppliers.

Note 4.5 Trade receivables and other operating receivables

Trade receivables and other current receivables are recognised initially at their fair value, which usually corresponds to their nominal value. Provisions for impairment are recognised in line with the losses expected over the life of the receivable.

The following tables break down trade receivables and other operating receivables as of 30 June 2020 and 30 June 2021 by due date:

			Due in accordance with the following terms				
€ million	**Net carrying amount**	**Not due**	**< 30 days**	**31 to 90 days**	**91 to 180 days**	**181 to 360 days**	**> 360 days**
Net carrying amounts							
Trade receivables and other operating receivables as of 30.06.2020	906	675	62	79	52	24	14
O/w impairment	*(91)*	*(15)*	*0*	*(3)*	*(8)*	*(11)*	*(55)*
Trade receivables and other operating receivables as of 30.06.2021	1,126	958	109	31	10	4	14
O/w impairment	*(104)*	*(16)*	*(1)*	*(2)*	*(3)*	*(7)*	*(74)*

Changes in the impairment of trade receivables and other operating receivables were as follows:

€ million	**FY20**	**FY21**
At 1 July	**67**	**91**
Allowances during the year	37	26
Reversals during the year	(3)	(5)
Used during the year	(4)	(7)
Foreign currency gains and losses	(5)	(1)
At 30 June	**91**	**104**

At 30 June 2021, there was no reason to question the creditworthiness of non-impaired past due receivables. More specifically, non-impaired receivables with due dates of over 12 months show no additional credit-related risk. There is no significant concentration of risks.

The change in impairment of trade and other operating receivables during FY20 and FY21 is notably linked to a reassessment of the recoverability of receivables in the context of the Covid-19 pandemic.

In FY20 and FY21, the Group continued to implement its programmes to sell the receivables of several affiliates. Receivables sold under these programmes totalled €513 million at 30 June 2020 and €592 million at 30 June 2021. As substantially all risks and rewards associated with the receivables were transferred, they were derecognised.

Derecognised assets where there is continuing involvement

€ 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 values		
Guarantee deposit – factoring and securitisation	8	-	8	-	8	8

Note 4.6 Other current assets

Other current assets are broken down as follows:

€ million	30.06.2020	30.06.2021
Advances and down payments	40	39
Tax accounts receivable, excluding income tax	195	258
Prepaid expenses	66	88
Other receivables	22	28
TOTAL	**323**	**413**

Note 4.7 Provisions

In accordance with IAS 37 (Provisions, contingent liabilities and contingent assets), provisions for risks and contingencies are recognised to cover probable outflows of resources that can be estimated and that result from present obligations relating to past events. In the case where a potential obligation resulting from past events exists, but where the occurrence of the outflow of resources is not probable or where the amount cannot be reliably estimated, a contingent liability is disclosed among the Group's commitments. The amounts provided for are measured by taking account of the most probable assumptions or using statistical methods, depending on the nature of the obligations. Provisions notably include:

- provisions for restructuring;
- provisions for pensions and other long-term employee benefits;
- provisions for litigation (tax other than corporate income tax, legal, employee-related).

Litigation is kept under regular review, on a case-by-case basis, by the Legal Department of each affiliate or region or by the Group's Legal Department, drawing on the help of external legal consultants in the most significant or complex cases. A provision is recorded when it becomes probable that a present obligation arising from a past event will require an outflow of resources whose amount can be reliably estimated. The amount of the provision is the best estimate of the outflow of resources required to settle this obligation.

The cost of restructuring measures is fully provisioned in the financial year, and is recognised in profit and loss under "Other operating income and expenses" when it is material and results from a Group obligation to third parties arising from a decision made by the competent corporate body that has been announced to the third parties concerned before the closing date. This cost mainly involves redundancy payments, early retirement payments, costs of notice periods not served, training costs of departing individuals and costs of site closure. Scrapping of property, plant and equipment, impairment of inventories and other assets, as well as other costs (moving costs, training of transferred individuals, etc.) directly related to the restructuring measures are also recognised in restructuring costs. The amounts provided for correspond to forecast future payments to be made in connection with restructuring plans, discounted to present value when the payment schedule is such that the effect of the time value of money is significant.

1. Breakdown of provisions

The breakdown of provisions for risks and charges at the balance sheet date is as follows:

€ million	30.06.2020	30.06.2021
Non-current provisions		
Provisions for pensions and other long-term employee benefits	605	477
Other non-current provisions for risks and charges	310	253
Current provisions		
Provisions for restructuring	101	50
Other current provisions for risks and charges	121	113
TOTAL	**1,138**	**893**

2. Changes in provisions (other than provisions for pensions and other long-term employee benefits)

		Movements in the year						
€ million	**30.06.2020**	**Allowances**	**Used reversals**	**Unused reversals**	**Reclassification**	**First-time consolidation**	**Translation adjustments**	**30.06.2021**
Provisions for restructuring	101	17	59	9	(1)	-	0	50
Other current provisions	121	19	11	11	(1)	-	(4)	113
Other non-current provisions	310	62	40	54	(20)	-	(5)	253
TOTAL PROVISIONS	**533**	**99**	**110**	**74**	**(22)**	**-**	**(9)**	**416**

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 2021, the provisions recorded by the Group for all litigation and risks in which it is involved amounted to €366 million, excluding uncertain tax positions recognised in current tax liabilities. The Group does not provide details (with exceptions), as it believes the disclosure of the amount of any provision booked in consideration of each pending dispute would be likely to cause serious harm to the Group.

The change in "Other current and non-current provisions" during the period is explained as follows:

- allowances stem mainly from proceedings brought against the Company and its affiliates, as part of the normal course of business and the emergence of new risks, including tax risks (other than corporate income tax risks);
- reversals are made at the time of corresponding payments or where the risk is considered to be nil. Unused reversals primarily concern the re-evaluation or the statute of limitation of certain risks, including tax risks.

3. Provision for pension benefits

In accordance with applicable national legislation, the Group's employee benefit obligations are composed of:

- long-term post-employment benefits (retirement bonuses, pensions, medical and healthcare expenses, etc.);
- long-term benefits payable during the period of employment.

Defined contribution plans

Contributions are recognised as expenses as they are incurred. As the Group is not committed beyond the amount of such contributions, no provision is recognised in respect of defined contribution plans.

Defined benefit plans

For defined benefit plans, the projected unit credit method is used to measure the present value of defined benefit obligations, current service cost and, if applicable, past service cost. The measurement is made at each closing date and the personal data concerning employees is revised at least every three years. The calculation requires the use of economic assumptions (inflation rate and discount rate) and assumptions concerning employees (mainly average salary increase, rate of employee turnover and life expectancy). The assumptions used in FY19 and FY20 and the methods used for their determination are described below.

A provision is recorded in the balance sheet for the difference between the actuarial debt of related obligations (actuarial liabilities) and any assets dedicated to funding the plans, measured at their fair value, and includes past service costs and actuarial gains and losses.

The cost of defined benefit plans has three components, which are accounted for as follows:

- the cost of services is recognised in operating profit. It includes:
  - the cost of services rendered during the period,
  - the cost of past services resulting from the modification or reduction of a plan, fully recognised in profit and loss for the period in which the services were performed,
  - gains and losses resulting from liquidations;
- the financial component, recorded in financial income (expenses), comprises the impact of discounting the liabilities, net of the expected return on plan assets, measured using the same discount rate as that used to measure the liabilities;
- revaluations of liabilities (assets) are recognised as non-recyclable items of comprehensive income, and consist mainly of actuarial differences, namely the change in plan obligations and assets due to changes in assumptions and to experience gains or losses, the latter representing the difference between the expected impact of some actuarial assumptions applied to previous valuations and the actual impact. Depending on the nature of the texts governing the plans in certain zones, if the hedging assets exceed the commitments entered into the accounts, any assets generated may be limited to the present value of the future reimbursements and the expected decreases in future contributions.

The Group 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 2021, fully or partly funded benefit obligations totalled €5,202 million, equivalent to 95% of the total benefit obligations.

Certain affiliates, mainly those located in North America, also provide their employees with post-employment medical cover. These benefit obligations are unfunded. They are measured using the same assumptions as those used for the pension obligations in the countries in question.

Several affiliates, mainly in Europe, also provide their employees with other long-term benefits. Benefit obligations of this type are mainly in respect of long-service awards and jubilee awards.

The table below presents a reconciliation of the provision between 30 June 2020 and 30 June 2021:

	30.06.2020			30.06.2021		
€ million	**Pension commitments**	**Medical expenses and other employee benefits**	**Total**	**Pension commitments**	**Medical expenses and other employee benefits**	**Total**
Net liability/(asset) at beginning of period	(671)	147	(524)	196	145	341
Net expense/(income) for the period	26	5	30	54	4	58
Actuarial (gains)/losses (1)	916	3	919	(126)	0	(126)
Employer contributions	(53)	-	(53)	(47)	-	(47)
Benefits paid directly by the employer	(10)	(10)	(19)	(8)	(8)	(16)
Changes in scope of consolidation	2	0	2	0	(0)	(0)
Foreign currency gains and losses	(14)	(1)	(15)	(17)	(1)	(18)
Net liability/(asset) at end of period	**196**	**145**	**341**	**52**	**140**	**192**
Amount recognised in assets (2)	(265)	-	(265)	(285)	-	(285)
AMOUNT RECOGNISED IN LIABILITIES (PROVISION AT END OF PERIOD)	**460**	**145**	**605**	**337**	**140**	**477**

(1) Recognised in "Other comprehensive income".
(2) See Note 4.3 – Financial assets.

Actuarial gains and losses correspond mainly to the update of actuarial assumptions and values of plan assets.

The net financial impact recognised in income statement in respect of pensions and other long-term employee benefits is broken down as follows:

	30.06.2020			30.06.2021		
Expense for the year *€ million*	**Pension commitments**	**Medical expenses and other employee benefits**	**Total**	**Pension commitments**	**Medical expenses and other employee benefits**	**Total**
Service cost	42	3	46	42	4	46
Interest on provision	(17)	4	(13)	3	4	7
• *o/w interest on the commitment*	*118*	*4*	*122*	*90*	*4*	*93*
• *o/w interest on the assets*	*(136)*	-	*(136)*	*(87)*	-	*(87)*
• *o/w interest on the limitation of the assets*	*0*	-	-	*0*	-	*0*
Fees/levies/premiums	11	-	11	8	-	8
Impact of plan amendments/Reduction of future rights	(11)	(5)	(16)	(0)	(7)	(8)
Impact of liquidation of benefits	-	-	-	0	-	0
Actuarial (gains)/losses	-	3	3	-	5	5
Effect of asset ceiling (including the impact of IFRIC 14)	-	-	-	-	-	-
NET EXPENSE/(INCOME) RECOGNISED IN PROFIT AND LOSS	**26**	**5**	**30**	**54**	**4**	**58**

Changes in provisions for pensions and other long-term employee benefits are shown below:

Net liability recognised in the balance sheet *€ million*	**30.06.2020** Pension commitments	Medical expenses and other employee benefits	Total	**30.06.2021** Pension commitments	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	4,965	147	5,113	5,440	145	5,584
Service cost	42	3	46	42	4	46
Interest cost (effect of unwinding of discount)	118	4	122	90	4	93
Employee contributions	4	1	5	4	1	5
Benefits paid	(257)	(10)	(268)	(257)	(8)	(265)
Administrative fees/premiums/levies	0	-	0	(0)	-	(0)
Plan amendments/reduction of future rights	(11)	(5)	(16)	(1)	(7)	(8)
Liquidation of benefits	0	-	0	0	-	0
Actuarial (gains)/losses	641	6	647	(252)	5	(247)
Currency translation adjustments	(91)	(1)	(92)	251	(1)	249
Changes in scope of consolidation	28	0	28	1	(0)	0
Other items						
ACTUARIAL VALUE OF CUMULATIVE BENEFIT OBLIGATIONS AT END OF PERIOD	**5,440**	**145**	**5,584**	**5,318**	**140**	**5,458**
Change in the fair value of plan assets						
Fair value of plan assets at beginning of period	5,645	-	5,645	5,259	-	5,259
Interest income on plan assets	136	-	136	87	-	87
Experience gains/(losses) on plan assets	(269)	-	(269)	(101)	-	(101)
Employee contributions	4	-	4	4	-	4
Employer contributions	53	-	53	47	-	47
Benefits paid	(248)	-	(248)	(249)	-	(249)
Administrative fees/premiums/levies	(12)	-	(12)	(9)	-	(9)
Plan amendments/reduction of future rights	-	-	-	(1)	-	(1)
Liquidation of benefits	-	-	-	-	-	-
Currency translation adjustments	(77)	-	(77)	269	-	269
Changes in scope of consolidation	26	-	26	0	-	0
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**5,259**	**-**	**5,259**	**5,307**	**-**	**5,307**
Present value of funded benefits	5,335	-	5,335	5,206	-	5,206
Fair value of plan assets	5,259	-	5,259	5,307	-	5,307
Deficit/(surplus) on funded benefits	**77**	**-**	**77**	**(102)**	**-**	**(102)**
Present value of unfunded benefits	104	145	249	112	140	253
Effect of ceiling on plan assets (including the impact of IFRIC 14)	15	-	15	41	-	41
NET (ASSETS)/LIABILITIES RECOGNISED IN THE BALANCE SHEET	**196**	**145**	**341**	**52**	**140**	**192**

	Actuarial value of cumulative benefit obligations		Fair value of plan assets		Limitation of plan assets		Recognised in liabilities and shareholders' equity		Amount recognised in assets	
At 30.06.2021	*(€ million)*	*%*	*(€ million)*	*%*	*(€ million)*	*%*	*(€ million)*	*%*	*(€ million)*	*%*
United Kingdom	4,233	78%	4,426	83%	0	0%	62	13%	(255)	89%
United States	369	7%	266	5%	0	0%	103	22%	0	0%
Canada	273	5%	301	6%	41	100%	41	9%	(28)	10%
Ireland	295	5%	208	4%	0	0%	87	18%	(1)	0%
France	130	2%	13	0%	0	0%	117	24%	0	0%
Other countries	159	3%	93	2%	0	0%	67	14%	(1)	0%
TOTAL	**5,458**	**100%**	**5,307**	**100%**	**41**	**100%**	**477**	**100%**	**(285)**	**100%**

The breakdown of pension assets between the different asset classes (Bonds, shares, etc.) is as follows:

	30.06.2020		30.06.2021	
Breakdown of pension assets	**Pension commitments**	**Medical expenses and other employee benefits**	**Pension commitments**	**Medical expenses and other employee benefits**
Shares	10%	Not applicable	11%	Not applicable
Bonds	10%	Not applicable	11%	Not applicable
Other money market funds	1%	Not applicable	0%	Not applicable
Property assets	2%	Not applicable	3%	Not applicable
Other items	77%	Not applicable	75%	Not applicable
TOTAL	**100%**	**NOT APPLICABLE**	**100%**	**NOT APPLICABLE**

At 30 June 2021, "Other" assets notably include the value of the insurance policy taken out with Rothesay Life covering the obligations insured as part of the buy-in conducted in FY20.

Contributions payable by the Group in FY22 in respect of funded benefits are estimated at €44 million.

Benefits payable in respect of defined benefit plans over the next 10 years are broken down as follows:

Benefits to be paid over the next 10 years *€ million*	**Pension commitments**	**Medical expenses and other employee benefits**
2022	266	7
2023	269	6
2024	276	6
2025	285	6
2026	302	6
2027-2031	1,583	34

At 30 June 2020 and 30 June 2021, the main assumptions used for the measurement of pension obligations and other long-term employee benefits were as follows:

	30.06.2020		30.06.2021	
Actuarial assumptions in respect of commitments	**Pension commitments**	**Medical expenses and other employee benefits**	**Pension commitments**	**Medical expenses and other employee benefits**
Discount rate	1.65%	2.94%	1.97%	2.46%
Average rate of increase in annuities	3.15%	Not applicable	3.33%	Not applicable
Average salary increase	2.46%	2.62%	2.89%	3.26%
Expected increase in medical expenses				
• Initial rate	Not applicable	5.72%	Not applicable	5.18%
• Final rate	Not applicable	4.64%	Not applicable	4.00%

	30.06.2020		30.06.2021	
Actuarial assumptions in respect of the expense for the financial year	**Pension commitments**	**Medical expenses and other employee benefits**	**Pension commitments**	**Medical expenses and other employee benefits**
Discount rate	2.35%	2.98%	1.65%	2.94%
Average rate of increase in annuities	3.26%	Not applicable	3.15%	Not applicable
Average salary increase	2.63%	3.05%	2.46%	2.62%
Expected increase in medical expenses				
• Initial rate	Not applicable	6.06%	Not applicable	5.72%
• Final rate	Not applicable	4.69%	Not applicable	4.64%

Actuarial assumptions at 30.06.2021 *(pension and other commitments)* **By region**	**United Kingdom**	**United States**	**Canada**	**Eurozone countries**	**Other non-Eurozone countries**
Discount rate	1.90%	2.56%	3.13%	0.99%	3.70%
Average rate of increase in annuities	3.48%	Not applicable	Not applicable	1.67%	1.83%
Average salary increase	2.50%	2.98%	3.00%	2.66%	5.84%
Expected increase in medical expenses					
• Initial rate	5.50%	5.75%	4.61%	3.50%	Not applicable
• Final rate	5.50%	4.00%	3.56%	3.50%	Not applicable

The obligation period-related discount rates used within the Eurozone are as follows:

- short-term rate (3-5 years): 0.00% to 0.25%;
- medium-term rate (5-10 years): 0.25% to 0.75%;
- long-term rate (more than 10 years): 0.75% to 1.20%.

Discount rates are determined by reference to the yield at the 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 on assets corresponds to the discount rate, in accordance with IAS 19.

The sensitivity of the debt to changes in the discount rate is shown in the table below:

€ million	Pension commitments	Medical expenses and other employee benefits	Total
Commitments at 30.06.2021	5,318	140	5,458
Commitments at 30.06.2021 with a 0.5% decrease in the discount rate	5,772	151	5,923
Commitments at 30.06.2021 with a 0.5% increase in the discount rate	4,916	131	5,047

The impact of a change in the rate of increase in medical expenses would be as follows:

Post-employment medical benefits *€ million*	With current rate		
	With current rate	1% increase	1% decrease
On the present value of the benefit obligations at 30.06.2021	112	10	(8)
Expense for FY21	5	0	(0)

The experience gains or losses on the benefit obligations and plan assets are set out below:

	30.06.2021	
€ million	Pension commitments	Medical expenses and other employee benefits
Amounts of experience losses or (gains) on benefit obligations	(21)	(4)
Percentage compared with amounts of benefit obligations	-0.4%	-3.2%
Amounts of financial assumption losses or (gains) on benefit obligations	(187)	9
Percentage compared with amounts of benefit obligations	-3.5%	6.3%
Amounts of demographic assumption losses or (gains) on benefit obligations	(44)	1
Percentage compared with amounts of benefit obligations	-0.8%	0.5%
Amounts of experience losses or (gains) on plan assets	101	-
Percentage compared with amounts of plan assets	1.9%	0.0%
Amounts of experience losses or (gains) on the limitation on assets	24	-
Percentage compared with amounts of plan assets	0.5%	0.0%
Average duration	16.40	14.13

Note 4.8 Financial liabilities

IFRS 9 (Financial Instruments) replaced IAS 39 as of 1 July 2018. IAS 32 has been applied since 1 July 2004. IFRS 7 has been applied since 1 July 2007. The amendment approved by the European Union on 22 November 2011 has been applied from 1 July 2011.

Borrowings and other financial liabilities are recognised, on the basis of their effective interest rates, in accordance with the amortised cost method. The effective interest rate includes all costs, commissions and fees payable under the contract between the parties. Under this method, costs that are directly attributable to the acquisition or issue of the financial liability are recognised in profit and loss on the basis of the effective interest rate.

In accordance with IAS 7 (Statement of cash flows), cash and cash equivalents presented in assets and liabilities in the balance sheet and shown in the consolidated cash flow statements include items that are immediately available as cash or are readily convertible into a known amount of cash and which are subject to an insignificant risk of change in their value. Cash is composed of cash at bank and on hand, short-term deposits with an initial maturity of less than three months and money market mutual funds that are subject to an insignificant risk of change in their value. Cash equivalents are short-term investments with a maturity of less than three months. Bank overdrafts, which are considered to be equivalent to financing, are excluded from cash and cash equivalents.

IFRS 16 (Leases)

The Group assesses whether a contract is, or contains, a lease if the contract conveys, at inception, the right to control the use of an identified asset for a set period of time in exchange for consideration.

The lease liability is initially calculated at the present value of the future lease payments. The discount rates are based on the Group's borrowing rate plus a spread to take into account country-specific economic environments. They are estimated in each currency using available market data. They take into account the term of the leases. Lease payments may include fixed or variable payments that depend on a rate or index known at the commencement date of the lease.

The period used to calculate the lease liability corresponds to the non-cancellable term of the contract, unless it is reasonably certain that the Group will exercise a renewal option beyond this period. The probability of exercising an option is determined on a lease-by-lease basis, taking into account Management's intentions. This liability is then calculated at amortised cost using the effective interest rate method.

Leases are recognised in the balance sheet from the commencement date. They are presented in "Lease liabilities" with a corresponding entry in "Property, plant and equipment", depending on the nature of the underlying asset (see Note 4.1 – *Property, plant and equipment*). Lease liabilities comprise a current and non-current portion on the basis of the expected future payments.

In the income statement, depreciation expenses are recognised on the basis of the use of the underlying asset and interest expenses are presented in financial income/(expense).

In the cash flow statement, repayments of lease liabilities are reported under "Lease repayments" in cash flow from financing activities, while interest payments are reported under "Interest paid" in cash flow from operating activities.

The Group has chosen not to apply IFRS 16 to leases corresponding to assets with a low unit replacement value or to short-term leases. These leases are recognised directly in expenses.

Net financial debt, as defined and used by the Group, corresponds to total gross financial debt (translated at the closing rate), including lease liabilities and fair value and net foreign currency asset hedged derivatives (hedging of net investments and similar), less cash and cash equivalents.

1. Breakdown of net financial debt by nature and maturity

	30.06.2020			30.06.2021		
€ million	Current	Non-current	Total	Current	Non-current	Total
Bonds	**723**	**8,599**	**9,322**	**70**	**8,787**	**8,857**
Syndicated loan	-	-	-	-	-	-
Commercial paper	299	-	299	7	-	7
Other loans and financial debts	81	192	273	115	108	222
Other financial liabilities	**380**	**192**	**572**	**122**	**108**	**229**
GROSS FINANCIAL DEBT	**1,103**	**8,791**	**9,894**	**192**	**8,894**	**9,086**
Fair value hedge derivatives instruments – assets	(3)	(40)	(44)	-	(22)	(22)
Fair value hedge derivatives instruments – liabilities	-	-	-	-	-	-
Fair value hedge derivatives	**(3)**	**(40)**	**(44)**	**-**	**(22)**	**(22)**
Net investment hedge derivatives – assets	-	(13)	(13)	-	(43)	(43)
Net investment hedge derivatives – liabilities	-	-	-	-	-	-
Net asset hedging derivative instruments	**-**	**(13)**	**(13)**	**-**	**(43)**	**(43)**
FINANCIAL DEBT AFTER HEDGING	**1,100**	**8,737**	**9,837**	**192**	**8,830**	**9,022**
Cash and cash equivalents	**(1,935)**	**-**	**(1,935)**	**(2,078)**	**-**	**(2,078)**
NET FINANCIAL DEBT EXCLUDING LEASE LIABILITIES	**(835)**	**8,737**	**7,902**	**(1,886)**	**8,830**	**6,944**
Lease liability	**88**	**433**	**522**	**103**	**405**	**508**
NET FINANCIAL DEBT	**(747)**	**9,171**	**8,424**	**(1,783)**	**9,235**	**7,452**

The analysis of the change in net financial debt based on the changes in cash and non-cash is described below:

€ million	30.06.2020	Changes in cash flows: Total cash flow	Changes in cash flows with no cash impact: Scope	Translation adjustments	Change in fair value	Other items	30.06.2021
Bonds	**9,322**	**(258)**	**-**	**(223)**	**16**	**-**	**8,857**
Syndicated loan	-	-	-	-	-	-	-
Commercial paper	299	(292)	-	-	-	-	7
Other loans and financial debts	273	(41)	-	(10)	-	-	222
GROSS FINANCIAL DEBT	**9,894**	**(591)**	**-**	**(233)**	**16**	**-**	**9,086**
Fair value hedge derivatives instruments – assets	(44)	-	-	-	22	-	(22)
Fair value hedge derivatives	**(44)**	**-**	**-**	**-**	**22**	**-**	**(22)**
Economic net investment hedge derivatives – assets	(13)	-	-	(29)	-	-	(43)
Economic net investment hedge derivatives	**(13)**	**-**	**-**	**(29)**	**-**	**-**	**(43)**
FINANCIAL DEBT AFTER HEDGING	**9,837**	**(591)**	**-**	**(262)**	**38**	**-**	**9,022**
Cash and cash equivalents	(1,935)	(154)	-	11	-	-	(2,078)
Net financial debt excluding lease liabilities	**7,902**	**(745)**	**-**	**(251)**	**38**	**-**	**6,944**
Lease liability	522	(97)	-	2	-	81	508
NET FINANCIAL DEBT	**8,424**	**(842)**	**-**	**(249)**	**38**	**81**	**7,452**

2. Breakdown of debt excluding lease liabilities by currency before and after foreign exchange hedging instruments at 30 June 2020 and 30 June 2021

30.06.2020 *€ million*	Gross financial debt	Amount hedged	Debt after hedging	Cash	Net debt after hedging	% debt after hedging	% Net debt after hedging
EUR	5,635	(515)	5,120	(1,322)	3,797	52%	48%
USD	4,214	621	4,835	(60)	4,774	49%	60%
GBP	-	(96)	(96)	(37)	(134)	-1%	-2%
SEK	3	(124)	(122)	(31)	(152)	-1%	-2%
Other currencies	42	58	101	(485)	(384)	1%	-5%
FINANCIAL DEBT BY CURRENCY	**9,894**	**(57)**	**9,837**	**(1,935)**	**7,902**	**100%**	**100%**

30.06.2021 *€ million*	Gross financial debt	Amount hedged	Debt after hedging	Cash	Net debt after hedging	% debt after hedging	% Net debt after hedging
EUR	5,350	135	5,484	(1,273)	4,211	61%	61%
USD	3,677	(119)	3,558	(36)	3,522	39%	51%
GBP	-	12	12	(30)	(18)	0%	0%
SEK	2	(72)	(70)	(38)	(108)	-1%	-2%
Other currencies	57	(19)	37	(700)	(663)	0%	-10%
FINANCIAL DEBT BY CURRENCY	**9,086**	**(64)**	**9,022**	**(2,078)**	**6,944**	**100%**	**100%**

3. Breakdown of fixed-rate/floating rate debt (excluding lease liabilities) before and after interest rate hedging instruments at 30 June 2020 and 30 June 2021

	30.06.2020				30.06.2021			
€ million	Debt before hedging		Debt after hedging		Debt before hedging		Debt after hedging	
Fixed-rate debt	9,146	93%	8,431	86%	8,975	99%	8,302	92%
Capped floating-rate debt	-	-	-	-	-	-	-	-
Floating-rate debt	691	7%	1,406	14%	47	1%	720	8%
FINANCIAL DEBT AFTER HEDGING BY TYPE OF RATE	**9,837**	**100%**	**9,837**	**100%**	**9,022**	**100%**	**9,022**	**100%**

At 30 June 2021, before taking account of any hedges, the Group's gross debt was 99% fixed rate and 1% floating rate. After hedging, the floating-rate part was 8%.

4. Schedule of financial liabilities at 30 June 2021

The following table shows the maturity of future financial liability-related cash flows (nominal and interest). Floating-rate interest flows have been estimated on the basis of rates at 30 June 2020 and 30 June 2021.

30.06.2020 *€ 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
Nominal value	-	(9,804)	(336)	(673)	(1,378)	(753)	(1,038)	(1,688)	(3,939)
Interest	-	(1,740)	(119)	(127)	(217)	(142)	(127)	(118)	(862)
GROSS FINANCIAL DEBT	**(9,894)**	**(11,544)**	**(455)**	**(799)**	**(1,595)**	**(895)**	**(1,165)**	**(1,806)**	**(4,801)**
LEASE LIABILITY	**(522)**	**(599)**	**(40)**	**(49)**	**(97)**	**(75)**	**(56)**	**(49)**	**(233)**
Cross currency swaps	-	-	-	-	-	-	-	-	-
Flows payable	-	-	-	-	-	-	-	-	-
Flows receivable	-	-	-	-	-	-	-	-	-
Derivative instruments – liabilities	(24)	(25)	(23)	(2)	-	-	-	-	-
DERIVATIVE INSTRUMENTS LIABILITIES	**(24)**	**(25)**	**(23)**	**(2)**	**-**	**-**	**-**	**-**	**-**
TOTAL FINANCIAL LIABILITIES	**(10,440)**	**(12,169)**	**(518)**	**(851)**	**(1,692)**	**(970)**	**(1,221)**	**(1,854)**	**(5,034)**

30.06.2021 *€ 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
Nominal value		(9,061)	(63)	(60)	(690)	(1,017)	(1,667)	(1,122)	(4,442)
Interest		(1,856)	(87)	(95)	(168)	(154)	(144)	(119)	(1,088)
GROSS FINANCIAL DEBT	**(9,086)**	**(10,917)**	**(151)**	**(155)**	**(858)**	**(1,171)**	**(1,811)**	**(1,241)**	**(5,531)**
LEASE LIABILITY	**(508)**	**(572)**	**(42)**	**(69)**	**(90)**	**(66)**	**(56)**	**(47)**	**(202)**
Cross currency swaps	-								
Flows payable		-	-	-	-	-	-	-	-
Flows receivable		-	-	-	-	-	-	-	-
Derivative instruments – liabilities	(6)	(6)	(6)	-	-	-	-	-	-
DERIVATIVE INSTRUMENTS LIABILITIES	**(6)**	**(6)**	**(6)**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL FINANCIAL LIABILITIES	**(9,600)**	**(11,495)**	**(199)**	**(224)**	**(948)**	**(1,236)**	**(1,867)**	**(1,288)**	**(5,733)**

5. Credit lines

At 30 June 2021, credit lines mainly comprised the multi-currency syndicated loan of €2,500 million and a €600 million bilateral line. No drawdowns have been made from these credit lines.

6. Bonds

Nominal amount	Interest rate	Issue date	Maturity	Carrying amount at 30.06.2021 *(€ million)*
800 MUSD	4.25%	12.01.2012	15.07.2022	696
500 MEUR	1.88%	28.09.2015	28.09.2023	506
500 MEUR	0.00%	24.10.2019	24.10.2023	499
650 MEUR	2.13%	29.09.2014	27.09.2024	659
250 MEUR	1.13%	27.04.2020	07.04.2025	253
750 MEUR	1.13%	01.04.2020	07.04.2025	746
600 MEUR	1.50%	17.05.2016	18.05.2026	599
600 MUSD	3.25%	08.06.2016	08.06.2026	509
500 MEUR	0.50%	24.10.2019	24.10.2027	499
600 MUSD	1.25%	01.10.2020	01.04.2028	502
250 MEUR	1.75%	27.04.2020	08.04.2030	264
750 MEUR	1.75%	01.04.2020	08.04.2030	747
900 MUSD	1.63%	01.10.2020	01.04.2031	751
500 MEUR	0.88%	24.10.2019	24.10.2031	495
850 MUSD	5.50%	12.01.2012	15.01.2042	720
500 MUSD	2.75%	01.10.2020	01.10.2050	409
TOTAL BONDS				**8,857**

7. Offsetting of financial assets and financial liabilities

The table below shows the amounts of financial assets and financial liabilities before and after offsetting.

The amounts offset in the balance sheet were established in accordance with IAS 32. Accordingly, financial assets and financial liabilities are offset and the net amount is shown in the balance sheet if and only if the Group has a legally enforceable right to offset the recognised amounts, and if it intends to settle the net amount. The assets and liabilities offset stem from the multi-currency cash pooling implemented within the Group.

At 30.06.2020 *€ million*	Gross financial assets	Amounts offset in the balance sheet	Net amounts in the balance sheet	Impact of master netting agreements and similar agreements	Financial instruments received as collateral	Net amounts under IFRS 7
Assets						
Cash and cash equivalents	2,125	(190)	1,935	-	-	-
Liabilities						
Bank debts	786	(190)	596	-	-	-

30.06.2021 *€ million*	Gross financial assets	Amounts offset in the balance sheet	Net amounts in the balance sheet	Impact of master netting agreements and similar agreements	Financial instruments received as collateral	Net amounts under IFRS 7
Assets						
Cash and cash equivalents	2,290	(212)	2,078	-	-	-
Liabilities						
Bank debts	441	(212)	229	-	-	-

Note 4.9 Financial instruments

I. Fair value of financial instruments

€ million	Measurement level	Breakdown by accounting classification: Fair value – profit	Fair value through equity	Assets at amortised cost	Liabilities at amortised cost	30.06.2020: Balance sheet value	Fair value
Assets							
Equity instruments	Levels 1 and 3	-	93	-	-	93	93
Guarantees, deposits, investment-related receivables		-	-	156	-	156	156
Trade receivables and other operating receivables		-	-	906	-	906	906
Other current assets	Level 2	-	-	323	-	323	323
Derivative instruments – assets	Level 1	53	13	-	-	66	66
Cash and cash equivalents		1,935	-	-	-	1,935	1,935
Liabilities							
Bonds		-	-	-	9,322	9,322	9,749
Bank debts		-	-	-	572	572	572
Lease liabilities		-	-	-	522	522	522
Derivative instruments – liabilities	Level 2	24	-	-	-	24	24

€ million	Measurement level	Breakdown by accounting classification: Fair value – profit	Fair value through equity	Assets at amortised cost	Liabilities at amortised cost	30.06.2021: Balance sheet value	Fair value
Assets							
Equity instruments	Levels 1 and 3	-	286	-	-	286	286
Guarantees, deposits, investment-related receivables		-		106	-	106	106
Trade receivables and other operating receivables		-		1,126	-	1,126	1,126
Other current assets		-		413	-	413	413
Derivative instruments – assets	Level 2	29	43	-	-	72	72
Cash and cash equivalents	Level 1	2,078	-	-	-	2,078	2,078
Liabilities							
Bonds		-	-	-	8,857	8,857	9,399
Bank debts		-	-	-	229	229	229
Lease liabilities		-	-	-	508	508	508
Derivative instruments – liabilities	Level 2	6	-	-	-	6	6

The methods used are as follows:

- debt: the fair value of debt is determined for each loan by discounting future cash flows based on the closing market rates adjusted for the Group's credit risk. For floating-rate loans and bank loans, the fair value is approximately equal to the net carrying amount;
- Bonds: market liquidity enabled the Bonds to be valued at their fair value using the quoted prices;
- other long-term financial liabilities: the fair value of other long-term financial liabilities is calculated for each loan by discounting future cash flows using an interest rate taking into account the Group's credit risk at the 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 2021, the impact was not significant.

2. Risk management

Management and monitoring of financial risks is performed by the Financing and Treasury Department. Reporting to the Group Finance Department, it oversees all financial exposures and processes or validates all financing, investment and hedging transactions, as part of a programme approved by 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 2021, the Group's cash and cash equivalents totalled €2,078 million (compared with €1,935 million at 30 June 2020). An additional €3,360 million of renewable medium-term credit facilities with banks was confirmed and undrawn. Group funding is provided in the form of long-term debt (bank loans, Bonds, etc.) and short-term financing (commercial paper and bank overdrafts) as well as factoring and securitisation, which provide adequate financial resources to ensure the continuity of its business. The Group also set up a €7 billion EMTN (Euro Medium Term Note) programme in May 2020. The Group's short-term financial debt after hedging was €349 million at 30 June 2021 (compared to €1,100 million at 30 June 2020).

While the Group has not identified any other significant cash requirement, it cannot be fully guaranteed that it will be able to continue to access the funding and refinancing needed for its day-to-day operations and investments on satisfactory terms, given the uncertain economic context.

The credit ratings sought by Pernod Ricard from rating agencies on its long- and short-term debt are Baa1/P2 from Moody's and BBB+/A2 from Standard & Poor's, respectively.

The Group's bank and bond debt contracts include covenants and a financial ratio. Breaches of these covenants or financial ratio could force the Group to make accelerated payments. At 30 June 2021, the Group was in compliance with the covenants under the terms of its syndicated loan, with a solvency ratio (total Net debt converted at the average rate/consolidated EBITDA) of 5.25 or less.

Furthermore, while the vast majority of the Group's cash surplus is placed with 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 the Group) and, in some cases, delay the possibility of paying dividends (authorisation is required from the relevant authorities, notably in Cuba). At 30 June 2021, the delayed availability cash amounted to €138 million, including €135 million relating to Cuba. The monetary unification reform that led to the replacement of the convertible peso (CUC) by the Cuban peso (CUP) from 1 January 2021 has no material impact on the Group's financial statements at 30 June 2021.

Specific terms of financing agreements and the schedule of financial liability maturity are respectively disclosed in the "Material contracts" subsection of the management report and in Note 4.8 – *Financial liabilities* of the Notes to the consolidated financial statements.

Management of currency risk

As the Group consolidates its financial statements in euros, it is exposed to fluctuations against the euro by the currencies in which its assets and liabilities are denominated (asset risk) or in which transactions are carried out (transaction risk and translation of results).

While some hedging strategies allow exposure to be limited, there is no absolute protection against exchange rate fluctuations.

For asset risk, financing foreign currency-denominated assets acquired by the Group with debt in the same currency provides natural hedging. This principle was applied for the acquisition of Seagram, Allied Domecq and Vin&Sprit, with part of the debt being denominated in USD, reflecting the importance of cash flows generated in dollars or linked currencies.

Movements in currencies against the euro (notably the USD) may impact the nominal amount of these debts and the financial expenses published in euros in the consolidated financial statements, and this could adversely affect the Group's results.

For operational currency risk, the Group's international operations expose it to currency risks affecting transactions carried out by affiliates in a currency other than their operating currency (transaction accounting risk).

As a rule, it is Group policy to invoice end customers in the functional currency of the distributing entity. Exposure to currency risk on invoicing between producer and distributor affiliates is managed *via* a monthly payment centralisation procedure involving most countries with freely convertible and transferable currencies and whose internal legislation allows this participation. This system hedges against net exposure using forward exchange contracts.

Residual risk is partially hedged using financial derivatives (forward purchases, forward sales or options) to hedge certain or highly probable non-Group operating receivables and payables.

In addition, the Group may use firm or optional hedges with the aim of reducing the impact of currency fluctuations on its operating activities in some Brand Companies that make significant purchases in currencies other than the euro – especially USD, GBP or SEK – or in order to secure the payment of dividends back to the parent.

Management of interest rate risk

At 30 June 2021, the Group's debt comprised floating-rate debt (mainly commercial paper and other bank loans) and fixed-rate debt (mainly Bonds), in addition to a hedging portfolio including USD swaps.

The Group cannot guarantee that these hedges will prove sufficient, or that it will be able to maintain them on acceptable terms.

Maturity of debt and floating-rate EUR hedges (*notional value*)

At 30.06.2021 *€ million*	< 1 year	> 1 year and < 5 years	> 5 years	Total
Total assets (cash)	1,273	-	-	1,273
Total floating-rate liabilities	(35)	3	(0)	(32)
NET FLOATING-RATE DEBT BEFORE HEDGING	**1,238**	**3**	**(0)**	**1,241**
Derivative instruments	(177)	43	-	(135)
NET FLOATING-RATE DEBT AFTER HEDGING	**1,061**	**46**	**(0)**	**1,107**

Maturity of the debt and floating-rate USD hedges (*notional value*)

At 30.06.2021 *€ million*	< 1 year	> 1 year and < 5 years	> 5 years	Total
Total assets (cash)	36	-	-	36
Total floating-rate liabilities	(49)	(17)	-	(65)
NET FLOATING-RATE DEBT BEFORE HEDGING	**(12)**	**(17)**	**-**	**(29)**
Derivative instruments	98	(652)	-	(554)
NET FLOATING-RATE DEBT AFTER HEDGING	**85**	**(668)**	**-**	**(583)**

Analysis of the sensitivity of financial instruments to interest rate risk (impact on the income statement)

A 50 basis point increase or decrease in interest rates (USD and EUR) would increase or reduce the cost of net financial debt by €5 million.

Analysis of the sensitivity of financial instruments to interest rate risk (impact on shareholders' equity)

A relative change of plus or minus 50 basis points in interest rates (USD and EUR) would not generate any gain or loss on shareholders' equity.

Analysis of the sensitivity of financial instruments used to hedge risks related to farm raw materials (impact on shareholders' equity)

At 30 June 2021, the sensitivity of the portfolio was not significant.

Counterparty risk in financial transactions

The Group could be exposed to counterparty default *via* its cash investments, hedging instruments or the availability of confirmed but undrawn financing lines. In order to limit this exposure, the Group performs a rigorous selection of counterparties according to several criteria, including credit ratings, and depending on the maturity dates of the transactions.

However, no assurance can be given that this rigorous selection will be enough to protect the Group against risks of this type, particularly in the current economic context.

Note 4.10 Interest rate, foreign exchange and commodity derivatives

Pursuant to the amended version of IAS 9 (Financial Instruments), all derivative instruments must be recognised in the balance sheet at fair value, determined on the basis of standard market valuation models or external prices issued by financial institutions.

Where the derivative has been designated as a fair value hedge, changes in the value of the derivative and of the hedged item are recognised in profit and loss for the same period. If the derivative has been designated as a cash flow hedge, the change in value of the "effective" portion of the hedge is recognised in 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" portion of the hedge is recognised in shareholders' equity and the change in value of the "ineffective" portion is recognised in profit and loss.

Hedging instruments (by risk category and nature of hedge)

Type of hedge at 30.06.2020 *€ million*	Description of the financial instrument	Notional amount of contracts < 1 year	> 1 year and < 5 years	> 5 years	Total	Fair value Assets	Liabilities
Fair value hedge						**44**	**-**
Interest rate risk hedges	Swaps	357	536	179	1,072	44	-
Interest rate and currency risk hedges	Cross currency swaps	-	-	-	-	-	-
Net investment hedge		**-**	**-**	**-**	**-**	**13**	**-**
Currency risk hedges	NDF & FX options	-	-	-	-	-	-
Interest rate and currency risk hedges	Cross currency swaps	-	460	-	460	13	-
DERIVATIVE INSTRUMENTS INCLUDED IN NET DEBT						**57**	**-**
Cash flow hedge						**0**	**3**
Interest rate risk hedges	Swaps	179	-	-	179	-	3
Hedging of currency risk on intragroup financing and operational hedging	Currency swaps	38	-	-	38	0	0
Commodity risk hedges	Forwards	7	2	-	9	0	0
Non hedge accounting		**-**	**-**	**-**	**-**	**9**	**21**
Hedging of currency risk on intragroup financing and operational hedging	Currency swaps and FX forwards	1,821	-	-	1,821	4	10
Interest rate risk hedges	Swaps	1,250	-	-	1,250	5	11
TOTAL DERIVATIVE INSTRUMENTS						**66**	**24**
TOTAL NON-CURRENT						**54**	**0**
TOTAL CURRENT						**12**	**24**

Type of hedge at 30.06.2021 *€ million*	Description of financial instrument	Notional amount of contracts < 1 year	> 1 year and < 5 years	> 5 years	Total	Fair value Assets	Liabilities
Fair value hedge						**22**	**-**
Interest rate risk hedges	Swaps	-	673	-	673	22	-
Interest rate and currency risk hedges	Cross currency swaps	-	-	-	-	-	-
Net investment hedge						**43**	**-**
Currency risk hedges	FX forwards	-	-	-	-	-	-
Interest rate and currency risk hedges	Cross currency swaps	-	460	-	460	43	-
DERIVATIVE INSTRUMENTS INCLUDED IN NET DEBT						**64**	**-**
Cash flow hedge						**2**	**0**
Interest rate risk hedges	Swaps	-	-	-	-	-	-
Hedging of currency risk on intragroup financing and operational hedging	Currency swaps and FX forwards and FX options	20	-	-	20	1	-
Commodity risk hedges	Swaps	17	-	-	17	2	0
Non hedge accounting						**6**	**6**
Hedging of currency risk on intragroup financing and operational hedging	Currency swaps and FX forwards	1,494	-	-	1,494	6	6
Interest rate risk hedges	Swaps	-	-	-	-	-	-
TOTAL DERIVATIVE INSTRUMENTS						**72**	**6**
TOTAL NON-CURRENT						**65**	**0**
TOTAL CURRENT						**8**	**6**

The notional amount of these contracts is the nominal value of the contracts. Foreign currency denominated notional amounts in cross-currency swaps are shown in euros at the exchange rate agreed. For other instruments, notional amounts denominated in foreign currencies are translated into euros at year-end rates. Estimated market values are based on information available on the financial markets and valuation methods appropriate to the type of financial instrument concerned. These valuation methods yield results consistent with the valuations provided by bank counterparties.

The Group's hedging instruments at 30 June 2021 are not ineffective.

Hedged items (by category and nature of hedge)

Type of hedging at 30.06.2020 *€ million*	Carrying amount of the hedged item – Assets	Carrying amount of the hedged item – Liabilities	Cumulative FVH adjustments included in the carrying amount of the hedged item – Assets	Cumulative FVH adjustments included in the carrying amount of the hedged item – Liabilities	Balance sheet item in which the hedged item is included	CFH reserves	Change in fair value of CFH derivatives in OCI
FAIR VALUE HEDGE (FVH)							
Interest rate risk							
Fixed-rate Bonds hedged	-	1,087	44	-	Bonds	N/A	N/A
End of hedging	-	-	5	11	Bonds	N/A	N/A
Currency risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Firm commitment	-	-	-	-	-	N/A	N/A
CASH FLOW HEDGE (CFH)							
Interest rate risk							
Floating rates of Bonds	N/A	N/A	N/A	N/A	N/A	(3)	0
End of hedging	-	-	-	-	N/A	(6)	11
Currency risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Future foreign currency sales hedges	N/A	N/A	N/A	N/A	N/A	(0)	0
End of hedging	-	-	-	-	N/A	-	-
Commodity risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Commodity risk hedges	N/A	N/A	N/A	N/A	N/A	0	(0)
NET INVESTMENT HEDGE (NIH)							
Net assets hedged	447	-	N/A	N/A	N/A	N/A	N/A
End of hedging	-	-	-	-	N/A	-	-

N/A: not applicable.

Type of hedge at 30.06.2021 *€ million*	Carrying amount of the hedged item – Assets	Carrying amount of the hedged item – Liabilities	Cumulative FVH adjustments included in the carrying amount of the hedged item – Assets	Cumulative FVH adjustments included in the carrying amount of the hedged item – Liabilities	Balance sheet item in which the hedged item is included	CFH reserves	Change in fair value of CFH derivatives in OCI
FAIR VALUE HEDGE (FVH)							
Interest rate risk							
Fixed-rate Bonds hedged	-	682	22	-	Bonds	N/A	N/A
End of hedging	-	-	-	-	Bonds	N/A	N/A
Currency risk							
Firm commitment	-	-	-	-	-	N/A	N/A
CASH FLOW HEDGE (CFH)							
Interest rate risk							
Floating rates of Bonds	N/A	N/A	N/A	N/A	N/A	-	3
End of hedging	-	-	-	-	N/A	(6)	-
Currency risk							
Future foreign currency sales hedges	N/A	N/A	N/A	N/A	N/A	1	1
End of hedging	-	-	-	-	N/A	-	-
Commodity risk							
Commodity risk hedges	N/A	N/A	N/A	N/A	N/A	1	1
NET INVESTMENT HEDGE (NIH)							
Net assets hedged	421	-	N/A	N/A	N/A	N/A	N/A
End of hedging	-	-	-	-	N/A	-	-

N/A: not applicable.

Note 4.11 Other operating payables

Other current liabilities are broken down as follows:

€ million	**30.06.2020**	**30.06.2021**
Taxes and social payables	628	718
Other operating payables	388	416
TOTAL	**1,016**	**1,134**

Other current liabilities at 30 June 2021 mainly comprise the interim dividend payment of €347 million on 9 July 2021. Most of these other current liabilities are due within one year.

Note 4.12 Assets held for sale and related liabilities

The Group does not hold significant assets held for sale as defined by IFRS 5 as at 30 June 2021.

Note 5 Notes to the cash flow statement

1. Working capital requirement

Working capital requirements increased by €54 million. The change breaks down as follows:

- increase in inventory: +€305 million;
- increase in trade receivables: +231 million;
- increase in operating and other payables: €(500) million;
- other movements: +€18 million.

The increase in inventory relates to the build-up of ageing inventories to meet future demand.

2. Purchases of financial assets and activities

The acquisitions of financial assets and activities net of disposals generated a cash outflow of €(116) million, mainly related to acquisitions and disposals of activities in the period, related in particular to the transactions described in paragraph 2.1 of Note 1.2 – *Significant events during the financial year*.

3. Issuance/redemption of Bonds

During the financial year, the Group Pernod Ricard carried out bond issuance/subscriptions for €1,788 million and bond redemptions for €2,379 million. These transactions mainly correspond to the bond subscriptions and redemptions described in paragraph 2.2 of Note 1.2 – *Significant events during the financial year*.

In addition, the Group decreased the stock of commercial paper for €292 million.

The Group also paid €110 million in respect of its lease liabilities, of which €97 million related to repayment of the nominal amount and €12 million to interest payments reported in cash flow from operating activities.

Note 6 Additional information

Note 6.1 Shareholders' equity

1. Share capital

In July 2020, the Group reduced its share capital by cancelling 3,545,032 shares previously held that were acquired under the share buyback programme. Following this transaction, the share capital changed to €405,908,668, divided into 261,876,560 shares with a par value of €1.55 each:

	Number of shares	**Amount** *(€ million)*
Share capital on 30.06.2020	265,421,592	411
Share capital on 30.06.2021	261,876,560	406

All Pernod Ricard shares are issued and fully paid up and have a nominal value of €1.55. Only one class of Pernod Ricard shares exists. These shares obtain double voting rights if they have been registered in the name of the same shareholder for an uninterrupted period of 10 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.

On 30 June 2021, Pernod Ricard and its controlled affiliates held 1,005,331 Pernod Ricard shares for a value of €133 million. These treasury shares are reported, at 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). These shares may be allocated if options are exercised under the stock option plans or, in the case of bonus shares, if performance targets are met.

3. Interim dividend

At its meeting of 21 April 2021, the Board of Directors decided to pay an interim dividend of €1.33 per share in respect of FY21, *i.e.* a total of €347 million. The interim dividend was paid on 9 July 2021 and recognised under "Other current liabilities" in the balance sheet at 30 June 2021.

4. Capital management

The Group manages its capital in such a way as to optimise its cost of capital and profitability for its shareholders, provide security for all its counterparties and maintain a high rating. In this context, the Group may adjust its payment of dividends to shareholders, repay part of its capital, buy back its own shares and authorise share-based payment plans.

5. Liquidity agreement

On 24 May 2012, Pernod Ricard SA put in place a 12-month liquidity agreement, effective from 1 June 2012, through Rothschild & Cie Banque. The agreement is tacitly renewable for successive periods of 12 months. It complies with the French Financial Markets Association (AMAFI) Code of Conduct, which was approved by the French Financial Markets Authority (AMF) in its decision of 21 March 2011.

The sum of €5 million was allocated for the implementation of the liquidity agreement.

Note 6.2 Share-based payments

The Group applies IFRS 2 (Share-based payments) to transactions whose award and settlement are share-based.

Pursuant to this standard, stock options and performance shares granted to employees are measured at fair value. The amount of such fair value is recognised in the income statement over the vesting period of the rights and a corresponding double entry is recognised as an increase in shareholders' equity.

This fair value was calculated using valuation models taking into account the characteristics of the plan and market data at the date of grant and on the basis of Group Management assumptions.

Description of share-based payment plans

The Group implements stock option and performance share plans for Managers with high levels of responsibility, key management personnel for the Group and high-potential Managers. All of the plans are equity-settled.

In the course of FY21, three share allocation plans were set up on 27 November 2020:

- a stock option plan including a performance condition based on the positioning of the overall performance of the Pernod Ricard share (TSR) compared [1] with the overall performance of a panel of 12 peers over the period from 27 November 2020 to 27 November 2023 inclusive (three years) and a condition of four years' continuous service;
- a performance share plan, including a performance condition based on the average level of Profit from Recurring Operations achieved compared with the budget, measured over three consecutive financial years including the year in which the shares were granted and a condition of four years' continuous service;
- a performance share plan including a performance condition based on the positioning of the overall performance of the Pernod Ricard share (TSR[1]) compared with the overall performance of a panel of 12 peers over the period from 27 November 2020 to 27 November 2023 inclusive (three years) and a condition of four years' continuous service.

(1) Total Shareholder Return.

The expense recognised for options/shares vested or in the process of being vested during the financial year (period from 1 July 2020 to 30 June 2021) is described below:

Stock options	Type of options	Presence of performance condition	Number of beneficiaries	Commencement date for exercise of options	Expiry date	Subscription or purchase price (€)	Outstanding options at 30.06.2021	Stock option expense for FY21 (€ thousand)
Plan dated 17.11.2016	Purchase	Conditional	16	18.11.2020	17.11.2024	€105.81	75,872	115
Plan dated 09.11.2017	Purchase	Conditional	15	10.11.2021	09.11.2025	€126.53	77,253	465
Plan dated 21.11.2018	Purchase	Conditional	15	22.11.2022	21.11.2026	€137.78	103,629	495
Plan dated 08.11.2019	Purchase	Conditional	14	09.11.2023	08.11.2027	€162.79	125,578	741
Plan dated 27.11.2020	Purchase	Conditional	14	28.11.2024	27.11.2028	€154.11	136,711	474

Performance shares	Type of shares	Presence of performance condition	Number of beneficiaries	Shares acquired from	Shares vested from	Outstanding shares at 30.06.2021	Share expense for FY21 (€ thousand)
Plan dated 17.11.2016	Free	Conditional	997	18.11.2020	18.11.2020	0	3,104
Plan dated 17.11.2016	Free	Unconditional	6	33% 18.11.2017 33% 18.11.2018 33% 18.11.2019	33% 18.11.2019 33% 18.11.2020 33% 18.11.2021	0	0(1)
Plan dated 09.11.2017	Free	Conditional	1,000	10.11.2021	10.11.2021	186,345	4,541
Plan dated 21.11.2018	Free	Conditional	958	22.11.2022	22.11.2022	192,817	5,536
Plan dated 08.11.2019	Free	Conditional	820	09.11.2023	09.11.2023	166,420	5,552
Plan dated 27.11.2020	Free	Conditional	754	28.11.2024	28.11.2024	267,666	4,886

(1) For this plan, the Group decided exceptionally to recognise all expenses in FY17.

The history of stock option plans that have not yet expired is presented in the "Corporate governance" section of the universal registration document.

For the vested stock option plans, the total number of options outstanding is 145,047, with an average remaining life of two years and eight months.

As at 30 June 2021, the Group recognised an expense of €2.3 million as an operating loss for the five stock option plans vested or in the process of vesting during the financial year, as well as an expense of €23.6 million in respect of the five performance share plans.

Annual expenses *€ million*	30.06.2020	30.06.2021
Stock options – through a double entry to equity	3	2
Performance-based and bonus shares – through a double entry to equity	18	24
TOTAL ANNUAL EXPENSES	**20**	**26**

Changes made to outstanding stock options/shares during the year (period from 1 July 2020 to 30 June 2021) are described below:

	Type of options	Presence of performance condition	Outstanding options at 30.06.2020	Allocated during the period	Cancelled during the period	Exercised during the period	Expired during the period	Outstanding options at 30.06.2021
Plan dated 06.11.2015	Purchase	Conditional	114,893	0	0	45,718	0	69,175
Plan dated 17.11.2016	Purchase	Conditional	124,502	0	6,677	41,953	0	75,872
Plan dated 09.11.2017	Purchase	Conditional	124,050	0	46,797	0	0	77,253
Plan dated 21.11.2018	Purchase	Conditional	109,492	0	5,863	0	0	103,629
Plan dated 08.11.2019	Purchase	Conditional	131,864	0	6,286	0	0	125,578
Plan dated 27.11.2020	Purchase	Conditional	0	136,711	0	0	0	136,711

	Type of shares	Presence of performance condition	Outstanding shares at 30.06.2020	Allocated during the period	Cancelled during the period	Transferred during the period	Expired during the period	Outstanding shares at 30.06.2021
Plan dated 17.11.2016	Free	Conditional	366,522	0	7,120	359,402	0	0
Plan dated 09.11.2017	Free	Conditional	200,523	0	14,178	0	0	186,345
Plan dated 21.11.2018	Free	Conditional	208,312	0	15,495	0	0	192,817
Plan dated 08.11.2019	Free	Conditional	175,706	0	9,286	0	0	166,420
Plan dated 27.11.2020	Free	Conditional	0	270,838	3,172	0	0	267,666

The average strike price of options exercised during FY21 was €104.24.

The assumptions used in calculating the fair values of the options and shares allocated over the financial year, using the binomial or Monte Carlo models and the terms under which the options/shares were granted, are as follows:

	Type of options/ shares	Presence of performance condition	Initial share price (€) (1)	Strike price (€)	Expected volatility	Expected dividend yield	Risk-free interest rate	IFRS 2 fair value (€)
Plan dated 27.11.2020	Purchase	Conditional	159.70	154.11	20.60%	1.97%	0.00%	23.53
Plan dated 27.11.2020	Free	Conditional	159.70	N/A	20.20%	1.97%	0.00%	91.46
Plan dated 27.11.2020	Free	Conditional	159.70	N/A	N/A	1.97%	N/A	147.60

N/A: not applicable

(1) Closing share price at grant date.

The fair values are fixed upon implementation of each plan and do not vary year on year. In addition, only the values relating to the plans allocated during FY21 are presented above (information on previous plans is available in the previous universal registration documents).

From 2012 onwards, the volatility assumption used for the plans is based on a multi-criteria approach taking into consideration:

- historic volatility over a period equal to the duration of the options;
- implied volatility calculated on the basis of options available in financial markets.

The possibility of exercising options prior to maturity has been taken into account in the valuation model of the stock option plans by reflecting, *via* an assumption, the behaviour of beneficiaries as regards the anticipated periods (before maturity). In 2017, a new option exercise profile was defined and replaced that established in 2010. It was assumed that 30%, 40% and 30% of the options would be exercised once the share price reached 120%, 150% and 180% of the exercise price respectively. This assumption is based on a recent analysis of behaviour observed on plans awarded before 2017.

Options allocated on 27 November 2020 are all conditional on the positioning of the overall performance of the Pernod Ricard share (TSR [1]) compared with the overall performance of a panel of 12 peers: the stock options will be pre-vested on 27 November 2023, provided that the overall performance of the Pernod Ricard share (TSR [1]) is positioned 7th out of 13 or better (the number will be determined in increments depending on the level of performance achieved). Vesting will be final if the continuous service condition is met on 27 November 2024.

Two performance share plans were granted on 27 November 2020. In one case, the 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 shares granted will depend on the average level of Group Profit from recurring operations for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 compared with budgeted Profit from Recurring Operations for each of those financial years, at constant exchange rates and scope of consolidation. The accounting expense for the plan under IFRS 2 will be adjusted for this condition no later than the end of the vesting period.

The fair value of the other plan takes account of the same market performance condition as applied to the stock options allocated on 27 November 2020: positioning of the overall performance of the Pernod Ricard share (TSR [1]) compared with the overall performance of a panel of 12 peers over the period from 27 November 2020 to 27 November 2023 inclusive (three years). Vesting will be final as of 28 November 2024 if the continuous service condition is met on 27 November 2024.

Note 6.3 Off-balance sheet commitments

€ million	**Total**	**< 1 year**	**> 1 year and < 5 years**	**> 5 years**
Commitments given at 30.06.2020	**2,367**	**851**	**1,316**	**200**
Commitments given in relation to companies within the Group	***5***	***3***	***2***	***-***
Investment commitments	5	3	2	-
Commitments given as part of specific transactions	-	-	-	-
Other items	-	-	-	-
Commitments given in relation to the financing of the Company	***25***	***8***	***11***	***6***
Financial guarantees given	25	8	11	6
Other items	-	-	-	-
Commitments relating to the operating activities of the issuer	***2,337***	***841***	***1,303***	***194***
Firm and irrevocable commitments to purchase raw materials	1,972	576	1,275	121
Tax commitments (customs guarantees and others)	309	228	9	71
Operating lease agreements	8	3	3	1
Other items	49	33	15	1

(1) *Total Shareholder Return.*

€ million	Total	< 1 year	> 1 year and < 5 years	> 5 years
Commitments received at 30.06.2020	**3,443**	**38**	**3,370**	**35**
Commitments received in relation to companies within the Group	***1***	***0***	***0***	***0***
Commitments received as part of specific transactions in relation to competition and markets	-	-	-	-
Other items	1	0	0	0
Commitments received in relation to the financing of the Company	***3,399***	***36***	***3,362***	***1***
Lines of credit received and not used	3,360	0	3,360	-
Financial guarantees received	39	36	2	1
Other items	0	0	-	-
Commitments relating to the operating activities of the issuer	***43***	***2***	***7***	***34***
Contractual commitments related to business activity and business development	41	2	6	33
Other items	2	0	1	1

€ million	Total	< 1 year	> 1 year and < 5 years	> 5 years
Commitments given at 30.06.2021	**2,340**	**870**	**1,332**	**138**
Commitments given in relation to companies within the Group	***3***	***1***	***1***	***-***
Investment commitments	3	1	1	-
Commitments given as part of specific transactions	-	-	-	-
Other items	-	-	-	-
Commitments given in relation to the financing of the Company	***29***	***22***	***1***	***6***
Financial guarantees given	29	22	1	6
Other items	-	-	-	-
Commitments relating to the operating activities of the issuer	***2,308***	***846***	***1,330***	***133***
Firm and irrevocable commitments to purchase raw materials	2,006	628	1,307	70
Tax commitments (customs guarantees and others)	249	179	9	61
Leases	10	4	4	1
Other items	44	34	9	1

€ million	Total	< 1 year	> 1 year and < 5 years	> 5 years
Commitments received at 30.06.2021	**3,450**	**40**	**3,368**	**42**
Commitments received in relation to companies within the Group	***0***	***-***	***0***	***-***
Commitments received as part of specific transactions in relation to competition and markets	-	-	-	-
Other items	0	-	0	-
Commitments received in relation to the financing of the Company	***3,401***	***36***	***3,363***	***1***
Lines of credit received and not used	3,360	0	3,360	-
Financial guarantees received	41	36	3	1
Other items	0	0	-	-
Commitments relating to the operating activities of the issuer	***49***	***4***	***4***	***41***
Contractual commitments related to business activity and business development	47	4	4	40
Other items	2	0	0	1

1. Lines of credit received and not used

The lines of credit received and not used correspond primarily to the nominal amounts of the syndicated loan and a bilateral credit line not drawn at 30 June 2021 (see Note 4.8 – *Financial liabilities*).

2. Firm and irrevocable commitments to purchase raw materials

In the context of their cognac, wine, champagne and whiskies production, the Group's main affiliates have signed raw material supply agreements, mainly for *eaux-de-vie*, grapes, base wines and grain.

Note 6.4 Contingent liabilities

Pernod Ricard has received several notices of tax adjustment for the financial years 2007 to 2016, specifically concerning, for an amount of 8,231 million Indian rupees (equivalent to €93.2 million, including interest as of the date of the reassessment), the tax deductibility of promotion and advertising expenses. It should be noted that the level and amount of this risk have been gradually and significantly reduced in recent years and that the Company obtained two court rulings in its favour in FY20 for the period from FY07 to FY14. These court decisions further strengthen Pernod Ricard India's position on the tax deductibility of advertising and promotional expenses. Reassured by these decisions and after consulting with its tax advisers, Pernod Ricard India will continue to dispute the merits of the reassessment proposal and believes it has a probable chance of success in litigation. Accordingly, no provision has been booked for this matter.

Note 6.5 Disputes

In the normal course of business, Pernod Ricard is involved in a number of individual and group 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 2021 for all litigation and risks in which it is involved amounted to €366 million, compared with €431 million at 30 June 2020 (see Note 4.7 – *Provisions*), excluding uncertain tax positions recognised in current tax liabilities. Pernod Ricard provides no further details (other than in exceptional circumstances), as disclosing the amount of any provision for ongoing litigation could cause the Group serious harm.

To the best of the Company's knowledge, there are no other governmental, legal or arbitration proceedings pending or threatened, including any proceeding of which the Company is aware, which may have or have had over the last six months a significant impact on the profitability of the Company and/or the Group, other than those described below.

Disputes relating to brands

Havana Club

The Havana Club brand is owned in most countries by a joint venture company called Havana Club Holding SA (HCH), of which Pernod Ricard is a shareholder, and is registered in over 160 countries in which the Havana Club rum is distributed. In the United States, this brand is owned by a Cuban company (Cubaexport). Ownership of this brand is currently being challenged in the United States by a competitor of Pernod Ricard.

In 1998, the United States passed a law relating to the conditions for the protection of brands previously used by nationalised companies. This law was condemned by the World Trade Organisation (WTO) in 2002. However, to date, the United States has not amended its legislation to comply with the WTO decision.

1. The United States Office of Foreign Assets Control (OFAC) decided that this law had the effect of preventing any renewal of the US trademark registration for the Havana Club brand, which, in the United States, has been owned by Cubaexport since 1976, without obtaining a specific licence from OFAC. In August 2006, the United States Patent and Trademark Office (USPTO) denied the renewal of the said Havana Club trademark registration, following OFAC's refusal to grant a specific licence. Cubaexport petitioned the Director of the USPTO to reverse this decision and also filed a claim against the OFAC, challenging both OFAC's decision and the law and regulations applied by OFAC. In March 2009, the US District Court for the District of Columbia ruled against Cubaexport. In March 2011, in a two-to-one decision, the Court of Appeals blocked Cubaexport from renewing its trademark. A certiorari petition was filed before the US Supreme Court on 27 January 2012, with the support of the French government, the National Foreign Trade Council and the Washington Legal Foundation. On 14 May 2012, the Supreme Court denied the petition. In November 2015, Cubaexport again applied for a specific licence from OFAC to renew the trademark in the United States. On 11 January 2016, OFAC granted Cubaexport's licence application and on 13 January 2016, the application to the Director of USPTO was declared admissible and the trademark was renewed for the 10-year period ending on 27 January 2016. A request for a further renewal for a period of 10 years from 27 January 2016 was also granted.
2. A competitor of the Group has petitioned the USPTO to cancel the Havana Club trademark registration in the United States. In January 2004, the USPTO denied the petition and refused to cancel the trademark registration. As this decision was appealed, proceedings are now ongoing before the Federal District Court for the District of Columbia. These proceedings were stayed pending the outcome of Cubaexport's petition to the USPTO. Following acceptance of the petition by the Director of the USPTO, these judicial proceedings resumed and the plaintiff amended the complaint. In response, Cubaexport and HCH filed two motions in 2016: one to dismiss all actions commenced against them and one to expedite proceedings on certain issues. Both applications have been fully disclosed and are awaiting a decision by the Court.

These risks constitute a potential obstacle to the Group's business development but there are no foreseeable obligations resulting from these events at the present time. The resolution of these disputes would represent a business development opportunity for the Group.

Tax disputes

The Group's companies are regularly audited by the tax authorities in the countries in which they are registered.

The 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 the Indian customs authorities over the declared transaction value of concentrates of alcoholic beverages (CAB) imported into India. Customs are challenging the transaction values, arguing that some competitors used different values for the import of similar goods. This matter was ruled on by the Supreme Court which issued an order in July 2010, setting out the principles applicable for the determination of values which should be taken into account for the calculation of duty. Pernod Ricard India (P) Ltd has already paid the corresponding amounts up to 2001. For the period between 2001 and December 2010, Pernod Ricard India (P) Ltd has paid almost the entire differential duty as determined by customs in Delhi following the initial adjustment notice received in 2011. A second notice, received in 2013 and confirmed by a court on 14 August 2017 has been suspended by the Supreme Court. The Company continues to actively work with the authorities and courts to resolve pending issues.

Pernod Ricard India (P) is also involved in a debate with the Indian customs authorities over the transaction value of international products imported into India. Discussions are ongoing with the relevant authorities and jurisdictions.

Moreover, Pernod Ricard India (P) received several notices of tax adjustment for FY07 to FY16 relating to the tax deductibility of advertising and promotional expenses (see Note 6.4 – *Contingent liabilities*). In FY20, Pernod Ricard India (P) obtained two court rulings in its favour in FY20 for the period from FY07 to FY14, strengthening its position on the tax deductibility of advertising and promotional expenses.

It should be noted that the above-mentioned disputes are only the subject of provisions, which, where appropriate, are recorded in other provisions for risks and charges (see Note 4.5 – *Provisions*) or in current tax liabilities (see Note 3.3 – *Corporate income tax*), when it is probable that a present obligation resulting from a past event will require a settlement the amount of which can be reliably estimated. The amount of the provision is the best estimate of the outflow of resources required to extinguish this liability.

Commercial disputes

Colombia

Two separate complaints were filed before the Colombian Competition Agency (the Superintendencia De Industria Y Comercio) on 14 November 2017 by the Department of Cundinamarca (Colombia) and its wholly owned distilling company Empresa de Licores de Cundinamarca against Pernod Ricard SA, Pernod Ricard Colombia SA and a competitor company. An additional complaint was filed in September 2019 by the departments of Valle and Antioquia (as well as its wholly-owned distillation companies). The complaint alleges that the defendants have committed violations of the Colombian Unfair Competition Act and, in particular, articles 7 and 18 thereof, through the illegal import of spirits into Colombia. The complaint alleges that the companies have gained an unfair market advantage over local producers through such activity. The plaintiffs seek damages corresponding to the loss of profits and taxes over the period 2013/17 (2019 in the case of Valle and Antioquia).

Pernod Ricard intends to vigorously defend itself against these allegations. These recent complaints contain allegations that are similar to those made in prior legal proceedings before the New York courts brought by Cundinamarca, the Republic of Colombia and several other Colombian departments in 2004. The New York proceedings were dismissed voluntarily by the parties in 2012.

Note 6.6 Related parties

Transactions with associates and joint ventures were immaterial in the financial year ended 30 June 2021.

The compensation paid to corporate officers and Executive Committee (COMEX) members in return for their services to the Group is detailed below:

€ million	**30.06.2020**	**30.06.2021**
Board of Directors (1)	1	1
Group Executive Committee		
• Short-term benefits	15	10
• Post-employment benefits	5	2
• Share-based payments (2)	5	5
TOTAL EXPENSES RECOGNISED FOR THE FINANCIAL YEAR	**26**	**19**

(1) Directors' compensation.

(2) The cost of share-based payments corresponds to the expenses recognised in profit/loss over the period under stock options and performance shares allocated to the members of the Group Executive Committee.

Moreover, the Executive Director is eligible for the following termination compensation:

- one-year non-compete clause, together with a payment corresponding to 12 months' compensation;
- imposed departure clause subject to performance conditions, together with a maximum payment corresponding to 12 months' compensation.

These clauses were not implemented in the course of the past financial year.

Note 6.7 Subsequent events

On August 23, 2021, the US Court of Appeals for the Federal Circuit handed down its ruling in favour of the National Association of Manufacturers. The impact of this favourable court ruling on the Pernod Ricard Group's financial statements at June 30, 2021 is presented in Note 2.3 - *Other significant events during the financial year*.

On 31 August 2021, the Group entered into an agreement to acquire a minority stake in Sovereign Brands, owner of a rapidly growing portfolio of super-premium wine and spirits brands. The latter comprises mainly the brands Luc Belaire (French sparkling wines), Bumbu (a range of rum-based products from the Caribbean), the Brazilian gin McQueen and the Violet Fog, and the French liqueur Villon. This equity investment is the first step in a long-term partnership aimed at generating commercial opportunities between Sovereign Brands and Pernod Ricard, such as the study of possible joint industrial and commercial projects.

Note 6.8 Fees of the Statutory Auditors and members of their networks for the 12-month financial year(1)

	KPMG			Deloitte & Associés			Other items			Total		
	Amount (excluding tax)			Amount (excluding tax)			Amount (excluding tax)			Amount (excluding tax)		
€ million	FY20	FY21	%	FY20	FY21	%	FY20	FY21	%	FY20	FY21	%
Audit												
Statutory Auditors, certification, review of separate and consolidated financial statements (3)												
Issuer (2)	0.6	0.7	18%	0.7	0.7	15%	0.0	0.0	0%	1.2	1.3	16%
Fully consolidated affiliates	2.6	2.5	69%	3.4	3.4	76%	0.2	0.1	82%	6.2	6.0	73%
SUBTOTAL	**3.2**	**3.1**	**87%**	**4.0**	**4.1**	**91%**	**0.2**	**0.1**	**82%**	**7.4**	**7.4**	**89%**
Services other than the certification of financial statements (4)												
Issuer (2)	0.1	0.1	2%	0.6	0.2	5%	0.0	0.0	0%	0.7	0.3	3%
Fully consolidated affiliates	0.7	0.4	11%	0.3	0.2	4%	0.0	0.0	18%	0.9	0.6	8%
including legal, tax, corporate	*0.5*	*0.4*	*10%*	*0.2*	*0.2*	*4%*	*0.0*	*0.0*	*0%*	*0.7*	*0.5*	*6%*
SUBTOTAL	**0.8**	**0.5**	**13%**	**0.9**	**0.4**	**9%**	**0.0**	**0.0**	**18%**	**1.7**	**0.9**	**11%**
TOTAL	**4.0**	**3.6**	**100%**	**4.9**	**4.5**	**100%**	**0.2**	**0.2**	**100%**	**9.1**	**8.3**	**100%**

(1) For the period under review, this refers to services provided and recognised in the income statement during a financial year.
(2) The issuer is understood to be the Parent Company.
(3) Including the services of independent experts or members of the Statutory Auditors' network employed to certify the financial statements.
(4) This section sets out the procedures and services provided to the issuer or its affiliates by the Statutory Auditors or the members of their networks. They may be required by law or by the provisions stipulated at the request of the Group or its affiliates and undertake to comply with the requirements of independence.

Note 7 Consolidation scope

The annual consolidated financial statements include the financial statements of the Parent Company, Pernod Ricard SA, and those of entities controlled by the Parent Company ("the affiliates"). Control is the power to influence the financial and operating policies of an entity so as to obtain benefits from its activities, irrespective of the percentage held in the entity. Non-controlling interests in the net assets of consolidated affiliates are presented separately from Parent Company 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 Consolidation scope

The main changes to the Group's scope of consolidation at 30 June 2021 are presented in Note 1.2 – *Significant events during the financial year*.

Note 7.2 List of main consolidated companies

Companies	Country	% interest 30.06.2020	% interest 30.06.2021	Consolidation method ***
Pernod Ricard SA	France	Parent Company	Parent Company	
Laurenskirk (Pty) Ltd	South Africa	80	80	FC
Pernod Ricard South Africa PTY Ltd	South Africa	100	100	FC
Black Forest Distillers GmbH	Germany	60	100	FC
Pernod Ricard Deutschland GmbH	Germany	100	100	FC
Pernod Ricard Andorra, SLU	Andorra	100	100	FC
Pernod Ricard Angola, LDA	Angola	100	100	FC
Pernod Ricard Argentina SRL	Argentina	100	100	FC
Yerevan Brandy Company	Armenia	100	100	FC
Pernod Ricard Pacific Holding Pty Ltd	Australia	100	100	FC
Pernod Ricard Winemakers Pty Ltd	Australia	100	100	FC
Pernod Ricard Austria GmbH	Austria	100	100	FC
Pernod Ricard Belgium SA	Belgium	100	100	FC
Pernod Ricard Brasil Indústria e Comércio ltda.	Brazil	100	100	FC
Pernod Ricard Bulgaria EOOD	Bulgaria	100	100	FC
Corby Spirit and Wine Limited*	Canada	45.76	45.76	FC
Hiram Walker & Sons Limited	Canada	100	100	FC
Pernod Ricard Canada Ltée	Canada	100	100	FC
Pernod Ricard Chile SpA	Chile	100	100	FC
Pernod Ricard (China) Trading Co., Ltd	China	100	100	FC
Pernod Ricard Colombia SA	Colombia	100	100	FC
Pernod Ricard Korea Imperial Company Ltd.	South Korea	100	100	FC
Pernod Ricard Korea Ltd	South Korea	100	100	FC
Havana Club International SA	Cuba	50	50	FC
Pernod Ricard Denmark A/S	Denmark	100	100	FC
Bodeboca SL	Spain	100	100	FC
Drinksandco Marketplace, SLU	Spain	100	100	FC
Pernod Ricard España	Spain	100	100	FC
Pernod Ricard Winemakers Espana, SAU	Spain	100	100	FC
Vermuteria de Galicia	Spain	0	80	FC
Pernod Ricard Estonia OÜ	Estonia	100	100	FC
Austin, Nichols & Co., Inc.	United States	100	100	FC
Avión Spirits, LLC	United States	100	100	FC
Castle Brands, Inc.	United States	100	100	FC
Del Maguey Inc.	United States	62.36	62.36	FC
Firestone & Robertson Distilling Company LLC	United States	100	100	FC
Pernod Ricard Americas IP Management LLC	United States	100	100	FC
Pernod Ricard Americas Travel Retail LLC	United States	100	100	FC

Companies	Country	% interest 30.06.2020	% interest 30.06.2021	Consolidation method ***
Pernod Ricard Assets USA LLC	United States	100	100	FC
Pernod Ricard Kenwood Holding LLC	United States	100	100	FC
Pernod Ricard Marketing USA LLC	United States	100	100	FC
Pernod Ricard USA Finance Inc.	United States	100	100	FC
Pernod Ricard USA, LLC	United States	100	100	FC
PRUSA Acquisitions LLC	United States	100	100	FC
Rabbit Hole Spirits, LLC	United States	80	80	FC
Smooth Ambler Spirits Co.	United States	80	80	FC
Pernod Ricard Finland OY	Finland	100	100	FC
Augier Robin Briand & Cie	France	100	100	FC
Champagne Perrier-Jouët	France	100	100	FC
Domaines Jean Martell	France	100	100	FC
Financière Moulins de Champagne	France	100	100	FC
GH Mumm & Cie SVCS	France	100	100	FC
Le Maine au Bois	France	100	100	FC
Lina 16	France	100	100	FC
Lina 3	France	100	100	FC
Lina 5	France	100	100	FC
Martell & Co SA	France	100	100	FC
Martell Mumm Perrier-Jouët	France	100	100	FC
Vignobles Mumm Perrier-Jouët	France	100	100	FC
Pernod Ricard Finance SA	France	100	100	FC
Pernod Ricard Middle East and North Africa	France	100	100	FC
Pernod Ricard North America SAS	France	100	100	FC
Pernod SAS****	France	100	100	FC
Ricard SAS****	France	100	100	FC
Société des Produits d’Armagnac SAS	France	100	100	FC
Société Lillet Frères	France	100	100	FC
Spirits Partners SAS.	France	100	100	FC
Théodore Legras	France	100	100	FC
Pernod Ricard Ghana Limited	Ghana	100	100	FC
Pernod Ricard Hellas ABEE	Greece	100	100	FC
Allied Spirits & Wine (China) Ltd	Hong Kong	100	100	FC
Pernod Ricard Asia Duty Free Ltd	Hong Kong	100	100	FC
Pernod Ricard Hong Kong Ltd	Hong Kong	100	100	FC
Peri Mauritius	Mauritius	100	100	FC
Pernod Ricard India Private Limited	India	100	100	FC
Comrie Limited	Ireland	100	100	FC
Irish Distillers Group Unlimited Company	Ireland	100	100	FC
Irish Distillers Ltd	Ireland	100	100	FC
Samuelson International DAC	Ireland	100	100	FC

Companies	Country	% interest 30.06.2020	% interest 30.06.2021	Consolidation method ***
Irish Distillers International LTD	Ireland	100	100	FC
Pernod Ricard Italia SPA	Italy	100	100	FC
The Kyoto Distillery KK*	Japan	35	51	FC
Pernod Ricard Japan KK	Japan	100	100	FC
Pernod Ricard Kazakhstan	Kazakhstan	100	100	FC
Pernod Ricard Kenya Limited	Kenya	100	100	FC
Pernod Ricard Lietuva UAB	Lithuania	100	100	FC
Pernod Ricard Malaysia SDN BHD	Malaysia	100	100	FC
Pernod Ricard Maroc	Morocco	100	100	FC
Pernod Ricard Mexico SA de CV	Mexico	100	100	FC
Seagram Myanmar Company Ltd*	Myanmar	34	34	FC
Pernod Ricard Norway AS	Norway	100	100	FC
Pernod Ricard Winemakers New Zealand Limited	New Zealand	100	100	FC
Allied International Holdings BV	Netherlands	100	100	FC
Pernod Ricard Nederland BV	Netherlands	100	100	FC
PR Goal Nederland BV	Netherlands	100	100	FC
Pernod Ricard Peru SA	Peru	100	100	FC
Pernod Ricard Philippines, Inc.	Philippines	70	70	FC
Agros Holding SA	Poland	100	100	FC
Wyborowa SA	Poland	100	100	FC
Pernod Ricard Portugal – Distribuição, SA	Portugal	100	100	FC
Pernod Ricard Dominicana, SA	Dominican Republic	100	100	FC
Jan Becher – Karlovarska Becherovka, a.s.	Czech Republic	100	100	FC
Pernod Ricard Romania SRL	Romania	100	100	FC
Allied Domecq (Holdings) Limited	United Kingdom	100	100	FC
Allied Domecq Limited	United Kingdom	100	100	FC
Allied Domecq Overseas (Europe) Limited	United Kingdom	100	100	FC
Allied Domecq Spirits & Wine Holdings Limited	United Kingdom	100	100	FC
Allied Domecq Spirits & Wine Limited	United Kingdom	100	100	FC
Allied Domecq Westport Limited	United Kingdom	100	100	FC
Chivas Brothers (Holdings) Ltd	United Kingdom	100	100	FC
Chivas Brothers Ltd**	United Kingdom	100	100	FC
Chivas Brothers International Ltd**	United Kingdom	100	100	FC
Chivas Brothers Pernod Ricard	United Kingdom	100	100	FC
Chivas Holdings (IP) Limited	United Kingdom	100	100	FC
Chivas Investments Limited**	United Kingdom	100	100	FC
Coates & Co (Plymouth) Limited	United Kingdom	100	100	FC
Dillon Bass Ltd	United Kingdom	74	74	FC
Edward Dillon (Bonders) Ltd	United Kingdom	100	100	FC
Goal Acquisitions (Holdings) Ltd	United Kingdom	100	100	FC
Goal Acquisitions Ltd	United Kingdom	100	100	FC
Italicus Ltd	United Kingdom	50.1	50.1	FC
Pernod Ricard UK Group Ltd	United Kingdom	100	100	FC
Pernod Ricard UK Ltd	United Kingdom	100	100	FC
PR Goal 3 Ltd	United Kingdom	100	100	FC

Companies	Country	% interest 30.06.2020	% interest 30.06.2021	Consolidation method ***
World Brands Duty Free Ltd	United Kingdom	100	100	FC
Pernod Ricard Rouss CJSC	Russia	100	100	FC
Pernod Ricard Singapore PTE Ltd	Singapore	100	100	FC
Pernod Ricard Slovakia s.r.o	Slovakia	100	100	FC
Distilled Innovation AB	Sweden	100	100	FC
Pernod Ricard Sweden AB	Sweden	100	100	FC
The Absolut Company AB	Sweden	100	100	FC
Pernod Ricard Swiss SA	Switzerland	100	100	FC
Pernod Ricard Taiwan Ltd	Taiwan	100	100	FC
Pernod Ricard Thailand Ltd	Thailand	100	100	FC
Pernod Ricard Istanbul Ic ve Dis Ticaret Limited Sirketi	Turkey	100	100	FC
Pernod Ricard Ukraine	Ukraine	100	100	FC
Pernod Ricard Uruguay SA	Uruguay	100	100	FC
Pernod Ricard Vietnam Company Limited	Vietnam	100	100	FC

* *The companies Corby Spirit and Wine Limited, The Kyoto Distillery KK and Seagram Myanmar Company Ltd are consolidated using the full consolidation method because of the Group's majority controlling interest in them.*

** *UK limited companies that are members or with affiliates that are members of UK partnerships.*
In accordance with Regulation 7 of The Partnerships (Accounts) Regulations 2008, annual partnership accounts have not been prepared as the UK partnerships are consolidated within the Group Pernod Ricard annual consolidated financial statements.

*** *"FC" for fully consolidated.*

**** *The merger of Pernod SAS and Ricard SAS, announced during the financial year, took effect on 1 July 2020.*

6.7 Statutory Auditors' report on the consolidated financial statements

For the year ended 30 June 2021

This is a translation into English of the statutory auditors' report on the financial statements of Pernod Ricard issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

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

To the Pernod Ricard S.A. Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying consolidated financial statements of Pernod Ricard S.A. for the year ended 30 June 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 30 June 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors for the period from 1 July 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code ("*Code de commerce*") relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Key Audit Matters	Responses as part of our audit
Brands' valuation *(Notes 1.1.4, 3.1 and 4.1 to the consolidated financial statements)* As of 30 June 2021, indefinite-life brands were recorded in the balance sheet for a net carrying amount of €10,525 million, i.e. 33% of total assets. Cash Generating Units ("CGUs") are defined as the brand and all assets required to generate the cash flows associated with the brand. An impairment loss is recorded when their net carrying amount exceeds their recoverable amount. Their recoverable amount is determined as part of mandatory annual impairment tests given their indefinite life and/or specific tests required in the event of an indication of a loss in value. Recoverable amounts are generally determined based on discounted future cash flow calculations and involve significant management judgments of components such as price and volume growth rates, the timing of future operating expenses and discount and long-term growth rates. In certain countries, difficult trade conditions impacted the performance and future outlook of certain CGUs, leading the Company to record an impairment loss before tax of €72 million for the year ended 30 June 2021, as disclosed in Notes 3.1 and 4.1 to the consolidated financial statements.	Our procedures mainly consisted in: • assessing the principles and methods of calculating CGUs' accounting and recoverable amounts; • testing the operation of Group controls covering the calculation of CGUs' recoverable amounts; • for CGUs with a recoverable amount close to their carrying amount ("sensitive brands' CGUs"), confirming the results of the valuation model used by management by comparing them with the results of our models; • corroborating the reasonableness of the main data and assumptions underlying the estimates (such as the discount rates and long-term growth rates), primarily for "sensitive brands' CGUs", especially with regard to available market analyses and in relation to economic environments where the Group operates; • being informed of the commercial outlook of the brands based on interviews with management and comparing the accounting estimates of prior period cash flow projections with corresponding actual values to assess reliability; • testing the arithmetical accuracy of the valuations used by the Company on a sample basis; • assessing management's sensitivity analysis on recoverable amounts to changes in main assumptions.

Key Audit Matters	Responses as part of our audit
Furthermore, the sensitivity of CGUs' recoverable amounts to assumptions was analysed by management and presented in Note 4.1. Changes in these assumptions could give rise to further impairment losses. Considering the weight of brands on the balance sheet, the complexity of the models used and their sensitivity to changes in the data and assumptions underlying the estimates, particularly cash flow forecasts and discount rates used, we considered the recoverable amount of brands to be a key audit matter presenting a risk of material misstatement.	We also assessed the appropriateness of the disclosures in Notes 1.1.4, 3.1 and 4.1 to the consolidated financial statements and verified the arithmetical accuracy of the presented sensitivity analysis.
Tax risk *(Notes 1.1.4, 4.7, 4.7.1, 4.7.2, 6.4 and 6.5 to the consolidated financial statements)* The Group operates in numerous different tax jurisdictions. The tax authorities of the countries in which the Group companies operate regularly have queries on issues relating to their everyday activities. Tax audits can therefore give rise to tax reassessments and litigation with these tax authorities. The assessment of the risk related to each tax litigation is regularly reviewed by each concerned subsidiary or region and by the Group's tax department, with the support of its external counsels for the most significant and complex litigations. Part of the amount of provisions for contingences for all legal disputes or risks involving the Group relate to tax risks and litigation. More particularly, the Indian subsidiary is involved in disputes with customs and tax authorities over, among others, the declared transaction value of imported products into India and the tax deductibility of promotional and advertising expenses. As indicated in the Note 6.5 "Disputes", the reassessment proposals are only the subject of provisions or income tax payables where appropriate, when it is likely that a current liability resulting from a past event will require an outflow of resources which can be reliably estimated. Given the Group's exposure to tax issues, which are in part specific to its business sector, and the high level of management judgment in estimating the risks and amounts recorded, we considered tax risks to be a key audit matter and the understatement of the corresponding provisions to be a possible source of material misstatement in the financial statements.	Based on discussions with management, we have been informed of the procedures implemented by the Group to identify uncertain tax positions and, where necessary, provide for tax risks or income tax payables. In addition, we assessed the judgments made by management in evaluating the probability of taxes being payable, the amount of potential exposure and the reasonableness of the estimates adopted for provisions for tax risks or income tax payables. We particularly focused on the impact of changes in local tax regulations and ongoing audits conducted by local tax authorities. To assess whether the tax liabilities were appropriately recognized, and with the assistance of our tax experts, we: • conducted interviews with the Group's tax department and regional and local management teams in order to assess the current state of the investigations and reassessments made by tax authorities and monitor the development of ongoing tax disputes; • consulted the recent Group company decisions and correspondence with local tax authorities, and reviewed the correspondence between the relevant companies and their lawyers, where necessary; • analyzed lawyers' responses to our information requests; • performed a critical review of the estimates and positions adopted by management; • assessed whether the latest developments were taken into account in the provisions recorded in the balance sheet. We also assessed the disclosures in Notes 1.1.4, 4.7, 4.7.1, 4.7.2, 6.4 and 6.5 to the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code ("*Code de commerce*") is included in the Group's information given in the management report, it being specified that, in accordance with the provisions of Article L.823-10 of the code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and this information should be reported by an independent third party.

Report on other legal and regulatory requirements

FORMAT OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation N° 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Pernod Ricard by the Shareholders' Meeting held on 13 May 2003 for Deloitte & Associés and on 17 November 2016 for KPMG S.A.

As at 30 June 2021, Deloitte & Associés and KPMG S.A. were in the 18th year and 5th year of total uninterrupted engagement, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

OBJECTIVE AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code ("*Code de commerce*"), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code ("*Code de commerce*") and in the French Code of Ethics ("*Code de déontologie*") for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, 20 September 2021

The Statutory Auditors

French original signed by

KPMG Audit		**Deloitte & Associés**
A division of KPMG S.A.		
Éric Ropert	Caroline Bruno-Diaz	Marc de Villartay
Partner	*Partner*	*Partner*

SECTION 07

PERNOD RICARD SA FINANCIAL STATEMENTS

7.1 Pernod Ricard SA income statement

For the financial years ended 30 June 2020 and 30 June 2021

(€ thousand)	**30.06.2020**	**30.06.2021**
Net sales	204,800	288,181
Royalties	17,214	18,793
Other products	1,449	155
Reversals of financial provisions and expense transfers	16,328	11,401
OPERATING INCOME	**239,791**	**318,530**
Purchases of goods and supplies not for stock and external services	(178,100)	(246,695)
Duties and taxes	(5,731)	(7,925)
Payroll expenses	(87,057)	(117,682)
Depreciation, amortisation and provisions	(24,913)	(29,476)
Other expenses	(4,504)	(4,626)
OPERATING EXPENSES	**(300,305)**	**(406,404)**
Operating profit (loss)	**(60,514)**	**(87,874)**
Income from investments	1,296,840	887,716
Interest and related income	206,472	71,878
Reversals of financial provisions and expense transfers	325,997	241,982
Foreign exchange gains	70,042	254,816
FINANCIAL INCOME	**1,899,351**	**1,456,392**
Provision charges	(266,880)	(232,989)
Interest and related expenses	(391,945)	(219,485)
Foreign exchange losses	(100,843)	(277,951)
FINANCIAL EXPENSES	**(759,668)**	**(730,425)**
Financial income/(expense)	**1,139,683**	**725,967**
Profit (loss) from continuing operations	**1,079,169**	**638,093**
Exceptional items	**(64,563)**	**(111,456)**
Net profit/(loss) before tax	**1,014,605**	**526,637**
Corporate income tax	163,349	130,649
PROFIT FOR THE FINANCIAL YEAR	**1,177,954**	**657,286**

7.2 Pernod Ricard SA balance sheet

For the financial years ended 30 June 2020 and 30 June 2021

Assets

(€ thousand)	Net value at 30.06.2020	Gross value at 30.06.2021	Depreciation, amortisation and provisions	Net value at 30.06.2021	Notes
Concessions, patents and licences	27,933	33,770	(5,419)	28,351	
Other intangible assets	12,557	78,466	(51,760)	26,706	
Advances and down payments	16,430	20,417	-	20,417	
Intangible assets	**56,920**	**132,653**	**(57,179)**	**75,474**	**2**
Land	485	485	-	485	
Buildings	25,021	35,102	(3,871)	31,231	
Machinery and equipment	288	860	(235)	625	
Other property, plant and equipment	14,835	34,555	(12,769)	21,786	
Advances and down payments	21,478	867	-	867	
Property, plant and equipment	**62,107**	**71,869**	**(16,875)**	**54,994**	
Investments	12,773,561	13,125,335	(172,016)	12,953,319	3
Loans and advances to affiliates and associates	257,055	53,536	-	53,536	3 and 4
Other financial assets	566,112	9,248	-	9,248	3 and 4
Financial assets	**13,596,729**	**13,188,119**	**(172,016)**	**13,016,103**	**3**
TOTAL FIXED ASSETS	**13,715,755**	**13,392,641**	**(246,070)**	**13,146,571**	
Advances and supplier prepayments	**225**	**565**	**-**	**565**	**4**
Trade receivables	273,788	338,459	(6,127)	332,332	
Other receivables	1,921,251	1,036,227	(3,003)	1,033,224	
Receivables	**2,195,040**	**1,374,686**	**(9,130)**	**1,365,556**	**4**
Marketable securities	**113,187**	**126,686**	**-**	**126,686**	**5**
Cash	**630,753**	**93,029**	**-**	**93,029**	
Prepaid expenses	**2,433**	**6,218**	**-**	**6,218**	**6**
TOTAL CURRENT ASSETS	**2,941,638**	**1,601,184**	**(9,130)**	**1,592,054**	
Bond redemption premiums	**28,745**	**24,420**	**-**	**24,420**	**6**
Unrealised foreign exchange losses	**552,960**	**182,637**	**-**	**182,637**	**6**
TOTAL ASSETS	**17,239,098**	**15,200,882**	**(255,200)**	**14,945,682**	

Liabilities

(€ thousand)	30.06.2020	30.06.2021	Notes
Capital	**411,403**	**405,909**	**7**
Share premiums	**3,039,030**	**3,039,030**	
Statutory reserves	41,140	41,140	
Regulated reserves	179,559	179,559	
Other reserves	195,013	-	
Reserves	**415,712**	**220,699**	
Retained earnings	**1,768,851**	**1,928,778**	
Profit for the financial year	**1,177,954**	**657,286**	
Interim dividends pending allocation	**(307,595)**	**(346,984)**	
TOTAL SHAREHOLDERS' EQUITY	**6,505,355**	**5,904,718**	**8**
Provisions for risks and charges	**437,635**	**415,339**	**9**
Bonds	9,325,470	7,205,692	4 and 12
Bank debts	-	-	4 and 13
Other debt	476	80	4
Debts	**9,325,946**	**7,205,772**	
Trade payables	95,483	148,218	
Taxes and social payables	35,913	62,721	
Amounts due on non-current assets and related accounts	-	-	
Other payables	348,628	1,065,925	
Trade and other accounts payable	**480,024**	**1,276,864**	**4**
Deferred income	**21,719**	**18,989**	**4 and 10**
TOTAL LIABILITIES	**9,827,689**	**8,501,625**	
Unrealised foreign exchange gains	**468,419**	**124,000**	**10**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**17,239,098**	**14,945,682**	

7.3 Pernod Ricard SA cash flow statement

For the financial years ended 30 June 2020 and 30 June 2021

(€ thousand)	**30.06.2020**	**30.06.2021**
Operating activities		
Net profit	1,177,954	657,286
Net depreciation, amortisation and provision charges	39,543	50,064
Changes in provisions	(91,095)	(23,088)
Net (gain)/loss on disposal of assets and other items	-	6,495
Self-financing capacity	**1,126,402**	**690,757**
Decrease/(increase) in working capital requirements	44,572	392,715
Change in Net debt from operating activities	**1,170,974**	**1,083,472**
Investing activities		
Purchases of non-financial assets (net of disposals)	(26,376)	(33,297)
Purchases of financial assets (net of disposals)	(780,775)	21,368
Change in net debt from investing activities	**(807,151)**	**(11,929)**
Financing activities		
Long and medium-term bond issue	1,648,197	(1,455,510)
Loans and medium and long-term debt	(14,202)	4,325
Other changes in shareholders' equity	-	-
Dividends paid	(820,102)	(733,370)
Change in net debt from financing activities	**813,893**	**(2,184,555)**
Change in short-term net debt	**1,177,715**	**(1,113,012)**
SHORT-TERM NET DEBT AT THE BEGINNING OF PERIOD	**(575,610)**	**602,104**
SHORT-TERM NET DEBT AT END OF PERIOD	**602,104**	**(510,908)**

Note: Presentation of cash flow statement

Changes in net debt comprise changes in both debt and "cash and cash equivalents".
Net debt breaks down as follows:

(€ thousand)	**30.06.2020**	**30.06.2021**
Loans and long-term debts	(475)	(80)
Bonds	(726,658)	(62,390)
Intra-group current account	585,297	(668,152)
Marketable securities	113,187	126,686
Cash	630,753	93,029
SHORT-TERM NET DEBT AT END OF PERIOD	**602,104**	**(510,908)**
Bonds	(8,598,812)	(7,143,302)
Loans and long-term debts	28,745	24,420
Intra-group borrowing	-	-
MEDIUM AND LONG-TERM NET DEBT AT END OF PERIOD	**(8,570,067)**	**(7,118,882)**
TOTAL NET DEBT AT END OF PERIOD	**(7,967,963)**	**(7,629,790)**

7.4 Analysis of Pernod Ricard SA results and balance sheet

7.4.1 Relations between the Parent Company and its affiliates

The main role of Pernod Ricard SA, the Group's Parent Company, is to carry out general interest and coordination activities in strategy, financial control of affiliates, external growth, marketing, development, research, Human Resources and communication. Pernod Ricard SA's financial relations with its affiliates mainly involve the billing of royalties for the operation of brands owned by Pernod Ricard SA, various billings and the receipt of dividends.

7.4.2 Income statement and balance sheet as at 30 June 2021

Analysis of FY21 income statement

Operating income represented an amount of €319 million at 30 June 2021, an increase of €79 million compared to 30 June 2020, which is mainly due to an increase of €83 million in net sales (see Note 17 - *Operating income*).

The amount of operating expenses as at 30 June 2021 was €(406) million compared with €(300) million in the previous year, *i.e.* an increase in expenses of €106 million.

The operating result was a loss of €(88) million in the year ended 30 June 2021, a decrease of €(28) million compared with the year ended 30 June 2020.

Financial income amounted to €726 million at 30 June 2021 compared to €1,140 million at 30 June 2021, a decrease of €(414) million (see Note 18 - *Financial (income)/expenses*).

Exceptional items at 30 June 2021 represent an expense of €(111) million.

The Covid-19 health crisis has not had a material impact on earnings for Pernod Ricard SA.

Lastly, income tax comprised tax income of €131 million related to the effects of the tax consolidation in FY21.

As a result, net profit for FY21 was €657 million.

Analysis of the FY21 balance sheet

Assets

Total net fixed assets stood at €13,147 million at 30 June 2021 compared with €13,716 million for the previous year, *i.e.* a decrease of €(569) million. The main changes observed are as follows:

- an increase of €11 million in property, plant and equipment and intangible assets;
- a decrease of €580 million in financial assets (see Note 3 - *Financial assets*).

Current assets amounted to €1,592 million, *i.e.* a decrease of €(1,349) million compared with 30 June 2020.

Prepaid expenses and deferred charges, amounting to €207 million, consist of the items Unrealised foreign exchange losses and Bond redemption premiums.

Liabilities

Shareholders' equity amounted to €5,905 million at 30 June 2021, compared with €6,505 million at 30 June 2020. The main movements for the period were:

- profit for the financial year of €657 million;
- the payment of the balance of the dividend for FY20 of €386 million;
- the payment of an interim dividend of €1.33 per share in respect of FY21, amounting to €347 million. This interim dividend was paid on 9 July 2021.

The amount of provisions for risks and charges was €415 million, down €(22) million.

During the period, borrowings fell by €(2,120) million. This was mainly due to:

- bond redemption for an amount of $2,201 million (equivalent to €1,966 million);
- the change in accrued interest for €38 million;
- the impact of foreign exchange on debts in dollars of €115 million.

Operating payables and deferred income amounted to €1,296 million, an increase of €794 million, mainly due to:

- an increase in accounts payable of €53 million and tax and social security liabilities of €27 million;
- the change in miscellaneous debts, including €667 million on the intra-group current account and €39 million on the dividends payable account.

The deferred income and adjustment account of €124 million at 30 June 2021 comprised the €(344) million decrease in the value of unrealised foreign exchange gains compared with 30 June 2020.

7.5 Notes to the Pernod Ricard SA Parent Company financial statements

DETAILED CONTENTS FOR THE NOTES

Pernod Ricard is a French Company (*Société Anonyme*), subject to all laws governing commercial companies in France, including in particular the provisions of the French Commercial Code. The Company is headquartered at 5, cours Paul Ricard, 75008 Paris, France and is listed on Euronext.

The balance sheet total for the financial year ended 30 June 2021 was €14,945,682 million. The income statement for the year recorded a profit of €657,286 million. The financial year covered the 12-month period from 1 July 2020 to 30 June 2021.

Note 1 Accounting policies

The annual financial statements for the period are prepared in accordance with French GAAP, which apply under Regulation 2014-03 of the French accounting standards body (ANC) of 5 June 2014 and the rules subsequently amended. The general accounting conventions have been applied, in compliance with the principle of prudence, in accordance with the following base assumptions:

- going concern;
- consistency of accounting policies from one financial year to the next;
- accruals basis of accounting;
- and in accordance with the general rules of drawing up and presenting the annual financial statements.

The basic method used to measure items recorded in the balance sheet is based on historical cost.

1. Intangible assets

The brands acquired from the merger of Pernod and Ricard in 1975 and from subsequent mergers are the Company's main intangible assets.

Intangible assets are initially measured at cost; depreciation has been calculated on a straight-line basis over their expected useful life.

As part of its digital transformation, Pernod Ricard has developed tools to use data generated by the Group's various activities. This production of algorithms falls within the scope of the accounting regulations for internally generated intangible assets. Development costs are recognised as intangible assets from the date on which the technical feasibility has been demonstrated and the human and material resources are sufficient to produce these tools. The amount recognised as intangible assets relating to these projects was €5.7 million for FY21. The amortisation period is five years.

2. Property, plant and equipment

Property, plant and equipment is initially measured at cost (purchase price plus ancillary costs but not including fees incurred in connection with asset purchases). Impairment is calculated using the straight-line or declining-balance methods, on the basis of the estimated useful lives of the assets:

- buildings: between 20 and 50 years (straight line);
- 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.

If the value in use of investments is lower than their acquisition cost, a provision for impairment is recognised in financial income/(expense) for the amount of the difference.

Pernod Ricard mainly uses two methods to estimate the value in use of its equity investments:

- the enterprise value of the main securities is estimated on the basis of the most recent estimate of the revalued net asset value, by identifying in particular the unrealised capital gains on assets held by the affiliates, such as the brands. The revalued net assets of these entities are estimated using methods such as discounted future cash flows. The term of the cash flow projections reflects the characteristics of the Group's brands and their production assets. Discounted projected cash flows are established based on annual budgets and multi-year strategies, extrapolated 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;
- for other equity investments, the value in use is estimated based on the share of equity of the affiliate that these securities represent.

4. Receivables

Receivables are recognised at their nominal value. A provision is recognised in the event that their value falls below the net carrying amount at the balance sheet date.

5. Marketable securities

This item includes the treasury shares acquired for the allocation of stock option and performance share plans from the time of acquisition.

A liability is recognised when it becomes probable that the rights to receive the marketable securities concerned under the plans will be exercised. For other marketable securities, an impairment provision is recognised when the cost price is higher than the market price.

6. Bonds

Redemption premiums are amortised over the life of the loans.

7. Provisions for risks and charges

Provisions for risks and charges are recognised in accordance with French Accounting Regulation 2000-06 on liabilities, issued on 7 December 2000 by the French Accounting Regulatory Committee (CRC).

This accounting regulation provides that a liability be recognised when an entity has an obligation towards a third party and that it is probable or certain that this obligation will cause an outflow of resources to the third party without equivalent consideration being received. A present obligation must exist at the balance sheet date for a provision to be recognised.

8. Pensions and other long-term employee benefits

Since the year ended on 30 June 2014, the Company has opted to recognise the full liability for pensions and other long-term employee benefits in the balance sheet, as provided by recommendation 2013-02. At 30 June 2021, the provision for pensions and other long-term employee benefits was €63 million.

9. Translation of foreign currency-denominated items

Payables, receivables and cash balances denominated in foreign currencies are translated into euros as follows:

- translation of all payables, receivables and cash balances denominated in foreign currencies at year-end rates;
- recognition of a provision for currency risk for any unrealised currency losses, after taking into account the effect of any offsetting foreign exchange hedging transactions.

Pernod Ricard has several hedging relationships and generates an overall foreign currency position for the hedging instruments and the covered items that are not part of a hedging relationship in order to calculate the currency risk provision.

10. Forward financial instruments

Differences arising from changes in the value of financial instruments used as hedges are recognised in profit and loss in a manner symmetrical to that in which income and expenses relating to the hedged item are recognised.

11. Corporate income tax

Pernod Ricard SA is subject to the French tax consolidation system defined by the law of 31 December 1987. Under certain conditions, this system allows income taxes payable by profitable companies to be offset against tax losses of other companies. The scheme is governed by articles 223 A et seq. of the French General Tax Code.

Each company in the tax group calculates and accounts for its tax expenses as if it were taxed as a stand-alone entity.

The effects of tax consolidation are recognised in the Pernod Ricard SA financial statements.

12. Related parties

The majority of transactions with related parties are carried out with affiliates held directly or indirectly.

Note 2 Property, plant and equipment and intangible assets

1. Gross value

(€ thousand)	At 30.06.2020	Acquisitions	Disposals	At 30.06.2021
Brands	32,473	-	-	32,473
Brand costs	870	1,408	(981)	1,297
Software	58,319	23,744	(3,596)	78,467
Advances and down payments on intangible assets	16,429	29,383	(25,396)	20,416
TOTAL INTANGIBLE ASSETS	**108,091**	**54,535**	**(29,973)**	**132,653**
Land	485	-	-	485
Buildings	27,465	7,637	-	35,102
Machinery and equipment	826	693	(659)	860
Other property, plant and equipment	33,971	16,439	(15,855)	34,555
Advances and down payments on property, plant and equipment	21,478	3,745	(24,356)	867
TOTAL PROPERTY, PLANT AND EQUIPMENT	**84,225**	**28,514**	**(40,870)**	**71,869**

2. Depreciation, amortisation and provisions

(€ thousand)	At 30.06.2020	Allowances	Reversals	At 30.06.2021
Brands	(5,088)	-	-	(5,088)
Brand costs	(322)	(73)	64	(331)
Software	(45,761)	(9,544)	3,545	(51,760)
TOTAL AMORTISATION OF INTANGIBLE ASSETS	**(51,171)**	**(9,617)**	**3,609**	**(57,179)**
Land	-	-	-	-
Buildings	(2,443)	(1,428)	-	(3,871)
Machinery and equipment	(538)	(174)	477	(235)
Other property, plant and equipment	(19,137)	(4,178)	10,546	(12,769)
TOTAL DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	**(22,118)**	**(5,780)**	**11,023**	**(16,875)**

Note 3 Financial assets

1. Gross value

(€ thousand)	At 30.06.2020	Acquisitions/ inflows	Capital transaction	Disposals/ outflows	At 30.06.2021
Investments in consolidated entities	12,898,484	213,570	1,815	-	13,113,869
Investments in non-consolidated entities	10,695	200	11	(80)	10,826
Other investments	640	-	-	-	640
Advance on investment	-	-	-	-	-
Investments	**12,909,819**	**213,770**	**1,826**	**(80)**	**13,125,335**
Loans and advances to affiliates and associates	257,055	282		(203,801)	53,536
Guarantee deposits	6,692	-		(2,701)	3,991
Liquidity agreement	5,258	-		(1)	5,257
Treasury shares	555,252	-		(555,252)	-
TOTAL	**13,734,076**	**214,051**	**1,826**	**(761,835)**	**13,188,119**

The change in the item Investments in consolidated entities is mainly due to the creation of Pernod Ricard International Finance for a total of €213 million.

The change in the item Investments in non-consolidated entities is explained by the creation of Lina 25 to 29, the capital increase of Lina 8 and the disposal of Lina 21 to Pernod Ricard France.

The decrease in the item Treasury shares is due to the cancellation of shares (see Note 8 - Shareholders' equity) for €525 million and the transfer to marketable securities for €30 million.

In accordance with article L. 225-210 of the French Commercial Code, Pernod Ricard SA holds reserves under liabilities on its balance sheet, in addition to the statutory reserve, of an amount at least equal to the value of all the treasury shares it owns for the amount of €126 million in marketable securities.

2. Provisions

(€ thousand)	At 30.06.2020	Allowances	Reversals	At 30.06.2021
Investments in consolidated entities (1)	(129,916)	(35,758)	-	(165,674)
Investments in non-consolidated entities	(5,702)	-	-	(5,702)
Other investments	(640)	-	-	(640)
Advance on investment	-	-	-	-
Investments	**(136,258)**	**(35,757)**	**-**	**(172,016)**
Own treasury shares	(1,090)	-	1,090	-
TOTAL	**(137,348)**	**(35,757)**	**1,090**	**(172,016)**

(1) The change in the provision for investments in consolidated entities corresponds to the additions to House of Campbell securities for €35 million.

Note 4 Maturity of receivables and payables

1. Receivables

(€ thousand)	Gross amount	Due in one year or less	Due in more than one year
Loans and advances to affiliates and associates	53,536	11,120	42,416
Loans	-	-	-
Other financial assets	9,248	5,257	3,991
Receivables and other financial assets	**62,784**	**16,377**	**46,407**
Current assets other than marketable securities and cash	1,375,251	361,139	1,014,113
Prepaid expenses	6,218	6,218	-
TOTAL	**1,444,253**	**383,734**	**1,060,520**

2. Payables

(€ thousand)	Gross amount	Due in one year or less	Due in 1 to 5 years	Due in more than 5 years
Bonds (see Note 12 - Bonds)	7,205,692	62,390	4,428,055	2,715,247
Bank debts	-	-	-	-
Other debt	80	80	-	-
Trade payables	148,218	148,218	-	-
Taxes and social payables	62,721	62,721	-	-
Amounts due on non-current assets and related accounts	-	-	-	-
Other payables (1)	1,065,925	1,065,925	-	-
Deferred income	18,989	18,989	-	-
TOTAL	**8,501,625**	**1,358,323**	**4,428,055**	**2,715,247**

(1) *Mainly intra-group current account for €667 million and dividends payable for €346 million.*

Note 5 Marketable securities

(€ thousand or quantities of Pernod Ricard shares)	At 30.06.2020		Acquisitions (1)		Capital transaction		Reclassification		Exercise/disposal (2)		At 30.06.2021	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Gross value	975,404	113,187	437,152	60,082			-	-	(447,073)	(46,584)	965,483	126,686
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
NET VALUE	**975,404**	**113,187**	**437,152**	**60,082**	**-**	**-**	**-**	**-**	**(447,073)**	**(46,584)**	**965,483**	**126,686**

(1) *Of which €29 million for the 2017 plan and €31 million for the 2020 plan.*
(2) *Of which €(4) million for the exercise of stock options (2015 plan), €(37) million for the vesting of bonus shares (2016 plans) and €(4) million for the exercise of stock options (2016 plan).*

Note 6 Prepaid expenses and deferred charges

(€ thousand)	At 30.06.2020	Increases	Decreases	At 30.06.2021
Prepaid expenses	2,433	3,785	-	6,218
Bond redemption premiums	28,745	-	(4,325)	24,420
Unrealised foreign exchange losses (1)	552,960	182,637	(552,960)	182,637
TOTAL	**584,138**	**186,422**	**(557,285)**	**213,275**

(1) *The €183 million in unrealised foreign exchange losses at 30 June 2021 is attributable mainly to the revaluation of assets and liabilities at the closing euro/US dollar exchange rate on 30 June 2021.*

Note 7 Composition of share capital

At 30 June 2021, the share capital comprised 261,876,560 shares with a par value of €1.55 per share. The total share capital thus amounted to €405,908,668.

In July 2020, the Company reduced its share capital by cancelling 3,545,032 shares which it had previously held, acquired in particular as part of the Company's share buyback programme.

Note 8 Shareholders' equity

(€ thousand)	At 30.06.2020	Allocation of net profit	Cancellation of shares following buyback	Distribution of dividends	Net profit 2021	At 30.06.2021
Capital	411,403	-	(5,494)	-	-	405,909
Issue, merger and contribution premiums	3,039,030	-	-	-	-	3,039,030
Statutory reserves	41,140	-	-	-	-	41,140
Regulated reserves	179,559	-	-	-	-	179,559
Other reserves	195,013	-	(195,013)	-	-	-
Retained earnings	1,768,851	1,177,954	(324,045)	(693,981)	-	1,928,778
Profit for the financial year	1,177,954	(1,177,954)	-	-	657,286	657,286
Interim dividends to be paid (1)	(307,595)	-	-	(39,389)	-	(346,984)
TOTAL	**6,505,355**	**-**	**(524,552)**	**(733,370)**	**657,286**	**5,904,718**

(1) *At its meeting in April 2021, the Board of Directors decided to pay an interim dividend of €1.33 per share in respect of FY21, i.e. a total of €347 million. This interim dividend was paid on 9 July 2021.*

Note 9 Provisions

(€ thousand)	At 30.06.2020	Increases in the year	Used reversals	Unused reversals	At 30.06.2021
Provisions for risks and charges					
Provision for currency losses	129,284	96,652	-	(129,284)	96,652
Other provisions for risks (1)	257,492	119,525	(11,462)	(110,313)	255,242
Provisions for pensions and other long-term employee benefits	50,859	13,761	-	(1,175)	63,445
TOTAL 1	**437,635**	**229,938**	**(11,462)**	**(240,772)**	**415,339**
Provisions for depreciation and amortisation					
On financial assets (2)	137,348	35,758	(1,090)	-	172,016
On trade receivables	6,753	-	(626)	-	6,127
On other receivables	3,168	(166)	-	-	3,003
On marketable securities	-	-	-	-	-
TOTAL 2	**147,269**	**35,591**	**(1,716)**	**-**	**181,145**
OVERALL TOTAL	**584,902**	**265,529**	**(13,178)**	**(240,772)**	**596,483**

(1) *Changes due to provisions for bonus share plans for €(7) million.*
(2) *Changes related to allowances for impairment of investments.*

Provisions for risks and charges

Provision for currency losses

The €96 million provision for currency losses as at 30 June 2021 consists of the unrealised currency loss for unhedged US dollar receivables and payables.

Other provisions for risks

Other provisions for risks correspond to:

- provisions for risks and charges relating to tax consolidation for €132 million;
- various provisions amounting to €122 million.

Provisions for pensions and other long-term employee benefits

Description and recognition of employee benefit obligations

Pernod Ricard SA's employee benefit obligations are composed of:

- long-term post-employment benefits (retirement bonuses, medical expenses, etc.);
- long-term benefits payable during the period of employment.

The liability arising as a result of the Company's net employee benefit obligation is recognised in provisions for risks and charges on the balance sheet.

Calculation of the provision with respect to the net benefit obligation

The provision recognised by Pernod Ricard SA is equal to the difference, for each benefit plan, between the present value of the employee benefit obligation and the value of plan assets paid to specialised entities in order to fund the obligation.

The present value of employee benefit obligations is calculated using the prospective method involving the calculation of a projected salary at the retirement date (projected unit credit method). The measurement is made at each balance sheet date and the personal data concerning employees is revised at least every three years. The calculation requires the use of economic assumptions (inflation rate and discount rate) and assumptions concerning employees (mainly average salary increase, rate of employee turnover and life expectancy).

At 30 June 2021, the total amount of benefit obligations was €63 million. These obligations are fully provisioned.

For information, the inflation rate used for the valuation at 30 June 2021 was 1.75% and the discount rate was 0.75%.

Plan assets are measured at their market value at each balance sheet date.

Accounting for actuarial gains and losses

Actuarial gains and losses arise primarily when estimates differ from actual outcomes, or when there are changes in long-term actuarial assumptions (*e.g.* discount rate, rate of increase of salaries, etc.).

The Company has applied the option set out in recommendation 2013-02, in which the full pension liability is recognised, since the financial year ended 30 June 2014.

Components of the expense recognised for the financial year

The expense recognised in respect of the benefit obligations described above incorporates:

- expenses corresponding to the acquisition of an additional year's rights;
- interest expense arising on the unwinding of the discount applied to vested rights at the start of the year (as a result of the passage of time);
- income corresponding to the expected return on plan assets measured using the discount rate which is used to measure plan liabilities;
- income or expense corresponding to actuarial gains or losses;
- income or expense related to changes to existing plans or the creation of new plans;
- the income or expense related to any plan curtailments or settlements.

Note 10 Deferred income and adjustment accounts

(€ thousand)	At 30.06.2020	Increases	Decreases	At 30.06.2021
Deferred income	21,719	-	(2,730)	18,989
Unrealised foreign exchange gains [1]	468,419	124,000	(468,419)	124,000
TOTAL	**490,138**	**124,000**	**(471,149)**	**142,989**

(1) The €124 million in unrealised foreign exchange gains at 30 June 2021 is attributable mainly to the revaluation of assets and liabilities at the closing euro/US dollar exchange rate on 30 June 2021.

Note 11 Accrued income and expenses

Accrued income

(€ thousand)	30.06.2020	30.06.2021
Amount of accrued income in the following balance sheet items		
Loans and advances to affiliates and associates	257,055	53,536
Trade receivables	273,788	338,459
Other receivables	1,921,251	1,036,227
Cash	630,753	93,029
TOTAL	**3,082,847**	**1,521,251**

Accrued expenses

(€ thousand)	30.06.2020	30.06.2021
Amount of accrued expenses in the following balance sheet items		
Bank debts	-	-
Trade payables	95,483	148,218
Taxes and social payables	35,913	62,721
Other payables	348,628	1,065,925
TOTAL	**480,024**	**1,276,864**

Note 12 Bonds

	Amount *(US$ thousand)*	Amount *(€ thousand)*	Maturity date	Accrued interest *(€ thousand)*	Rate	Total *(€ thousand)*
Bond of 29.09.2014		650,000	27.09.2024	10,482	Fixed	660,482
USD bond of 07.04.2011	-	-	07.04.2021	-	Fixed	-
USD bond of 25.10.2011	-	-	15.01.2022	-	Fixed	-
USD bond of 12.01.2012	800,000	673,174	15.07.2022	13,199	Fixed	686,373
USD bond of 12.01.2012	850,000	715,247	15.01.2042	18,148	Fixed	733,395
Bond of 28.09.2015		500,000	28.09.2023	7,089	Fixed	507,089
Bond of 24.10.2019		500,000	24.10.2023	-	Fixed	500,000
USD PANDIOS bond of 26.01.2016	-	-	26.01.2021	-	Variable	-
Bond 06.04.2020		1,000,000	07.04.2025	2,620	Fixed	1,002,620
Bond 24.10.2019		500,000	25.10.2027	1,712	Fixed	501,712
Bond 06.04.2020		1,000,000	08.04.2030	4,027	Fixed	1,004,027
Bond 24.10.2019		500,000	24.10.2031	2,997	Fixed	502,997
Bond of 17.05.2016		600,000	18.05.2026	1,085	Fixed	601,085
USD bond of 08.06.2016	600,000	504,881	08.06.2026	1,031	Fixed	505,912
TOTAL		**7,143,302**		**62,390**		**7,205,692**

Pernod Ricard redeemed three Bonds for a total amount of US$2,201 million during the year.

Note 13 Bank debts

Syndicated loan

On 14 June 2017, Pernod Ricard SA finalised a new 5-year multi-currency Revolving Credit Agreement for €2.5 billion. The new agreement meant that the syndicated loan from April 2012 could be refinanced in full.

On 26 April 2019, in accordance with clause 6.1.6 of the agreement, the term was extended by one year to 14 June 2024.

At 30 June 2021, no drawdowns had been made by Pernod Ricard SA.

Bilateral loan

On 23 March 2020, Pernod Ricard SA finalised a 1-year bilateral loan for €600 million with an optional 1-year extension clause.

An amendment was signed on 8 April 2020, then on 12 February 2021 to extend the term of this facility by one year, *i.e.* to 23 March 2022.

At 30 June 2021, no drawdowns had been made by Pernod Ricard SA.

Note 14 Breakdown of corporate income tax

(€ thousand)	Total	Profit (loss) from continuing operations	Exceptional items
Net profit/(loss) before tax	526,637	638,093	(111,456)
Tax and withholding tax	(735)		
Tax on tax consolidation	131,384		
PROFIT AFTER TAX	**657,286**		

Within the framework of the tax consolidation, the tax loss carryforwards (tax basis) of the Pernod Ricard tax group amount to €(185) million.

Note 15 Increases and decreases in future tax liabilities

Type of temporary differences

(€ thousand)	Amount of tax
INCREASES	**NIL**
Organic and other	224
Other provisions for risk	-
Provision for pensions and other long-term employee benefits	27,270
DECREASES IN FUTURE TAX LIABILITIES	**27,494**

The tax rate used was 28.41% in the short term and 25.83% in the long term.

Note 16 Compensation

Compensation allocated to Executive Directors and members of the Board of Directors amounted to €2,404,293.

Compensation (1) paid to Directors	€1,007,293
Compensation (1) paid to the Chairman and Chief Executive Officer	€1,397,000

(1) Fixed and variable

Note 17 Operating income

Operating income totalled €319 million for FY21, compared to €240 million for FY20. It principally comprised rebilling of overheads to Group affiliates for €288 million in net sales, €19 million in royalties, and €11 million in provision reversals.

The net sales of €288 million comprised €83 million in France and €205 million abroad.

Note 18 Financial (income)/expenses

(€ thousand)	30.06.2020	30.06.2021
Financial income from investments (see Note 22 - Affiliates and associates)	1,296,841	887,716
Income from other fixed asset securities and receivables	-	-
Interest and related income	206,472	71,878
Reversals of financial provisions and expense transfers	325,997	241,982
Foreign exchange gains	70,042	254,816
Net gains on disposals of marketable securities	-	-
TOTAL FINANCIAL INCOME	**1,899,351**	**1,456,392**

(€ thousand)	30.06.2020	30.06.2021
Depreciation, amortisation and provision charges	(266,880)	(232,989)
Interest and related expenses	(391,945)	(219,485)
Foreign exchange losses	(100,843)	(277,951)
Net expenses on disposals of marketable securities	-	-
TOTAL FINANCIAL EXPENSES	**(759,668)**	**(730,425)**

Note 19 Exceptional items

(€ thousand)	**Amount at 30.06.2021**
Net profit on management operations	(105,661)
Net profit on capital operations	3
Charges and reversals of financial provisions and expense transfers	(5,798)
EXCEPTIONAL ITEMS	**(111,456)**

In the year ended 30 June 2021, exceptional items represented an expense of €111 million, mainly reflecting net provisions for risks and charges of €15 million and other non-current income and expenses of €90 million.

Note 20 Off-balance sheet commitments

Guarantees granted

Commitments made

(€ thousand)	**Amount**
Guarantees on behalf of affiliates	54
Other leases	752
Rents	127,922
TOTAL	**128,728**

Commitments granted include guarantees, in particular those related to bonds, commercial paper and the syndicated loan.

Derivative instruments

Hedging for Pernod Ricard SA	**Nominal value** *(US$ thousand)*	**Fair value at 30 June 2021** *(€ thousand)*
Interest rate swaps	800,000	21,821
Currency swaps	998,000	75,625
TOTAL	**1,798,000**	**97,446**

Interest rate swaps provide hedging for Pernod Ricard SA's external or internal debts that bear fixed-rate interest. At 30 June 2021 these broke down as follows:

USD interest rate hedge	**Maturity**	**Net base** *(US$ thousand)*
Interest rate swaps	July 2022	600,000
Interest rate swaps	June 2026	100,000
Interest rate swaps	June 2026	100,000

Currency hedge	**Maturity**	**Basis** *(US$ thousand)*
Currency swaps	December 2022	800,000
Currency swaps	December 2022	400,000
Currency swaps	July 2022	(202,000)
CURRENCY SWAPS		**2,998,000**
Financial assets		1,227,029
Financial liabilities		(2,288,477)
TOTAL		**(63,448)**

Payables and receivables denominated in foreign currencies are hedged by currency swaps. The Company had a residual US dollar position of US$(63) million at 30 June 2021.

Other items

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 357 of the 2014 Companies Act (Republic of Ireland), has irrevocably guaranteed the liabilities of the following affiliates for FY20: Irish Distillers Group Unlimited, Irish Distillers Ltd, Irish Distillers International Ltd, Smithfield Holdings Ltd, Ermine Ltd, Proudlen Liqueurs Ltd, Ind Coope Holding Ltd, The West Coast Cooler Co. Ltd, Comrie Ltd and Eight Degrees Brewing Company Ltd.

Pernod Ricard SA guaranteed Corby Distilleries Ltd the payment of liabilities which are due by the Group's 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 intragroup liabilities.

Note 21 Average headcount at 30 June 2021

	Employees	Temporary staff (all reasons)
Managers (1)	450	2
Supervisors and technicians	46	1
Employees	2	-
AVERAGE HEADCOUNT	**498**	
Work-study contracts	23	-

(1) *Including 98 expatriate employees.*

Note 22 Affiliates and associates at 30 June 2021

(€ thousand)	Capital	Shareholders' equity before allocation of income	Share of capital *(in %)*	Carrying amount of investment Gross	Carrying amount of investment Net	Loans	Sureties and endorse-ments	Net sales excluding taxes	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)	-	194,800	100%	122,008	122,008	-	-	-	-	-
House of Campbell Limited [2] 111/113 Renfrew Road Paisley, PA3 4DY (Scotland)	8,329	77,655	100%	40,538	4,781	-	-	-	-	-
Geo G Sandeman Sons & Co Ltd [3] 400 Capability Green Luton Beds LU1 3AE (England)	-	14,835	30%	9,180	4,150	-	-	1,020	0	-
Pernod Ricard France SA Les Docks, 10, place de la Joliette 13002 Marseilles	94,000	225,132	100%	162,171	162,171	0	-	782,196	62,276	19,670
Pernod Ricard Asia SAS 5, cours Paul Ricard 75008 Paris	4,512	214,822	100%	42,457	42,457	-	-	-	39,659	249,000
Pernod Ricard Central and South America 5, cours Paul Ricard 75008 Paris	52,198	17,761	100%	210,153	86,802	-	-	-	6,454	-
Pernod Ricard Europe Middle East Africa 5, cours Paul Ricard 75008 Paris	40,000	368,315	100%	36,407	36,407	0	-	14,578	188,354	400,000
Pernod Ricard North America SAS 5, cours Paul Ricard 75008 Paris	39,398	42,805	100%	126,735	123,418	-	-	-	(2,691)	-
Pernod Ricard Finance SA 5, cours Paul Ricard 75008 Paris	232,000	394,639	100%	238,681	238,681	-	-	0	(33,263)	-
Pernod Ricard International Finance LLC 21 Little Falls Drive Wilmington, Delaware 19808	210,367	210,367	100%	213,530	213,530	-	-	0	0	-
Pernod Ricard Pacific Holdings [4] 167 Fullarton Road Dulwich SA 5065 (Australia)	135,860	101,025	100%	151,789	151,789	-	-	353,632	(4,373)	-
Lina 3 5, cours Paul Ricard 75008 Paris	819,730	16,396,063	100%	11,690,953	11,690,953	-	-	-	(8,463)	-
Lina 5 5, cours Paul Ricard 75008 Paris	30,640	571,935	100%	30,631	30,631	-	-	-	(49)	-
Yerevan Brandy Company [5] 2, Admiral Isakov Avenue, Yerevan 375092, (Republic of Armenia)	19,437	146,465	100%	27,856	27,856	-	-	-	3,972	3,773
Havana Club Holding	7,842	(5,436)	50%	5,592	5,592	-	-	-	(7,151)	-
TOTAL 1				**13,108,680**	**12,941,225**				**246,267**	**752,854**
Affiliates:										
French				10,689	7,774					
Foreign				5,091	4,129					134,821
Investments:										
French				215	192					41
Foreign				660	1					
TOTAL 2				**16,655**	**12,096**					**134,862**
TOTAL 1 +2				**13,125,335**	**12,953,320**					**887,716**

(1) The AGROS exchange rates correspond to the rate on 30.06.2021.
(2) Information from the House of Campbell Limited financial statements at 30.06.2021.
(3) Information from the Geo G Sandeman Sons & Co Ltd financial statements at 31.12.2020.
(4) Information from the Pernod Ricard Pacific Holdings financial statements at 30.06.2020.
(5) Information from Yerevan Brandy Company's financial statements at 30.06.2020.

Note 23 Tax credits

Pernod Ricard SA has a research tax credit in the amount of €679,570, a tax credit for sponsorship activities in the amount of €1,201,912 and a family tax credit in the amount of €306,793.

Note 24 Subsequent events

We are not aware of any events after the reporting period.

7.6 Other items relating to the financial statements

The Parent Company financial statements detailed in the previous pages are those of Pernod Ricard SA and are the subject of the Statutory Auditor's report on the annual financial statements.

The elements relating to the Company financial statements in the management report of the Board of Directors are included in the following pages. The sections concerned are:

- other financial elements:
  - expenses and charges referred to in article 223 quater of the CGI (French Tax Code),
  - the breakdown of supplier payables set out in articles L. 441-6-1 and D. 441-4 of the French Commercial Code,
  - the information on payment terms provided for in article D. 441-4 of the French Commercial Code (*Code de commerce*) in its wording under Decree no. 2015-1553 of 27 November 2015, implemented by the Order of 6 April 2016;
- financial results over the last five financial years;
- dividends paid over the last five financial years;
- inventory of marketable securities.

The amount of the Statutory Auditors' fees was €1,439 thousand.

Expenses and charges referred to in article 223 quater of the CGI (French Tax Code)

It is specified that the total amount of expenses and charges referred to in article 223 quater of the French General Tax Code and the amount of the applicable tax due to these expenses and charges are:

(€)	**At 30.06.2021**
Expenses and charges	272,940
Corresponding tax	87,395

Supplier payment deadlines

In accordance with the law on the modernisation of the economy of 4 August 2008 and subsequent articles L. 441-6-1 and D. 441-4 of the French Commercial Code, the breakdown of the balance of Pernod Ricard SA's payables to suppliers at the closing date is as follows:

(€ inc. tax)	**At 30.06.2021**
Trade payables not due	**71,336,124**
At 30 days	7,356,898
Between 30 and 45 days	60,497,342
Beyond 45 days	3,481,883
Trade payables past due	**4,977,182**
Recognised and not paid (A)	21,304
Group invoices	4,921,479
Disputes recognised	34,398

In accordance with article D. 441-4 of the French Commercial Code in its wording under Decree no. 2015-1553 of 27 November 2015, implemented by the Order of 6 April 2016, information on supplier payment terms is as follows:

(€)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day and over)
(A) Late payment categories						
Number of invoices concerned	1	2	-	-	-	3
Total amount of invoices concerned excluding taxes	73	21,231	-	-	-	21,304
Percentage of total purchase amount excluding tax for the financial year	-	-	-	-	-	-
(B) Invoices excluded from (A) relating to disputed or unrecognised payables and receivables						
Number of excluded invoices	10	12	2	3	16	43
Total amount of excluded invoices excluding tax	106,336	69,654	7,900	921	78,713	263,525
(C) Reference payment terms used to calculate late payments (article L. 441-6 or article L. 443-1 of the French Commercial Code)						
☑ Contractual payment terms (45 days end of month, 30 days end of month or 15 days end of month)						
☐ Statutory time frame						

Trade receivable payment times

As the Company's receivables only consist of receivables from Group companies, certain information required by article D. 441-4 of the French Commercial Code has not been presented below as it is deemed not relevant.

Information on receivables is set out below:

(€ inc. tax)	**At 30.06.2021**
Trade receivables not due	247,300,794
Trade receivables past due	47,757,374
TOTAL	**295,058,168**
Of which disputed receivables	*6,126,756*

7.7 Financial results over the last five financial years

(€)	30.06.2017	30.06.2018	30.06.2019	30.06.2020	30.06.2021
Financial position at year-end					
Share capital	411,403,468	411,403,468	411,403,468	411,403,468	405,908,668
Number of shares outstanding	265,421,592	265,421,592	265,421,592	265,421,592	261,876,560
Operating results					
Net sales (excluding taxes and duties)	147,044,350	154,976,030	179,569,040	204,799,992	288,181,244
Profit before taxes, amortisation, depreciation and allowances to provisions	926,378,106	432,466,377	221,535,314	966,689,347	557,958,295
Corporate income tax	114,461,535	179,468,467	151,988,378	163,348,627	130,649,147
Profit after taxes, amortisation, depreciation and allowances to provisions	966,776,001	565,822,841	325,725,565	1,177,954,098	657,285,969
Dividends paid (1)	536,151,616	626,394,957	828,115,367	700,774,797	-
Earnings per share					
Profit after taxes, but before amortisation, depreciation and allowances to provisions	3.92	2.3	1.41	4.26	2.63
Profit after taxes, amortisation, depreciation and allowances to provisions	3.64	2.13	1.23	4.44	2.51
Dividend paid per share (1)	2.02	2.36	3.12	2.66	-
Personnel					
Number of employees	372	401	422	444	498
Total payroll	52,442,536	64,087,417	70,178,837	60,952,594	82,640,089
Employee-related benefits paid during the year	22,389,498	29,981,592	30,963,383	26,104,626	35,041,823

(1) *The amount of dividends for 2021 will be known with certainty after the Shareholders' Meeting of 10 November 2021 (dividends in respect of the financial year from 1 July 2020 to 30 June 2021).*

7.8 Dividends paid over the last five financial years

Financial year (€)	Payment date	Net amount	Total amount for the financial year
	07.07.2017	0.94	
FY17	22.11.2017	1.08	2.02
	06.07.2018	1.01	
FY18	05.12.2018	1.35	2.36
	10.07.2019	1.18	
FY19	27.11.2019	1.94	3.12
	10.07.2020	1.18	
FY20	27.11.2020	1.48	2.66
FY21	09.07.2021 (1)	1.33	

(1) *An interim dividend for FY21 was paid on 9 July 2021. The balance will be decided by the Shareholders' Meeting of 10 November 2021 called to approve the financial statements for the year ended 30 June 2021.*

7.9 Inventory of marketable securities

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 Ricard France	1,750,000	162,170,656
Pernod Ricard Asia SAS	2,785,000	42,457,051
Pernod Ricard Central and South America	691,596	86,801,700
Pernod Ricard Europe Middle 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	123,417,557
Résidence de Cavalières	205,950	959,350
Lina 20	600	4,071,400
Créateurs de Convivialité Ventures	400	1,800,000
SUBTOTAL	**101,326,762**	**12,418,349,786**
Other shareholdings in French companies	201,544	1,134,767
Investments in unlisted foreign companies	25,705,455	533,834,785
TOTAL MARKETABLE SECURITIES AT 30.06.2021	**127,233,761**	**12,953,319,338**

7.10 Statutory Auditors' report on the annual financial statements

For the year ended 30 June 2021

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

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

To the Pernod Ricard S.A. Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying financial statements of Pernod Ricard for the year ended 30 June 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of 30 June 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Financial Statements*" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors, for the period from 1 July 2020 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Key Audit Matters	Responses as part of our audit
Valuation of investments *(Notes 1.3 and 3 to the financial statements)* As at 30 June 2021, consolidated and non-consolidated investments are recorded in the balance sheet at a net carrying amount of €12,953 million and represent 87% of total assets. They are initially recognised at acquisition cost, excluding ancillary costs. If the value in use of investments is lower than their net carrying amount, a provision for impairment is recognised in financial income/(expense) in the amount of the difference. As disclosed in Note 1.3 to the financial statements, value in use is determined based on two methodologies: • The enterprise value of the main investments is based on the most recent estimate of the adjusted net asset value, by identifying unrealized capital gains on assets owned by the subsidiaries, such as brands. The adjusted net asset value is assessed based on methods such as the discounted cash flows method. • For other investments, value in use is estimated based on the share of the subsidiary's equity represented by the investment. Estimates of the value in use of these investments are based on complex valuation models for subsidiaries which in turn own several subsidiaries and require management to exercise significant judgment (particularly regarding cash flow assumptions and taking into consideration asset revaluations). Given the weight of investments in the balance sheet, the complexity of the models used and their sensitivity to changes in the data and assumptions underlying estimates, we considered the determination of the value in use of investments to be a key audit matter.	We familiarized ourselves with the Company's controls covering the process for determining the value in use of investments. Our other procedures mainly consisted in: • verifying, based on information communicated to us, that the values in use for investments estimated by management are supported by appropriate documentation of the valuation method and amounts used; • obtaining and analysing the valuation report on certain investments produced by the Company's external valuation advisors; • comparing data used in investment impairment tests with source documents by entity and the results of our audit procedures on these subsidiaries; • sample testing the arithmetical accuracy of values in use adopted by the Company. We also assessed the appropriateness of disclosures in Note 1.3 to the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS ADDRESSED TO SHAREHOLDERS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS

We have no matters to report on the fair presentation and consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to shareholders.

We attest the fair presentation and consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (*Code de commerce*).

REPORT ON CORPORATE GOVERNANCE

We attest that the Board of Directors' report on corporate governance contains the information required by L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled enterprises included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

FORMAT OF PRESENTATION OF THE FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standards applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation n° 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Pernod Ricard S.A. by the Shareholders' Meeting of 13 May 2003 for Deloitte & Associés and 17 November 2016 for KPMG S.A.

As of 30 June 2021, Deloitte & Associés and KPMG S.A. were in the 18th year and 5th year of total uninterrupted engagement, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

OBJECTIVE AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, September 20, 2021

The Statutory Auditors
French original signed by

KPMG Audit *Division of KPMG S.A.*		Deloitte & Associés
Éric Ropert *Partner*	Caroline Bruno-Diaz *Partner*	Marc de Villartay *Partner*

7.11 Statutory Auditors' special report on regulated agreements

This is a free translation into English of the Statutory Auditors' special report on regulated agreements that is issued in French and is provided solely for the convenience of English-speaking readers. This report on regulated agreements should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code (Code de Commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

Shareholders' Meeting held to approve the financial statements for the year ended 30 June 2021

To the Pernod Ricard S.A. Shareholders' Meeting,

As Statutory Auditors of your Company, we hereby present our report on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this assignment. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements submitted to the approval of the shareholders' Meeting

AGREEMENTS AUTHORIZED AND ENTERED INTO DURING THE YEAR

We hereby inform you that we have not been advised of any agreement authorized and entered into during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L. 225-38 of the French Commercial Code.

Agreements previously approved by Annual General Meeting

AGREEMENTS APPROVED IN PRIOR YEARS THAT REMAINED IN FORCE DURING THE FINANCIAL YEAR

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreement, previously approved by prior Shareholders' Meetings, has remained in force during the year.

€2,500,000,000 Multicurrency Revolving Facility Agreement

The Board of Directors' meeting of 19 April 2017 authorised the signature of a new loan agreement in English entitled "€2,500,000,000 Multicurrency Revolving Facility Agreement" with, amongst others, BNP Paribas and Crédit Agricole Corporate & Investment Bank as Mandated Lead Arrangers and Bookrunners and BNP Paribas and Crédit Agricole Corporate & Investment Bank as Original Lenders, under which the lenders would make available to the Company, to Pernod Ricard Finance and to the other companies of the Group party to the agreement, a revolving loan facility of a maximum principal amount of €2,500,000,000.

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.

This new loan agreement signed on 14 June 2017 reduces the contract margin and extends its maturity.

No amounts were drawn down by Pernod Ricard and its subsidiaries under this loan agreement during the year ended 30 June 2021. Non-use fees for the syndicated loan facility totalled €3,019,965 for the year ended 30 June 2021.

Pernod Ricard invoices a guarantee commission at market rates to Group companies exercising their drawing rights in respect of the guarantee granted by Pernod Ricard to certain of its subsidiaries under the loan agreement; the amount of this commission may vary in line with market conditions. No subsidiaries exercised their drawing rights in the year ended 30 June 2021 and accordingly, Pernod Ricard did not invoice any guarantee commission to its subsidiaries.

This loan agreement provides Pernod Ricard, Pernod Ricard Finance and other Group companies with a multicurrency revolving credit facility for their financing needs.

Corporate officer involved:

- Mr. Wolfgang Colberg, also member of the Deutsche Bank AG Regional Board (party to the loan agreement).

Paris-La Défense, 20 September 2021

The Statutory Auditors

French original signed by

KPMG Audit *Division of KPMG S.A.*		Deloitte & Associés
Éric Ropert *Partner*	Caroline Bruno-Diaz *Partner*	Marc de Villartay *Partner*

SECTION 08

COMBINED SHAREHOLDERS' MEETING

8.1 Agenda – Combined Shareholders' Meeting on 10 November 2021

8.1.1 Items on the agenda presented at the Ordinary Shareholders' Meeting

1. Approval of the Parent Company financial statements for the financial year ended 30 June 2021.
2. Approval of the consolidated financial statements for the financial year ended 30 June 2021.
3. Allocation of net profit for the financial year ended 30 June 2021 and setting of the dividend.
4. Renewal of the directorship of Ms Anne Lange.
5. Renewal of the directorship of Société Paul Ricard SA, represented by Mr Paul-Charles Ricard.
6. Renewal of the directorship of Ms Veronica Vargas.
7. Appointment of Ms Namita Shah as a Director.
8. Approval of the fixed and variable components of the total compensation and benefits of any kind paid or granted during FY21 to Mr Alexandre Ricard, Chairman & CEO.
9. Approval of the information relating to the compensation of the Corporate Officers.
10. Approval of the compensation policy items applicable to Mr Alexandre Ricard, Chairman & CEO.
11. Approval of the compensation policy items applicable to the Directors.
12. Authorisation to be granted to the Board of Directors to trade in the Company's shares.
13. Approval of the agreements referred to in article L. 225-38 *et seq.* of the French Commercial Code.

8.1.2 Items on the agenda presented at the Extraordinary Shareholders' Meeting

14. 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.
15. Delegation of authority to be granted to the Board of Directors to decide on a share capital increase for a maximum nominal amount of €134 million (approximately 33% of the share capital), through the issue of ordinary shares and/or securities granting access to the Company's share capital, with maintenance of the Preferential Subscription Right.
16. 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 (approximately 10% of the share capital), 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 at large other than those referred to in 1° of Article L. 411-2 of the French Monetary and Financial Code.
17. 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 15th, 16th and 18th resolutions.
18. Delegation of authority to be granted to the Board of Directors to issue ordinary shares and/or equity securities granting access to other equity securities or conferring entitlement to receive allocations of debt securities, and/or securities granting access to equity securities to be issued, with cancellation of the Preferential Subscription Right, through a private placement in accordance with article L. 411-2 1° of the French Monetary and Financial Code, for a maximum nominal amount of €41 million (approximately 10% of the share capital).
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 exchange 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 maximum nominal amount of €134 million (approximately 33% of the share capital) by capitalisation of premiums, reserves, profits or other items.
22. Authorisation to be granted to the Board of Directors to allocate performance-based shares, either existing or to be issued, free of charge, to employees and Executive Directors of the Company and Group companies.
23. Authorisation to be granted to the Board of Directors to allocate shares, either existing or to be issued, free of charge, to employees of the Group.
24. Delegation of authority to be granted to the Board of Directors to decide to increase the share capital subject to the limit of 2% 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 Right in favour of such beneficiaries.
25. Delegation of authority to be granted to the Board of Directors to decide to increase the share capital subject to the limit of 2% through the issue of shares or securities granting access to the share capital, reserved for certain categories of beneficiaries with cancellation of the Preferential Subscription Right in favour of such beneficiaries.
26. Amendment to articles 7 "Increase and Decrease of Share Capital" and 33 "Composition and Holding of General Shareholders' Meetings" of the Company's bylaws in order to align with the new legal and regulatory provisions pursuant to Ordinance No. 2020-1142 of 16 September 2020 6

    which creates, within the French Commercial Code, a chapter relating to companies whose securities are admitted to trading on a regulated market or a multilateral trading facility.
27. Powers to carry out the necessary legal formalities.

8.2 Presentation of the resolutions of the Combined Shareholders' Meeting on 10 November 2021

8.2.1 Resolutions presented at the Ordinary Shareholders' Meeting

FIRST TO THIRD **RESOLUTIONS**

Approval of the annual financial statements and allocation of net profit

The purpose of the 1st **resolution** is to approve the Pernod Ricard Parent Company financial statements for FY21.

The purpose of the 2nd **resolution** is to approve the Pernod Ricard consolidated financial statements for FY21.

The purpose of the 3rd **resolution** is to allocate the net profit. It is proposed that the dividend for FY21 be set at €3.12 per share. An interim dividend payment of €1.33 per share having been paid on 7 July 2021, the balance, amounting to €1.79 per share, would be detached on 22 November 2021 (with a record date of 23 November 2021 and paid on 24 November 2021).

FOURTH TO SEVENTH **RESOLUTIONS**

Composition of the Board: renewals and appointment of Directors

Information regarding the Directors for whom renewal of the term of office or appointment is proposed, appears in Section 2 "Corporate governance" of the universal registration document.

The directorship of Ms Anne Lange expires at the close of this Shareholders' Meeting. It is thus proposed that, by voting on the 4th **resolution**, you renew her directorship for a term of four years expiring at the close of the Shareholders' Meeting to be held in 2025 to approve the financial statements for the previous financial year.

The directorship of Société Paul Ricard SA, represented by Mr Paul-Charles Ricard, expires at the close of this Shareholders' Meeting. It is thus proposed that, by voting on the 5th **resolution**, you renew his directorship for a term of four years expiring at the close of the Shareholders' Meeting to be held in 2025 to approve the financial statements for the previous financial year.

The directorship of Ms Veronica Vargas expires at the close of this Shareholders' Meeting. It is thus proposed that, by voting on the 6th **resolution**, you renew her directorship for a term of four years expiring at the close of the Shareholders' Meeting to be held in 2025 to approve the financial statements for the previous financial year.

Finally, it is proposed that, by voting on the 7th **resolution**, you appoint as Director Ms Namita Shah for a term of four years expiring at the close of the Shareholders' Meeting to be held in 2025 to approve the financial statements for the previous financial year.

The Nominations and Governance Committee and the Board of Directors reviewed the candidate. In particular, they appreciated Ms Namita Shah's high level international career in CSR, legal and managerial functions, as well as her recent appointment to the Executive Committee of a CAC 40 company. Following a review, they also confirmed that Ms Namita Shah fulfilled the AFEP-MEDEF independence criteria adopted by the Company.

Thus, at the close of the Shareholders' Meeting, the Board of Directors would comprise 14 members (including two Directors representing the employees), including seven Independent Directors (58.3%) and six women (50%), in accordance with the recommendations of the AFEP- MEDEF Code and the law.

EIGHTH **RESOLUTION**

Approval of the fixed and variable components of the total compensation and benefits of any kind paid or granted during FY21 to Mr Alexandre Ricard, Chairman & CEO

The purpose of the 8th **resolution** is to submit for your approval the fixed and variable components of the total compensation and benefits of any kind paid or granted during FY21 to Mr Alexandre Ricard, Chairman & CEO.

All these elements are described in detail in Section 2 "Corporate governance" of the FY21 universal registration document, third subsection.

NINTH **RESOLUTION**

Approval of the information relating to the compensation of the Corporate Officers

The purpose of the 9th **resolution** is to submit for your approval the information relating to the compensation during FY21 of each of the Corporate Officers of Pernod Ricard, as required by article L. 22-10-9, I of the French Commercial Code.

All these elements are described in detail in Section 2 "Corporate governance" of the universal registration document, second and third subsection.

TENTH **RESOLUTION**

Approval of the compensation policy applicable to Mr Alexandre Ricard, Chairman & CEO

The purpose of the 10th **resolution** is to submit for your approval the compensation policy items applicable to Mr Alexandre Ricard, Chairman & CEO of the Company, in accordance with the provisions of article L. 22-10-8 of the French Commercial Code.

Compensation policy items are described in detail in Section 2 "Corporate governance" of the universal registration document, under the "Compensation policy for the Chairman & CEO" subsection.

ELEVENTH **RESOLUTION**

Approval of the compensation policy applicable to the Directors

The purpose of the 11th **resolution** is to submit for your approval the compensation policy items applicable to Directors of the Company, in accordance with the provisions of article L. 22-10-8 of the French Commercial Code.

Compensation policy items are described in detail in Section 2 "Corporate governance" of the universal registration document, under the "Compensation policy for the Directors" subsection.

TWELFTH RESOLUTION

Share buybacks

The Shareholders' Meeting of 27 November 2020 allowed the Board of Directors to trade in the Company's shares. The transactions carried out in accordance with this authorisation are described in Section 2 "Corporate governance" of the universal registration document. This authorisation is due to expire on 26 May 2022. It is thus proposed, in the **12th resolution**, that you renew the authorisation for the Board of Directors to trade in the Company's shares for a period of 18 months at **a maximum purchase price of €280 per share**, excluding acquisition costs.

This authorisation would enable the Board of Directors to purchase Company shares representing **a maximum of 10% of the Company's share capital**, primarily with a view to:

- allocating or transferring them to employees and Executive Directors of the Company and/or Group companies (including the allocation of stock options and bonus and/or performance shares) or in connection with covering the Company's commitments under financial contracts or options with cash settlement granted to the employees and Executive Directors of the Company and/or Group companies;
- using them for external growth transactions (up to a maximum of 5% of the number of shares comprising the Company's share capital);
- delivering shares upon the exercise of rights attached to securities granting access to the share capital;
- cancelling them; and
- stabilising the share price through liquidity agreements.

These transactions would be carried out during periods considered appropriate by the Board of Directors. However, during a public offering, buybacks would only be carried out provided that they:

- enable the Company to comply with its prior commitments undertaken before the launch of the public offering; and
- are undertaken to pursue a share buyback programme that was already in progress; and
- cannot cause the offer to fail; and
- fall within the scope of one of the following objectives: allocation to the beneficiaries of stock options and bonus and/or performance shares; or to cover its commitments pursuant to financial contracts or options with cash payments; or the free allocation of shares to employees and/or Executive Directors of the Company and/or companies that are or will be related thereto.

THIRTEENTH RESOLUTION

Approval of the regulated agreements

It is proposed that, by voting on the **13th resolution**, you approve the regulated agreements concluded or still in force during FY21, as described in the Statutory Auditors' special report (see Section 7 "Pernord Ricard SA Parent Company Financial Statements" of the universal registration document). These relate mainly to agreements concluded in the context of financing transactions between the Company and companies of affiliates with which it has Directors or Executives in common.

8.2.2 Resolutions presented at the Extraordinary Shareholders' Meeting

We propose that you renew all the authorisations and delegations of authority granted respectively to the Board of Directors by the Shareholders' Meetings of 8 November 2019 and 27 November 2020, which are due to expire on 7 January 2022, on 26 May 2022, on 7 January 2023 or on 26 January 2023.

*The delegations of authority submitted to the vote in **resolutions 14 to 22** would, if approved, cancel, from the date of the present Shareholders' Meeting, any previous delegations approved and having the same purpose.*

If adopted, said resolutions would enable the Board of Directors to immediately take the most appropriate measures, notably regarding the financing of investments in external growth operations.

No delegation of authority allowing a share capital increase with or without a Preferential Subscription Right may be used during a public offer for the shares of the Company.

FOURTEENTH RESOLUTION

Reduction of the share capital by cancelling treasury shares

One of the aims of the share buyback programme (12th resolution) is the cancellation of the purchased shares. For this purpose, we ask that, by voting in favour of the **14th resolution**, you authorise the Board of Directors **to cancel all or some of the Company shares purchased through a share buyback 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 Shareholder's Meeting.

FIFTEENTH RESOLUTION

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

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 **15th resolution** covers the issue, **with maintenance of your Preferential Subscription Right,** of your Company's shares and/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 the right of the shareholders to subscribe shares which can be obtained from securities initially issued 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 **€134 million,** *i.e.* approximately **33%** of the share capital (the "Overall Limit").

It also forms the maximum **Overall Limit** from which **the share issues determined by virtue of the 16th** (issue of securities with cancellation of the Preferential Subscription Right), **17th** (increase in the number of securities issued), **18th** (capital increase through a private placement), **19th** (remuneration of contributions in kind), **20th** (public exchange offer initiated by the Company), **21st** (capitalisation of reserves), **24th** (capital increase reserved for employees) and **25th** (share capital increase reserved for certain categories beneficiaries) **resolutions** would be deducted.

The overall 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 **€12 billion,** it being specified that the nominal amount of securities representing debts to be issued in accordance with the **16th resolution** would be deducted from this overall 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 takeover bid 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.

SIXTEENTH RESOLUTION

Delegations of authority to issue ordinary shares and/or securities granting access to the Company's share capital with cancellation of the Preferential Subscription Right in the context of an offer to the public at large other than those referred to in 1° of Article L. 411-2 of the French Monetary and Financial Code

Enabling your Board of Directors to carry out capital increases without a Preferential Subscription Right would allow the Board to place securities under the best possible conditions, in particular when speed is an essential condition for their success or when issues are carried out on French and foreign markets, notably through an offer to the public at large.

Your Board of Directors requests that, by voting on the **16th resolution**, you delegate your authority so as to allow the issue of shares and/or securities granting access to the share capital, with cancellation of the shareholders' Preferential Subscription Right, up to a maximum amount of **€41 million**, *i.e.* approximately **10%** of the share capital, it being specified that this maximum amount **would be deducted from the Overall Limit** set by the **15th resolution**.

This amount of €41 million is common to the 17th (increase in the number of securities issued), **18th** (capital increase through a private placement), **19th** (remuneration of contributions in kind), **20th** (public exchange offer initiated by the Company), **24th** (capital increase reserved for employees) and **25th** (capital increase reserved for certain categories of beneficiaries) **resolutions** and **would be deducted from the Overall Limit of €134 million** set by the **15th 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 €12 billion overall nominal amount** set by the **15th 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 takeover bid 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.

SEVENTEENTH RESOLUTION

Increase in the number of shares to be issued in the event of a capital increase with or without a Preferential Subscription Right

By voting on the **17th 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 a Preferential Subscription Right, **to increase the number of shares to be issued** at the same price as the one 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 (**15th, 16th or 18th resolution**) as well as to the **Overall Limit** set in the **15th 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 takeover bid 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.

EIGHTEENTH RESOLUTION

Delegation of authority to increase the share capital through a private placement in favour of qualified investors or a restricted circle of investors with cancellation of the Preferential Subscription Right

Enabling your Board of Directors to carry out capital increases without a Preferential Subscription Right would allow the Board to place securities under the best possible conditions, in particular when speed is an essential condition for their success.

By voting on the **18th resolution** we request that you delegate the authority of the Shareholders' Meeting to the Board of Directors in order to issue by private placement in favour of qualified investors or a restricted circle of investors ordinary shares and/or equity securities granting access to other equity securities or conferring entitlement to receive allocations of debt securities and/or securities granting access to equity securities to be issued.

This delegation of authority would enable your Board of Directors to increase the share capital up to a **maximum nominal amount of €41 million** (approximately **10%** of the share capital), it being specified that this amount would **be deducted from the maximum amount of €41 million** set in the **16th resolution** as well as from the **Overall Limit of €134 million** set in the **15th resolution.**

This delegation of authority would enable your Board of Directors to issue Bonds or other debt securities granting access to equity securities to be issued up to an **amount of €4 billion,** it being specified that this amount would **be deducted from the maximum nominal amount of €4 billion** set in the **16th resolution** as well as from the **overall nominal amount of €12 billion** set in the **15th 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 takeover bid 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 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/or securities, with a view to remunerating contributions in kind granted to the Company, in particular contributions in kind of shares, enabling the acquisition of company shares to be remunerated through the issue of 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 maximum share capital increase** set in the **16th resolution** as well as from the **Overall Limit** set in the **15th 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 takeover bid 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.

TWENTIETH RESOLUTION

Delegation of authority to increase the share 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/or securities, with a view to carrying out a public exchange offer 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 maximum share capital increase set in the 16th resolution, as well as the Overall Limit** set in the **15th 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 takeover bid 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.

TWENTY-FIRST RESOLUTION

Delegation of authority to increase the share 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 the issue of new shares, this delegation of authority must be voted on 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 €134 million (approximately 33% of the share capital) to be deducted from the Overall Limit** set in the **15th 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 takeover bid 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 purpose of the **22nd and 23rd resolutions** is to renew the authorisations to grant performance shares to employees and Executive Directors of the Company and Group Companies, subject to performance conditions, and to grant free shares to employees.*

TWENTY-SECOND AND TWENTY-THIRD RESOLUTIONS

Resolutions relating to the LTIP, with and without performance condition

The purpose of the 22nd and **23rd resolutions** is to authorise the Board of Directors to grant shares free of charge to employees and Executive Directors of the Company and Group companies, in order to motivate and retain Group employees through a dynamic long-term incentive policy.

The Board of Directors has decided to align with the market practice of the majority of CAC40 companies by eliminating the allocation of stock options and introducing a criterion based on social responsibility in line with its roadmap in this area.

The Board of Directors, on the recommendation of the Compensation Committee, has decided on the following conditions for the long-term incentive policy for the Group's employees and Executive Directors of the Company:

- the continuation of the performance-based shares allocation plan, the conditions of which would be in accordance with the recommendations of the French Afep-Medef Code, as set out in the 22nd resolution. However, no more stock options would be granted; and
- the possibility of allocating shares free of charge without any performance condition (i) on the occasion of recruitment as part of our policy of attracting new talents, but also (ii) to reward certain employees while giving them an interest in the Company's share performance. This new possibility is the subject of the 23rd resolution.

Under the 22nd resolution, the final allocation of all performance-based shares would be subject to presence and performance conditions.

The shares to be allocated on the basis of this 22nd resolution would be subject to the following performance conditions:

- an internal performance condition linked to the average achievement of the annual targets for Group Profit from Recuring Operations (PRO): the shares would be definitively allocated if the average achievement of the annual targets for Group profit from recuring operations over three consecutive financial years is greater than 95% of the annual targets for Group profit from recuring operations budgeted for those financial years. The final number of shares allocated is determined by applying percentage between 0 and 100, using linear progression; and

- an internal performance condition related to Corporate Social Responsibility (CSR) based on 4 sub-criteria:
  - Carbon: Implementation of the roadmap to reduce direct CO_2 emissions generated by our sites in order to reach Net Zero ambition by 2030;
  - Water: Implementation of the roadmap with the ambition to reduce water consumption in our distilleries by 20% by 2030;
  - Responsible consumption: Pernod Ricard's strategic brands will launch marketing campaigns focusing on responsible drinking, with a goal of increasing each year over the next 5 years;
  - Employees: Target to achieve gender balance in our Top Management (at least 40% of each gender) by 2030.

The Board of Directors would determine, at the time of each allocation, the numerical targets to be achieved for each of these 4 criteria.

The number of shares that would vest based on the CSR performance condition would be determined as follows:

- if none of the 4 targets is reached: no shares will be acquired
- if one target is reached: 25% of the shares will vest
- if two targets are reached: 50% of the shares will vest
- if three targets are reached: 75% of shares will vest
- if four targets are reached: 100% of the shares will vest.

It is specified that for the determination of the final number of shares allocated, the internal PRO and CSR performance conditions would be assessed over a period of three consecutive financial years (including the one during which the shares were allocated).

- an external performance condition linked to the overall performance of the Pernod Ricard share (TSR: total shareholder return) over a period of three years, compared to the overall performance of a panel of 12 peers comprising the following companies: AB InBev, Brown Forman, Campari, Carlsberg, Coca-Cola, Constellation Brands, Danone, Diageo, Heineken, LVMH, PepsiCo and Rémi Cointreau (hereafter the "Panel"):
  - below the median, no shares will be acquired;
  - if equal to the median (7th position), 66% of the shares will vest;
  - if in 6th, 5th, 4th position, 83% of the shares will vest; and
  - if in 3rd, 2nd or 1st position, 100% of the shares will vest.

Thus, for the Company's Executive Directors and members of the Executive Committee, the weighting of each of the three performance criteria would be as follows: 50% of the allocations would be subject to the internal PRO performance condition, 20% would be subject to the internal CSR performance condition and 30% would be subject to the external TSR performance condition. For the other beneficiaries, the weighting would be as follows: 80% of the allocations would be subject to the internal PRO performance condition and 20% would be subject to the internal CSR performance condition.

The Board of Directors has decided to align the performance conditions of the Company's Executive Directors and the members of the Executive Committee combining internal and external conditions and by also including a corporate responsibility criterion, taking into account the importance of the Group's roadmap in this area. For other beneficiaries, it also appeared important to introduce a corporate responsibility criterion in addition to the PRO criterion to which they were previously subject.

The vesting period for the shares would be of at least three years.

This authorisation would be valid for a period of 38 months from the date of the Shareholders Meeting. During this period, it would permit the allocation of performance-based 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 performance-based shares allocated to the Company's Executive Directors shall not exceed 0.08% of the Company's share capital at the date of the Board of Directors' decision to allocate such shares, which amount would be deducted from the aforementioned ceiling of 1.5% of the Company's share capital. This sub-ceiling has been slightly increased compared to the last authorisation of the Shareholders Meeting to take into account the fact that stock options will no longer be allocated to Executive Directors.

Under the 23rd resolution, the definitive allocation of shares free of charge would be subject to a presence condition but without any performance condition. The Board of Directors wished to have a tool for rewarding, and retaining the Group's talents while at the same time making them interested in the Company's share performance, but also for attracting new talents, thus aligning with market practices in order to remain competitive. Consequently, these allocations would be made: (i) on the occasion of recruitment as part of our policy to attract new talents but also (ii) to reward and retain certain employees.

The Company's Executive Directors would not benefit from any allocation within the framework of this authorisation. The members of the Company's Executive Committee would also be excluded from the benefit of any allocation within the framework of this authorisation, except on the occasion of their recruitment in accordance with our policy of attracting new talents.

The vesting period for the shares would be of at least three years.

This authorisation by the Shareholders Meeting would be valid for a period of 38 months from the date of the Shareholders Meeting. During this period, it could give rise to the allocation of shares free of charge representing a maximum of 0.5% of the Company's share capital at the date of the Board of Directors' decision to allocate such shares.

*The **24th and 25th resolutions** propose delegations of authority granted to the Board of Directors by the Shareholders' Meeting in order to allow the Board of Directors to set up an employee shareholding plan in France and abroad.*

Such a shareholding plan could be set up in particular to facilitate access to the Company's share capital for a large number of the Group's employees and to align their interests with those of shareholders.

*More precisely, the **24th resolution** allows capital increases reserved for employees and/or Executive Directors who are members of a company savings plan within the Group. The purpose of the **25th resolution** is to allow employees and corporate officers in certain countries outside of France to subscribe to Company shares with similar benefits in terms of economic profile to those offered to employees in the 24th resolution, in particular, when local legal and/or tax constraints make the implementation of the employee shareholding plan in the context of the 24th resolution impossible or difficult.*

It is stated that these delegations of authority allow share capital increases and that they could not be used during a public offering for Company shares.

TWENTY-FOURTH RESOLUTION

Delegation of authority to increase the share capital through the issue of shares or securities granting access to the share capital, with cancellation of Preferential Subscription Right, reserved for members of a company saving plan

By voting on the **24th resolution**, you delegate authority to the Board of Directors to decide on share capital increases reserved for employees and/or corporate officers who are members of an employee savings plan in place within Pernod Ricard. It is specified that the capital increase is limited to a **maximum nominal amount of 2% of the share capital** at the close of this Shareholders' Meeting.

This limit is the same as the limit for the 25th resolution below, with the reminder that it is deducted from the Overall Limit and the maximum amount of any capital increase set respectively in the 15th and 16th resolutions of this Shareholders' Meeting.

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 closing prices of Pernod Ricard shares on the regulated 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 delegation of authority is granted for **26 months** from the date of today's Shareholders' Meeting.

The Board of Directors may not make the decision to use this delegation of authority as from the date on which a third party files a takeover bid for the Company shares unless it obtains prior authorisation from the Shareholders' Meeting; this restriction shall remain in effect until the end of the offer period.

TWENTY-FIFTH RESOLUTION

Delegation of authority to decide on a share capital increase through the issue of shares or securities granting access to the share capital, with cancellation of Preferential Subscription Right, reserved for certain categories of beneficiaries

By voting on the **25th resolution**, we request that, in accordance with the provisions of the French Commercial Code, you delegate authority to the Board of Directors to decide on a 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 a certain category (or certain categories) of beneficiaries with cancellation of Preferential Subscription Right, in favour of such beneficiaries.

The 2% limit of the share capital of this resolution is common with the limit of the 24th resolution above, with the reminder that it is deducted from the Overall Limit and the maximum amount of any capital increase set respectively in the 15th and 16th resolutions of this Shareholders' Meeting.

The **25th resolution** seeks to adapt the conditions of the employee shareholding plan set in the 24th resolution to the local legal and/or tax constraints to allow employees and/or corporate officers in certain countries outside France to subscribe to shares of the Company with similar benefits, in terms of economic profile, to those given to employees under the 24th resolution.

The share capital increase may be reserved for (i) certain categories of employees and/or corporate officers, (ii) UCITS or other employee shareholding entities whose unitholders or shareholders are persons described in (i), or (iii) any entity or banking institution with the exclusive purpose of subscribing to Company shares or any other financial instrument in order to facilitate access to the capital of the Company for employees and/or corporate officers outside France or to similar investment formulas.

The issue price of new shares or securities granting access to the Company's capital will be set by the Board of Directors and (a) may not be more than 20% below the average of the listed closing prices of the Pernod Ricard share recorded on the regulated Paris market over the 20 trading sessions preceding the date of the decision setting the opening date of the subscription period under this resolution, nor exceed such average or (b) will be equal to the price set for the shares issued as part of the capital increase reserved for members of company savings plans pursuant to the **24th resolution** of this Shareholders' Meeting.

This delegation of authority is granted for **18 months** from the date of today's Shareholders' Meeting.

The Board of Directors may not make the decision to use this delegation of authority as from the date on which a third party files a takeover bid 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.

TWENTY-SIXTH RESOLUTION

Amendment to articles 7 "Increase and Reduction of Share Capital" and 33 "Composition and Holding of General Shareholders' Meetings" of the Company's bylaws in order to align with the new legal and regulatory provisions pursuant to Ordinance No. 2020-1142 of 16 September 2020 and Decree No. 2020-1742 of 29 December 2020 which creates, within the French Commercial Code, a chapter relating to companies whose securities are admitted to trading on a regulated market or a multilateral trading facility

By the vote of the **26th resolution**, we ask you to modify the provisions of the Bylaws referring to the articles of the Commercial Code in order to bring them in line with the new legal and regulatory provisions of Ordinance No. 2020-1142 of 16 September 2020 and Decree No. 2020-1742 of 29 December 2020 and to renumber these articles.

TWENTY-SEVENTH RESOLUTION

Power to carry out the required legal formalities

By voting on the **27th resolution**, the Shareholders' Meeting is asked to authorise the Board of Directors to carry out the required legal formalities, where applicable.

8.3 Draft resolutions of the Combined Shareholders' Meeting on 10 November 2021

8.3.1 Resolutions presented at the Ordinary Shareholders' Meeting

*The purpose of the **1st, 2nd and 3rd resolutions** is to approve Pernod Ricard's Parent Company and consolidated financial statements for FY21 and to approve the allocation of net profit and distribution of **a dividend of €3.12** per share, following the allocation of an interim dividend of €1.33 per share on 7 July 2021.*

FIRST RESOLUTION

Approval of the Parent Company financial statements for the financial year ended 30 June 2021

Having reviewed the Parent Company financial statements for the financial year ended 30 June 2021, the management report of the Board of Directors and the report of the Statutory Auditors on the annual 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 2021 as well as all transactions recorded in the financial statements or summarised in these reports, which show a net profit of €657,285,968.52 for the aforementioned financial year.

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 General Tax Code amounted to €272,940 for the past financial year, and that the tax payable with regard to these costs and expenses amounts to €87,395.

SECOND RESOLUTION

Approval of the consolidated financial statements for the financial year ended 30 June 2021

Having reviewed the Board of Directors' report on the management of the Group in accordance with article L. 233-26 of the French Commercial Code and the Statutory Auditors' report on the consolidated financial statements, the 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 2021 as presented to it as well as the transactions recorded in the financial statements or summarised in the report on the management of the Group.

THIRD RESOLUTION

Allocation of net profit for the financial year ended 30 June 2021 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 2021 shows a net profit of €657,285,968.52.

It resolves, on the proposal of the Board of Directors, to allocate and divide this profit as follows:

Profit	**€657,285,968.52**
Allocation to the legal reserve	€0 (1)
Balance	€657,285,968.52
Previous retained earnings	€1,928,778,169.57
Distributable profit	€2,586,064,138.09
Distributed dividend	€817,054,867.2
Balance allocated to retained earnings	€1,769,009,270.89

(1) The amount of the legal reserve having reached the threshold of 10% of the share capital.

It should be noted that in the event of a change in the number of shares entitled to a dividend compared with the 261,876,560 shares making up the share capital as of 30 June 2021, the total amount of the dividend shall be adjusted accordingly and the amount allocated to "Retained earnings" shall be determined on the basis of dividends actually paid.

A dividend of €3.12 will be distributed for each Company share.

An interim dividend payment of €1.33 per share having been paid on 7 July 2021, the balance amounting to €1.79 per share will be detached on 22 November 2021 (with a record date of 23 November 2021) and paid on 24 November 2021.

The Shareholders' Meeting resolves that the amount of the dividend accruing to treasury shares or shares that have been cancelled on the ex-dividend date will be allocated to "Retained earnings".

The amount distributed of €3.12 per share will be eligible for the 40% tax deduction applicable to individual shareholders who are French tax residents, as provided for in article 158, 3-2° of the French General Tax Code.

Shareholders' equity amounts to €5,434,646,875.3 after allocation of net profit for the financial year.

Dividends distributed over the past three financial years are as follows:

	FY18	**FY19**	**FY20**
Number of shares	265,421,592	265,421,592	261,876,560
Dividend per share (€)	2.36 (1)	3.12 (1)	2.66 (1)

(1) Amounts eligible for the 40% tax deduction for individual shareholders who are French tax residents, as provided for in article 158, 3-2° of the French General Tax Code.

The ***4th to 7th resolutions*** *relate to the composition of the Board of Directors and their purpose is, respectively, to renew, for a period of four years, the directorship of Ms Anne Lange, Société Paul Ricard SA represented by Mr Paul-Charles Ricard, Ms Veronica Vargas and to appoint Ms Namita Shah as Director for four years.*

FOURTH RESOLUTION

Renewal of the directorship of Ms Anne Lange

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, resolves to renew the directorship of Ms Anne Lange.

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 2025 to approve the financial statements for the previous financial year.

FIFTH RESOLUTION

Renewal of the directorship of Société Paul Ricard SA represented by Mr Paul-Charles Ricard

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, resolves to renew the directorship of Société Paul Ricard SA represented by Mr Paul-Charles Ricard.

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 2025 to approve the financial statements for the previous financial year.

SIXTH RESOLUTION

Renewal of the directorship of Ms Veronica Vargas

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, resolves to renew the directorship of Ms Veronica Vargas.

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 2025 to approve the financial statements for the previous financial year.

SEVENTH RESOLUTION

Appointment of Ms Namita Shah 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 Namita Shah 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 2025 to approve the financial statements for the previous financial year.

The ***8th, 9th, 10th and 11th resolutions*** *relate to the compensation of the Executive Director and the Directors; their purpose is to approve, respectively, the components of the compensation paid or granted during FY21 to the Chairman & CEO, Mr Alexandre Ricard (8th resolution) and to the Directors (9th resolution), and the compensation policy applicable to the Chairman & CEO, Mr Alexandre Ricard (10th resolution) and to the Directors (11th resolution).*

EIGHTH RESOLUTION

Approval of the fixed and variable components of the total compensation and benefits of any kind paid or granted during FY21 to Mr Alexandre Ricard, Chairman & CEO

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, approves the fixed and variable components of the total compensation and benefits of any kind paid or granted during FY21 to Mr Alexandre Ricard, Chairman & CEO, as detailed in Section 2 "Corporate governance" of the FY21 universal registration document, third subsection.

NINTH RESOLUTION

Approval of the information relating to the compensation of the Corporate Officers

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, approves the information relating to the compensation during FY21 of each of the Corporate Officers of Pernod Ricard, as required by article L. 22-10-9, I of the French Commercial Code.

All these elements are described in detail in Section 2 "Corporate governance" of the universal registration document, second and third subsections.

TENTH RESOLUTION

Approval of the compensation policy items applicable to Mr Alexandre Ricard, Chairman & CEO

Having reviewed the report of the Board of Directors established in accordance with article L. 22-10-8 of the French Commercial Code, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, approves the principles and criteria for determining, allocating and granting the fixed, variable and exceptional items of total compensation and other benefits granted to the Chairman & CEO by virtue of his office, as detailed in Section 2 "Corporate governance" of the FY21 universal registration document, under the "Compensation policy for the Executive Corporate Officers" subsection.

ELEVENTH RESOLUTION

Approval of the compensation policy items applicable to the Directors

Having reviewed the report of the Board of Directors established in accordance with article L. 22-10-8 of the French Commercial Code, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, approves the compensation policy applicable to the Directors, as detailed in Section 2 "Corporate governance" of the FY21 universal registration document, under the "Compensation policy for the Directors" subsection.

*The purpose of the **12th resolution** is to renew the authorisation granted to the Board of Directors to implement a share buyback programme for the Company's shares, subject to certain conditions.*

TWELFTH RESOLUTION

Authorisation to be granted to the Board of Directors to trade in Company shares

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. 22-10-62 *et seq.* of the French Commercial Code and of Regulation No. 596/2014 of the European Parliament and of the Council of 16 April 2014, to purchase Company shares in order to:

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

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

(iii) make free allocations of shares to employees and/or Company Executive Directors and/or its current or future affiliates pursuant to articles L. 225-197-1 and L. 22-10-59 *et seq.* of the French Commercial Code, it being specified that the shares may be allocated, in particular, to an employee savings plan in accordance with the provisions of article L. 3332-14 of the French Employment Code; or

(iv) retain them and subsequently tender them (in exchange, as payment or otherwise) in connection with external growth transactions, subject to a 5% limit of the number of shares comprising the share capital; or

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

(vi) cancel all or some of the shares repurchased in this manner, under the conditions provided for in article L. 22-10-62 paragraph 4 of the French Commercial Code, and pursuant to the authorisation to reduce the share capital granted by this Combined Shareholders' Meeting in its 14th resolution; or

(vii) allow an investment services provider to act on the secondary market or to ensure the liquidity of the Company's shares by means of liquidity agreements in compliance with the terms of a Code of 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.

The number of Company shares purchased may be such that:

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

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

These transactions may be carried out during periods considered appropriate by the Board of Directors. However, during a public offering period, buybacks may only be carried out if they:

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

The Shareholders' Meeting decides that the maximum purchase price per share shall be €280, 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 €7,332,543,680 corresponding to a maximum number of 26,187,656 shares purchased at the maximum unit price of €280 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 account of the impact of such transactions on the share value.

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

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 notably to the French Financial Markets Authority (AMF) and to any other official body which may take its place, complete all formalities and, in general, do whatever may be necessary.

This authorisation will be valid for a period of 18 months from the date of this Shareholders' Meeting and cancels, as from this same date, for any unused portion, the authorisation granted to the Board of Directors by the Combined Shareholders' Meeting of 27 November 2020 in its 15th resolution to trade in the Company's shares.

*The purpose of the **13th resolution** is to approve the "regulated" agreements previously approved by Pernod Ricard's Board of Directors.*

THIRTEENTH RESOLUTION

Approval of the regulated agreements referred to in articles L. 225-38 et seq. of the French Commercial Code

Having reviewed the special report of the Statutory Auditors on the regulated agreements referred to in articles L. 225-38 *et seq.* of the French Commercial Code, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meeting, takes note of the conclusions of said report and approves the agreements referred to therein, it being specified that no new agreements were signed in FY21.

8.3.2 Resolutions presented at the Extraordinary Shareholders' Meeting

We propose that you renew all the authorisations and delegations of authority respectively granted to the Board of Directors by the Shareholders' Meetings of 8 November 2019 and 27 November 2020, which are due to expire on 7 January 2022, on 26 May 2022, on 7 January 2023 or on 26 January 2023.

*The delegations of authority submitted to the vote in **resolutions 14 to 22** would, if approved, cancel, from the date of the present Shareholders' Meeting, any previous delegations approved and having the same purpose.*

If adopted, said resolutions would enable the Board of Directors to immediately take the most appropriate measures, notably regarding the financing of investments in external growth operations.

No delegation of authority allowing a share capital increase with or without a Preferential Subscription Right may be used during a public offer for the shares of the Company.

FOURTEENTH 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. 22-10-62 *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 the Company or acquired by it pursuant to the share repurchase programmes authorised by the Shareholders' Meeting, in particular in accordance with the 12th 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 share capital as adjusted to take account of transactions affecting the share capital after the date of this Shareholders' Meeting;
- 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 account, 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, as from such date, the authorisation granted by the Shareholders' Meeting of 8 November 2019 in its 12th resolution.

FIFTEENTH 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 €134 million (approximately 33% of the share capital), 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 a capital increase, on one or more occasions, on the French, foreign or 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 and/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 immediately or in the future 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 Overall Limit of the capital increases likely to be realised by virtue of this delegation of authority is set at €134 million, it being specified that (i) to this limit will be added, where applicable, the nominal amount of any extra shares to be issued, in the event of further adjustments, in order to preserve, in accordance with the 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 (both purchase and subscription plans) or bonus shares, and that (ii) this limit forms the maximum overall nominal limit for capital increases likely to be carried out by virtue of this delegation and those conferred by virtue of the 16th, 17th, 18th, 19th, 20th, 21st, 24th and 25th resolutions below, and that the total nominal amount of the 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 overall nominal amount of €12 billion or the exchange value of this amount, it being specified that the nominal amount of the debt securities that will be issued by virtue of the 16th resolution of this Shareholders' Meeting will be deducted from this amount. 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 whose issue would be independently determined or authorised by the Board of Directors in accordance with article L. 228-40 of the French Commercial Code;
- 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 (or some of them only), in the order that it will determine, including offering the public all or part of the shares or the 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 free allocation to the owners of existing shares,
  - decides that in the event of a free allocation of Company share warrants, the Board of Directors will have the option to decide that the fractional allocation rights will not be tradeable and that the corresponding securities will be sold,
  - acknowledges the fact that this delegation of authority automatically entails the waiving by shareholders, in favour of the holders of securities issued granting access to the Company's share capital, of 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 under the conditions provided for by law, to implement this delegation of authority, including to set the share issue, subscription and payment conditions, record the completion of the resulting 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 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 after each capital increase,

- 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, capital increase through the capitalisation of reserves, free allocation of shares, stock split or reverse stock split, distribution of reserves or of any 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 or rights 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 issued pursuant to this delegation of authority and the exercise of the rights attached thereto, or all formalities resulting from the capital increases 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 takeover bid 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 the delegation of authority granted by the Shareholders' Meeting of 8 November 2019 in its 13th resolution.

SIXTEENTH **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 (approximately 10% of the share capital), 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 other than those referred to in 1° of Article L. 411-2 of the French Monetary and Financial Code

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. 22-10-51, L. 225-135, L. 225-136, L. 22-10-52, 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 a capital increase, on one or more occasions, on the French and/or foreign and/or international market, in the proportion and at the times it considers appropriate, by way of an offer to the public, either in euros, or in any other currency or monetary unit drawn up in reference to several currencies, by the issue, with cancellation of the shareholders' Preferential Subscription Right, (i) of ordinary shares and/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 other securities may be carried out either in cash, or by offsetting receivables;
- decides to set as follows the limits of the amounts of issues authorised in the event of use of this delegation of authority by the Board of Directors:
  - the maximum nominal amount of the 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 Overall Limit of €134 million set in the aforementioned 15th resolution, it being specified (i) that to this limit of €41 million will be added, where applicable, the nominal amount of any shares that may be issued, in the event of adjustments made to preserve, 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 (both purchase and subscription plans) or bonus shares, and (ii) that this limit of €41 million is common to the 17th, 18th, 19th, 20th, 24th and 25th resolutions hereafter and that the total nominal amount of the 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 maximum overall nominal amount of €12 billion set for securities representing debt securities, by virtue of the aforementioned 15th resolution. This limit of €4 billion 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, whose issue would be independently decided or authorised by the Board of Directors in accordance with article L. 228-40 of the French Commercial Code;
- decides to cancel the shareholders' Preferential Subscription Right to the securities that are the subject of this resolution, however, by granting the Board of Directors, in accordance with article L. 22-10-51 of the French Commercial Code, the option to confer on shareholders, for 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;
- 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. 22-10-52 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 have not absorbed the entire issue of shares or securities, the Board of Directors may use the different options provided for by law (or some of them only), in the order that it will determine, including offering the public all or part of the shares or the securities not subscribed, on the French and/or foreign and/or international market;
- 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 capital increases and amend the bylaws accordingly, and notably to:

- determine, if required, the characteristics and 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 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 characteristics and terms of issue (including the granting of 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, 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 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 capital increases,
- 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, capital increase through the capitalisation of reserves, free allocation of shares, stock split or reverse stock split, distribution of reserves or any 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 or rights 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 capital increases 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 takeover bid 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 the delegation of authority granted by the Shareholders' Meeting of 8 November 2019 in its 14th resolution.

SEVENTEENTH **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 15th, 16th and 18th 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 Right, 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 (15th, 16th or 18th resolution) as well as the Overall Limit set by the 15th 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 takeover bid 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 the delegation of authority granted by the Shareholders' Meeting of 8 November 2019 in its 15th resolution.

EIGHTEENTH **RESOLUTION**

Delegation of authority to be granted to the Board of Directors to issue ordinary shares and/or securities granting access to equity securities to be issued, with cancellation of shareholders' Preferential Subscription Right, through a private placement in accordance with article L. 411-2 1° of the French Monetary and Financial Code, for a maximum nominal amount of €41 million (approximately 10% of the share capital)

Having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, the Extraordinary Shareholders' Meeting, in accordance with the provisions of the French Commercial Code and in particular its articles L. 225-129 to L. 225-129-6, L. 22-10-49, L. 22-10-51, L. 22-10-52 and L. 228-91 to L. 228-93:

- delegates its authority to the Board of Directors to decide to increase the share capital, by way of an offering reserved for qualified investors or a restricted group of investors as referred to in article L. 411-2 1° of the French Monetary and Financial Code, on one or more occasions, and in the proportions and at the times it considers appropriate, both in France and abroad, whether denominated in euros or in any other currency or monetary unit drawn up in reference to several currencies, by the issue of ordinary shares and/or securities granting access, immediately or in the future, to the Company's share capital, it being specified that (i) the subscription may be paid up in cash or by offsetting liquid and due debt, and (ii) this delegation does not affect the authority granted to the Board of Directors by article L. 228-92 of the French Commercial Code to independently issue securities comprising debt securities conferring entitlement to receive allocations of other debt securities or granting access to existing equity securities;

- decides that the nominal amount of share capital increases that may be carried out pursuant to this delegation, whether immediately and/or in the future, may not exceed €41 million. This amount is included in the maximum limit of €41 million set in the 16th resolution and the Overall Limit of €134 million set in the 15th resolution of this Shareholders' Meeting; this amount will be increased, where appropriate, by the nominal amount of any shares to be issued pursuant to the applicable laws and any contractual provisions to preserve the rights of existing holders of equity securities, securities or other rights granting access to the Company's shares;
- decides that these capital increases may be carried out as a result of the exercise of rights through the conversion, exchange, redemption, presentation of a warrant, or any other rights attached to securities issued by any entity in which the Company directly or indirectly holds over half of the capital, subject to the authorisation of the latter's Shareholders' Meeting;
- decides further that the maximum nominal amount of Bonds or other debt securities granting access to equity securities to be issued, liable to be issued pursuant to this delegation, may not exceed €4 billion (or the equivalent in the event of an issue in foreign currencies or monetary units). This amount is included in the €4 billion maximum nominal limit set in the 16th resolution and the overall nominal limit of €12 billion set in the 15th resolution of this Shareholders' Meeting;
- decides to cancel the shareholders' Preferential Subscription Right to shares or other securities to be issued that are the subject of this resolution;
- decides that if the subscriptions have not absorbed the entire issue of shares or other securities, the Board of Directors may use the different options provided for by law (or some of them only), in the order that it will determine, including offering the public all or part of the shares or the securities not subscribed, on the French and/or foreign and/or international market;
- records and decides, where necessary, that this delegation to issue securities granting access to the share capital will automatically entail the waiver by shareholders of their Preferential Subscription Right to the new shares to which these securities grant access, in favour of the holders of securities that may be issued granting future access to the Company's share capital;
- decides that:
  - the issue price of the shares issued directly shall be at least equal to the minimum amount provided for by the laws and regulations in force at the time of use of this delegation,
  - the issue price of securities granting access to equity securities to be issued shall be set in such a way that the amount received by the Company at the time of issue plus, where appropriate, the amount to be received at a later date, is at least equal to the minimum subscription price defined in the first point above for each share issued as a result of the issue of these securities,
  - the number of shares to be issued on exercise of conversion, redemption or more generally transformation of each security granting access to equity securities to be issued shall be determined in such a way as to ensure that the amount per share received by the Company (taking into account the nominal value of the bond or said securities) is at least equal to the minimum subscription price set out in the first point of this section;
- decides that the Board of Directors shall have full powers to implement this delegation with the option for it to delegate these powers in turn under the conditions provided for by law, in particular:
  - to decide to carry out a capital increase and determine the type of securities to be issued,
  - to draw up the list or the category of subscribers to the issue,
  - to decide on the amount of the capital increase, the issue price and any issue premium, as the case may be, to be asked at the issuance,
  - to decide the timing and other terms of the capital increase, including the form, characteristics and terms of the securities to be issued, the opening and closing dates of the subscription period, the securities' issue price and date from which they will carry rights, the method by which they will be paid up, the terms applicable to the exercise of any rights held by securities to be issued under this resolution to shares of the Company, all other terms and conditions of issue and, in the case of debt securities, their subordination ranking,
  - to determine, where appropriate, the terms and conditions for exercising the rights attached to the shares or securities granting access to the capital to be issued, notably by setting the date – which may be retroactive – from which new shares will carry rights; and the terms for the exercise of any conversion, exchange and redemption rights, as well as any other terms and conditions applicable to such issues,
  - to set the terms and conditions under which the Company may, where appropriate, buy back or exchange the securities issued or to be issued immediately or in the future, by any method, at any time or during specified periods, with a view to holding them or cancelling them in accordance with the applicable laws and regulations,
  - to allow for the option to suspend the exercise of the rights attached to the securities issued, in accordance with the applicable laws and regulations,
  - at its sole discretion, to charge any and all costs incurred in connection with said issues against the related premiums, and to deduct from these premiums the necessary amounts to be credited to the legal reserve,
  - to determine and make any and all adjustments required to take into account the effect of transactions on the Company's capital and decide the terms and conditions to be used, if necessary, to ensure that the rights of holders of securities or rights granting access to the capital are preserved,
  - to record each share capital increase resulting from the use of this delegation and amend the bylaws accordingly,
  - generally, to enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue, listing and financial servicing of the securities issued pursuant to this delegation and for the exercise of any related rights;
- 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 takeover bid 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 the delegation of authority granted by the Shareholders' Meeting of 8 November 2019 in its 16th resolution.

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. 22-10-53 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 ordinary shares and/or various securities granting access, immediately or in the future, 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. 22-10-54 of the French Commercial Code are not applicable. In accordance with law, the Board of Directors will rule on the Contribution Auditors' special report, referred to in article L. 22-10-53 of said Code. The Shareholders' Meeting:

- decides that the nominal amount of the Company's 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 15th resolution above as well as from the maximum amount of the capital increase set in the 16th resolution above, it being specified that to these limits shall be added, if applicable, the nominal amount of any shares that may be issued, in the event of adjustments made to preserve, 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 those of recipients of stock options (both purchase and subscription plans) or free allocations of shares;
- acknowledges, as necessary, the absence of Preferential Subscription Right for the shares or securities issued and by virtue of this delegation of authority, that the shareholders automatically waive their Preferential Subscription Right to the shares to which any securities to be issued pursuant to this delegation of authority may 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, in particular:
  - to determine the type and number of shares and/or securities to be issued, their characteristics and the terms of their issue,
  - to approve the assessment of the contributions and the possible granting of particular benefits and, concerning said contributions, record their realisation,
  - to 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, and, if it deems necessary, deduct from this amount the sums required to raise the legal reserve to one-tenth of the new share capital after each issue,
  - to decide and perform, as a result of the issue, all necessary measures to preserve the rights of holders of securities granting access to the Company's share capital, stock options (both purchase and subscription plans) or rights to the free allocation of shares, in accordance with the applicable laws and regulations, and where applicable, any applicable contractual provisions,
  - 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 capital increases carried out;
- 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 takeover bid 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 the delegation of authority granted by the Shareholders' Meeting of 8 November 2019 in its 17th 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 exchange 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. 22-10-49, L. 22-10-54 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, on one or more occasions, and in the proportions and at the times it considers appropriate, ordinary shares and/or various 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. 22-10-54, 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 triangular 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, as required, that by virtue of this delegation of authority, the shareholders automatically waive their Preferential Subscription Right to the ordinary shares to which the securities to be issued pursuant to this delegation may grant entitlement.

The Shareholders' Meeting decides that the nominal amount of the capital increase resulting the issue of the securities set out in the above paragraph will be deducted from the Overall Limit set in the aforementioned 15th resolution as well as from the limit of the share capital increase set in the 16th resolution above, it being specified that to these limits shall be added, if applicable, the nominal amount of any shares that may be issued, in the event of adjustments made to preserve, 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 those of recipients of stock options (both purchase and subscription plans) 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 balance to be paid in cash;
- to record the number of securities contributed to the exchange;
- to determine the dates, issue conditions and characteristics, particularly the price and date of entitlement, of the 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", to which all shareholders shall have rights;
- where applicable, to deduct from said "Contribution premium" all the fees and duties incurred during the authorised transaction and deduct the sums required to raise the legal reserve to one-tenth of the new share capital after each issue; and
- to record the completion of the resulting 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, 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 capital increases 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 takeover bid 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 the delegation of authority granted by the Shareholders' Meeting of 8 November 2019 in its 18th 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 €134 million (approximately 33% of the share capital) 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 requirements provided for in articles L. 22-10-32 and L. 225-98 of the French Commercial Code, and in accordance with the provisions of articles L. 225-129, L. 225-129-2, L. 225-130 and L. 22-10-50 of the French Commercial Code:

- delegates its 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 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 for which capitalisation is authorised by 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 €134 million, it being specified that this amount will be also deducted from the Overall Limit for capital increases set in the aforementioned 15th resolution. To this limit shall be added, if applicable, the nominal amount of any shares that may be issued, in the event of adjustments made to preserve, 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 those of recipients of stock options (both purchase and subscription plans) or free allocations of shares;
- 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 capital increases and consequently amend the bylaws and notably:
  - to set the amount and nature 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,
  - to decide that the fractional shares shall not be tradeable 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,
  - to carry out, where applicable, 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, capital increase by the capitalisation of reserves, free allocation of shares, stock split or reverse stock split, distribution of reserves or any 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 or rights 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 capital increases 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 takeover bid 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 the delegation of authority granted by the Shareholders' Meeting of 8 November 2019 in its 19th resolution.

The purpose of ***resolutions 22 and 23*** *is to renew the authorisations conferring the right, subject in particular to performance conditions, to the allocation of performance-based shares to employees and Executive Directors of the Company and Group companies and to the free allocation of shares to employees. Each resolution specifies an overall limit and a sub-limit for Executive Directors of the Company.*

TWENTY-SECOND RESOLUTION

Authorisation to be granted to the Board of Directors to allocate performance-based shares, either existing or to be issued, free of charge, 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 Shareholders Meetings and in accordance with the provisions of articles L. 225-197-1 *et seq.* and articles L. 22-10-59 and L. 22-10-60 of the French Commercial Code:

- authorises the Board of Directors to allocate ordinary shares of the Company, either existing or to be issued, free of charge, 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 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, it being specified that 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, eligible Executive Directors of the Company, provided that the definitive allocation of the shares is subject to the presence of the beneficiary and the achievement of one or more performance conditions determined by the Board of Directors on the date the allocation decision is taken. This number shall not represent more than 0.08% of the Company's share capital on the date the decision to allocate them is taken by the Board of Directors (subject to the possible adjustments mentioned in the previous paragraph), it being specified that this sub-ceiling is to be deducted from the aforementioned overall limit of 1.5% of the share capital;
- 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, where appropriate, by the Board of Directors;
- decides that if the beneficiary should suffer second or third degree disability as defined by article L. 341-4 of the French Social Security Code, the shares shall immediately vest and become transferable;
- expressly conditions the definitive allocation of the shares pursuant to this authorisation, including to Executive Directors, to the presence of the beneficiary and the achievement of one or more performance conditions determined by the Board of Directors on the date the allocation decision is taken and assessed over a period of three years or three consecutive financial years;
- acknowledges by virtue of this authorisation that the shareholders automatically waive their Preferential Subscription Right over ordinary shares that may be issued under the terms of this authorisation, in favour of the beneficiaries of the allocation of shares;
- grants the Board of Directors full powers, within the limits set above, with the option for it to delegate these powers in turn under the conditions provided for by law, in order to implement this authorisation and, notably, to:
  - determine whether the shares allocated free of charge shall be existing shares or shares to be issued,
  - 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, conditions and terms for allocating said shares, and in particular their vesting period and, where applicable, lock-up period, and presence and performance conditions, as set forth in this authorisation,
  - finalise the date of entitlement, which may be 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, whether they are locked-up and the period for which this restriction will remain in force, as well as waiving this lock-up restriction in any of the circumstances envisaged for it by this resolution or by regulations in force,
  - decide, for Executive Directors, either that the shares must not be sold by the interested parties before the end of their term of office, 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 shares allocated free of charge 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 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, 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 and notes that as from such date, this delegation cancels the delegation granted by the Shareholders Meeting of 8 November 2019 in its 20th 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 allocate shares, either existing or to be issued, free of charge, to employees of the Group

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. 225-197-1 *et seq.* and article L. 22-10-59 of the French Commercial Code:

- authorises the Board of Directors to allocate ordinary shares of the Company, either existing or to be issued, free of charge, on one or more occasions, to employees of the Company and of 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 0.5% of the Company's share capital on the day the decision to allocate them is taken by the Board of Directors, it being specified that 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 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, where appropriate, by the Board of Directors;
- decides that the Company's Executive Directors are excluded from the benefit of any allocation within the framework of this authorisation, and that the same applies to the members of the Company's Executive Committee, except on the occasion of their hiring;
- decides that if the beneficiary should suffer second or third degree disability as defined by article L. 341-4 of the French Social Security Code, the shares shall immediately vest and become transferable;
- expressly conditions the definitive allocation of the shares pursuant to this authorisation to a presence condition determined by the Board of Directors on the date the allocation decision is taken;
- acknowledges by virtue of this authorisation that the shareholders automatically waive their Preferential Subscription Right over ordinary shares that may be issued under the terms of this authorisation, in favour of the beneficiaries of the allocation of free shares;
- grants the Board of Directors full powers, within the limits set above, with the option for it to delegate these powers in turn under the conditions provided for by law, in order to implement this authorisation and, notably, to:
  - determine whether the shares allocated free of charge shall be existing shares or shares to be issued,
  - 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, conditions and terms for allocating said shares, and in particular their vesting period and, where applicable, lock-up period, and presence condition, as set forth in this authorisation,
  - finalise the date of entitlement, which may be 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, whether they are locked-up and the period for which this restriction will remain in force, as well as waiving this lock-up restriction in any of the circumstances envisaged for it by this resolution or by regulations in force,
  - provide for powers, if it deems it necessary, to adjust the number of shares allocated free of charge 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 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, 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, it being specified that, in view of its specific objective, it does not deprive of effect any other authorisation granted by the Shareholders Meeting within the framework of the provisions of articles L. 225-197-1 *et seq.* of the French Commercial Code.

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.

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*The **24th and 25th resolutions** relate to financial delegations of authority granted to the Board of Directors permitting it to implement a global shareholding plan for the employees of the Group.*

Please note that these delegations authorising share capital increases without Preferential Subscription Right may not be used during a public offering for the shares of the Company.

TWENTY-FOURTH RESOLUTION

Delegation of authority to be granted to the Board of Directors to decide to increase the share capital subject to the limit of 2% through the issue of shares or securities granting access to the share capital, reserved for members of company saving plans, with cancellation of Preferential Subscription Right in favour of the members of such savings plans

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, in accordance with articles L. 225-129, L. 225-129-2 to L. 225-129-6, L. 22-10-49 and L. 225-138-1 of the French Commercial Code and articles L. 3332-1 *et seq.* of the French Employment Code, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings:

- delegates its 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 increase the share capital, on one or more occasions, in the proportions and at the times it considers appropriate, 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 authorises a reserved share capital increase under equivalent terms) which may 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 financial statements pursuant to article L. 3344-1 of the French Employment Code;
- resolves 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 limit is shared with that of the 25th resolution of this Shareholders' Meeting,
  - to this limit shall be added, if applicable, the nominal amount of any shares that may be issued, in respect of adjustments made to preserve, in accordance with the law and regulations and, where applicable, contractual provisions providing for other adjustments, the rights of holders of securities granting access to the capital, as well as the recipients of stock options (both purchase and subscription plans) or free allocations of shares,
  - the nominal amount of capital increases made pursuant to this authorisation will be deducted from the maximum amount of capital increases with cancellation of the Preferential Subscription Right set by the 16th resolution of this Shareholders' Meeting, as well as from the Overall Limit for capital increases set by the 15th resolution of the same Shareholders' Meeting;
- resolves that the issue price of new shares or securities granting access to the share capital will be determined in accordance with 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 closing listed prices of the Pernod Ricard share recorded over the 20 trading sessions preceding the date of the decision setting the opening date of the subscription period for the 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;
- resolves that the Board of Directors will have all powers to grant the aforementioned beneficiaries, free of charge, in addition to the shares or securities granting access to the capital to be subscribed 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 to L. 3332-24 of the French Employment Code;
- resolves to cancel, in favour of the aforementioned beneficiaries, the shareholders' Preferential Subscription Right 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 that may be issued pursuant to this resolution as well as the shares to which the securities will grant entitlement;
- resolves that the Board of Directors shall have all powers to implement this delegation, with the option 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 draw up, 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 capital increases,
  - to set the start and end dates of subscription periods,
  - to set the amounts of the issues that 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 dividend entitlement (which may be retroactive), as well as the other characteristics, terms and conditions of the issues, within the limits set by law and regulations in force,
  - in the event of a free allocation of shares or securities granting access to the share capital, to 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 capital increases 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 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 capital increases,

- to take all necessary measures to preserve the rights of holders of securities or other rights granting access to the Company's share capital in accordance with the applicable laws and regulations, and where applicable, any contractual provisions providing for other adjustments, and
- to enter into all agreements, carry out all transactions directly or indirectly *via* a duly authorised agent, including completing the formalities following capital increases and the corresponding amendments to the bylaws and in general, to enter into any agreement, in particular, in order 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 securities issued pursuant to this delegation of authority and the exercise of the rights attached thereto, and all formalities resulting from the capital increases carried out;

- acknowledges that, if this delegation of authority is used by the Board of Directors, the Board of Directors will report to the next Ordinary Shareholders' Meeting, in accordance with laws and applicable regulations, on the use made of the authorisation granted in this resolution; and
- resolves 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 takeover bid 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.

This delegation is valid for a period of 26 months from the date of this Shareholders' Meeting.

TWENTY-FIFTH **RESOLUTION**

Delegation of authority to be granted to the Board of Directors to decide to increase the share capital subject to the limit of 2% through the issue of shares or securities granting access to the share capital, reserved for certain categories of beneficiaries with cancellation of Preferential Subscription Right in favour of such beneficiaries

Having reviewed the Board of Directors' report and the Statutory Auditors' report and in accordance with articles L. 225-129, L. 225-129-2 to L. 225-129-6, L. 22-10-49 and L. 225-138 of the French Commercial Code, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings:

- delegates its authority to the Board of Directors to decide to increase the Company's share capital, on one or more occasions, in the proportions and at the times it considers appropriate, through the issue of shares or securities granting access to the Company's share capital reserved for the categories of beneficiaries defined below;
- resolves 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 limit is shared with that of the 24th resolution of this Shareholders' Meeting,
  - to this limit shall be added, where appropriate, the nominal amount of any shares that may be issued, in the event of adjustments made to preserve, in accordance with the law and regulations and, where applicable, contractual provisions providing for other adjustments, the rights of holders of securities granting access to the capital, as well as those of recipients of stock options (both purchase and subscription plans) or free allocations of shares,
  - the nominal amount of capital increases made pursuant to this authorisation will be deducted from the maximum amount of capital increases with cancellation of the Preferential Subscription Right set by the 16th resolution of this Shareholders' Meeting, as well as from the Overall Limit for capital increases set by the 15th resolution of the same Shareholders' Meeting;
- acknowledges that this delegation of authority automatically entails shareholders waiving their Preferential Subscription Right to the shares to which such securities will give right, either immediately or in the future, in favour of the holders of securities issued under this resolution and granting access to the Company's share capital;
- resolves to cancel shareholders' Preferential Subscription Right to the shares that may be issued pursuant to this resolution, and to reserve the right to subscribe to the category of beneficiaries satisfying the following criteria:

(a) employees and Executive Directors of non-French companies of Pernod Ricard that are related to the Company under article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Employment Code, in order to enable them to subscribe to the Company's' share capital under conditions that are economically equivalent to those that may be offered to members of one or more company savings plans under a capital increase pursuant to the 24th resolution of this Shareholders' Meeting, and/or

(b) UCITS or other employee shareholding entities, with or without an independent legal personality, under French or foreign law, that are invested in securities of the Company, and whose unitholders or shareholders are persons described in (a) above, and/or

(c) any banking institution or affiliate of such an institution involved at the Company's request for the purposes of implementing a shareholding or savings plan for the benefit of persons described in (a) above, insofar as recourse to the subscription of the person authorised in accordance with this resolution would be necessary or desirable to allow employees or corporate officers mentioned above to benefit from employee shareholding or savings formulas that are equivalent or comparable in terms of economic advantages to those from which employees would benefit under the resolution reserved for members of a savings plan pursuant to the 24th resolution of this Shareholders' Meeting;

- resolves that the issue price of new shares or securities granting access to the share capital of the Company will be determined by the Board of Directors and (a) may not be more than 20% lower than the average of the closing listed prices of the Company's shares recorded on Euronext Paris over the 20 trading sessions preceding the date of the decision setting the opening date of the subscription period as part of this resolution, nor exceed such average, or (b) will be equal to the price of the shares issued as part of a capital increase reserved for employee members of company savings plans, pursuant to the 24th resolution of this Shareholders' Meeting; and
- resolves that the Board of Directors will have all powers to grant the aforementioned beneficiaries, free of charge, in addition to the shares or securities granting access to the capital to be subscribed in cash, shares or securities granting access to the capital to be issued or already issued, in substitution for all or part of the Reference Price discount and/or special contribution, it being specified that the benefit resulting from this allocation may not exceed the limits set by law or regulations pursuant to articles L. 3332-1 to L. 3332-24 of the French Employment Code.

However, the Shareholders' Meeting expressly authorises the Board of Directors, if it deems appropriate, to reduce or cancel the aforementioned discount, in order to take into account, in particular, the legal, accounting, tax and social security treatments that apply locally.

In the event of an offer made in favour of the beneficiaries mentioned in paragraph (a) above residing in the United Kingdom, in the context of a "share incentive plan", the Board of Directors could also decide that the subscription price of the new shares or securities granting access to the Company's share capital to be issued under this plan may be equal to the lower share price between (i) the listed price of the shares on Euronext Paris at the opening of the reference period used to determine the subscription price of this plan and (ii) the share price recorded following the close of such period, within a given timeframe determined in accordance with local regulations. The price shall be set with no discount on the retained share price:

- resolves that the Board of Directors may, with the option for it to delegate these powers in turn under the conditions provided for by law, determine the subscription formulas that will be presented to the employees in each relevant country, in accordance with the applicable local law, and select the countries among those in which the Group has affiliates within the consolidation scope of the Company, in accordance with article L. 3344-1 of the French Employment Code, as well as those for said affiliates in which employees could take part in the transaction;
- resolves that the amount of the capital increase or that each capital increase will, where applicable, be limited to the amount of each subscription received by the Company, in accordance with the applicable laws and regulations;
- resolves that the Board of Directors shall have full powers to implement this delegation of authority, with the option 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, notably:
  - to determine the beneficiary or list of beneficiaries for the cancellation of Preferential Subscription Right within the category defined above, along with the number of shares or securities granting access to the Company's share capital to be subscribed by such beneficiary (or each beneficiary),
  - to set the start and end dates of the subscription periods,
  - to set the maximum number of shares or securities granting access to the share capital that may be subscribed by each beneficiary,
  - to set the amounts of the issues that 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 dividend entitlement (which may be retroactive), the reduction rules in the event of over-subscription, as well as the other terms and conditions of the issues, within the limits set by law and the regulations in force,
  - to record the completion of the capital increases for the amount corresponding to the shares or securities granting access to the Company share capital subscribed (after any reduction in the event of over-subscription),
  - to offset, where applicable, the costs of the 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 capital increases, and
  - to enter into all agreements, carry out all transactions directly or indirectly *via* a duly authorised agent, including completing the formalities following capital increases and the corresponding amendments to the bylaws and in general, to enter into any agreement, in particular, in order to successfully complete the proposed issues, take all measures and decisions and carry out all formalities appropriate to the issue, admission to trading on a regulated market and financial servicing of the securities issued pursuant to this delegation of authority and the exercise of the rights attached thereto, and all formalities resulting from the capital increases carried out;
- acknowledges that, if this delegation of authority is used by the Board of Directors, the Board of Directors will report to the next Ordinary Shareholders' Meeting, in accordance with laws and applicable regulations, on the use made of the authorisations granted in this resolution; and
- resolves 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 takeover bid 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.

This delegation is valid for a period of 18 months from the date of this Shareholders' Meeting.

Resolution 26 *addresses amendments to the bylaws in order to update, respectively, articles 7 and 33 of the bylaws in line with new laws and regulations.*

TWENTY-SIXTH **RESOLUTION**

Amendment to articles 7 "Increase and Decrease of Share Capital" and 33 "Composition and Holding of General Shareholders' Meetings" of the Company's bylaws in order to align with the new legal and regulatory provisions pursuant to Ordinance no. 2020-1142 of 16 September 2020 and Decree No. 2020-1742 of 29 December 2020 which creates, within the French Commercial Code, a chapter relating to companies whose securities are admitted to trading on a regulated market or a multilateral trading facility

Having considered the report of the Board of Directors, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, resolves to modify articles 7 "Capital Increase and Decrease of Share Capital" and 33 "Composition and Holding of General Shareholders' Meetings" of the bylaws in order to renumber the articles in question (the modified sections are indicated in bold):

"Article 7 – Increase and Decrease of Share Capital

Share capital may be increased by issuing ordinary or preference shares or by increasing the par value of existing shares. It can also be increased by exercising the rights pertaining to securities that provide access to capital, in accordance with the requirements of the law.

[…]

The Company may also buy its own shares in accordance with article **L. 22-10-62** *of the French Commercial Code* ("Code de Commerce") *for the purpose of allowing its employees to share in the Company's profits if the shares are admitted to trade on a regulated market.*

Lastly, provided the shares are admitted to trade on a regulated market, the Company may buy its own shares in accordance with the requirements and within the limits set out in article ***L. 22-10-62*** *of the French Commercial Code."*

"Article 33 – Composition and Holding of General Shareholders' meetings

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 is bound by a Civil Solidarity Pact. He/she may also be represented by another individual or legal entity he may choose in accordance with applicable laws and regulations.

[...]

Shareholders that vote, within the stated deadline, using the electronic voting forms posted on the website created by the centralising bank for the meeting shall be considered equal in all respects to shareholders present or represented by proxy. The electronic form can be completed and signed directly on the website using any procedure approved by the Board of Directors that complies with the terms and conditions defined in the first sentence of the second paragraph of article 1316-4 of the French Civil Code (i.e. the use of a reliable identification method that guarantees the link between the signature and the form) and articles R. 225-77 3° and ***R. 22-10-24*** *of the French Commercial Code and, generally, with all laws and regulations in force, including a username and password.*

[...]"

The purpose of the ***27th resolution*** *is to enable all legal formalities following the Shareholders' Meeting to be carried out.*

TWENTY-SEVENTH 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 disclosure or other, as necessary.

8.4 Statutory Auditors' Report on the share capital decrease

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

Combined (Ordinary and Extraordinary) Shareholders' Meeting of 10 November 2021

14TH RESOLUTION

To the Pernod Ricard S.A. Shareholders' Meeting,

As Statutory Auditors of your Company and pursuant to the assignment set forth in Article L.22-10-62 of the French Commercial Code (*Code de commerce*) concerning share capital decreases by cancellation of shares purchased, we hereby present our report on our assessment of the reasons for and the terms and conditions of the proposed share capital decrease.

Shareholders are requested to confer all necessary powers on the Board of Directors, for a period of 26 months commencing at the date of this Shareholders' Meeting, 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 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 fairness of the reasons for and the terms and conditions of the proposed decrease in share capital, which does not undermine shareholder equality.

We have no matters to report on the reasons for and the terms and conditions of the proposed share capital reduction.

Paris-La Défense, 20 September 2021

The Statutory Auditors

French original signed by

KPMG Audit *Division of KPMG S.A.*		Deloitte & Associés
Eric Ropert *Partner*	Caroline Bruno-Diaz *Partner*	Marc de Villartay *Partner*

8.5 Statutory Auditors' report on the issue of ordinary shares and/or various securities with retention and/or cancellation of preferential subscription rights

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

Combined (Ordinary and Extraordinary) Shareholders' Meeting of 10 November 2021

15TH, 16TH, 17TH, 18TH, 19TH AND 20TH RESOLUTIONS

To the Pernod Ricard S.A. Shareholders' Meeting,

As Statutory Auditors of your Company (hereinafter the "Company") and pursuant to the assignment set forth in Articles L. 228-92, L. 225-135 *et seq.* and L. 22-10-52 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 securities, transactions on which you are asked to vote.

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 at the date of this Shareholders' Meeting, the authority to decide the following transactions, set the definitive issue terms and conditions and, where necessary, cancel your preferential subscription rights:

- issues of ordinary shares of the Company and/or securities granting immediate or future access to the Company's share capital, with retention of preferential subscription rights (15th resolution);
- issues of ordinary shares and/or securities granting access to the Company's share capital (new or existing shares), with cancellation of preferential subscription rights, as part of a public offer, other than those referred to in paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*) (16th resolution);
- issues of ordinary shares of the Company and/or securities granting immediate or future access to the Company's share capital, with cancellation of preferential subscription rights as part of an offering reserved for qualified investors or a restricted group of investors as referred to in paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code, it being specified that shares may be issued on exercise of rights attached to securities issued by any entity in which the Company directly or indirectly holds over half of the capital, subject to the authorisation of the Shareholders' Meeting of the entity concerned (18th resolution);
- issues of ordinary shares or various securities granting immediate or future access to the Company's share capital, within the limit of 10% of the share capital at the time of issue, in exchange for contributions in kind to the Company comprising shares or securities granting access to the share capital of other companies, where the provisions of Article L. 22-10-54 of the French Commercial Code are not applicable (19th resolution);
- issues of ordinary shares and/or various securities granting immediate and/or future access to the Company's share capital, within the limit of 10% of the share capital at the time of issue, in exchange for shares contributed to (i) a public exchange offer initiated by the Company on the securities of another company admitted for trading on one of the regulated markets specified in Article L. 22-10-54 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 (20th resolution).

The overall par value amount of share capital increases that may be carried out, immediately or in the future, pursuant to the 15th, 16th, 17th, 18th, 19th, 20th, 21st, 24th and 25th resolutions presented to the Shareholders' Meeting, may not, according to the 15th resolution, exceed €134 million, it being specified that the total par value amount of share capital increases that may be carried out immediately or in the future may not exceed:

- €134 million if performed pursuant to the 15th resolution;
- €41 million if performed pursuant to the 16th resolution, with this ceiling also applicable jointly to the 17th, 18th, 19th, 20th, 24th and 25th resolutions presented to the Shareholders' Meeting;
- €41 million if performed pursuant to the 18th resolution presented to the Shareholders' Meeting.

The overall nominal amount of debt securities that may be issued pursuant to the 15th, 16th and 18th resolutions presented to the Shareholders' Meeting, may not, according to the 15th resolution, exceed €12 billion, it being specified that the nominal amount of debt securities to be issued may not exceed €4 billion if performed pursuant to the 16th or 18th resolutions individually or together.

These ceilings take into account the additional number of securities to be created by virtue of the delegations set forth in the 15th, 16th and 18th resolutions, under the terms and conditions stipulated in Article L. 225-135-1 of the French Commercial Code, should you adopt the 17th resolution.

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 proposed cancellation of preferential subscription rights and on certain other information concerning these transactions, 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 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, 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 in respect of the 16th and 18th resolutions.

In addition, as this report does not specify the process for determining the issue price of future securities issued pursuant to the 15th, 19th and 20th resolutions, we cannot express our opinion on the items used to calculate this issue price.

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 16th and 18th resolutions.

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 these delegations, in the event of the issue of securities granting access to other equity securities or entitlement to the allocation of debt securities, the issue of securities granting access to future equity securities, or the issue of shares with cancellation of preferential subscription rights.

Paris-La Défense, 20 September 2021

The Statutory Auditors
French original signed by

KPMG Audit *Division of KPMG S.A.*		Deloitte & Associés
Eric Ropert *Partner*	Caroline Bruno-Diaz *Partner*	Marc de Villartay *Partner*

8.6 Statutory Auditors' report on the authorisation to grant free performance shares (existing or to be issued) to employees and executive officers

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

Combined (Ordinary and Extraordinary) Shareholders' Meeting of 10 November 2021

22ND RESOLUTION

To the Pernod Ricard S.A. Shareholders' Meeting,

As Statutory Auditors of your Company (hereinafter the "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 officers 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 on which you are asked to vote.

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 executive officers of the Company may not represent more than 0.08% of the Company's share capital, as noted on the date of the grant decision by the Board of Directors. This sub-limit shall be deducted from the aforementioned overall limit of 1.5% of the Company's share capital.

In addition, the definitive grant of shares pursuant to this authorisation will be subject to the achievement of a presence condition and one or more performance conditions determined by the Board of Directors on the date the grant decision is taken and assessed over a minimum period of three years or three consecutive fiscal years.

Based on its report, your Board of Directors proposes that you authorize it, 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 responsibility 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 issued by the French National Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this assignment. Those 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 matters to report on the information presented in the Board of Directors' report on the proposed authorisation to grant free performance shares to employees and executive officers.

Paris-La Défense, 20 September 2021

The Statutory Auditors
French original signed by

KPMG Audit *Division of KPMG S.A.*		Deloitte & Associés
Eric Ropert *Partner*	Caroline Bruno-Diaz *Partner*	Marc de Villartay *Partner*

8.7 Statutory Auditors' report on the authorization to grant free shares (existing or to be issued) to Group employees

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

Combined (Ordinary and Extraordinary) Shareholders' Meeting of 10 November 2021

23RD RESOLUTION

To the Pernod Ricard S.A. Shareholders' Meeting,

As Statutory Auditors of your Company (hereinafter the "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 shares, existing or to be issued, to employees 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 on which you are asked to vote.

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 0.5% of the Company's share capital on the date of the grant decision by the Board of Directors, bearing in mind that free shares may not be granted to executive officers of the Company under this authorisation, or members of the Company's Executive Committee, except on their recruitment.

In addition, the definitive grant of shares pursuant to this authorisation will be subject to the achievement of a presence condition but not performance conditions, determined by the Board of Directors on the date the grant decision is taken.

Based on its report, your Board of Directors proposes that you authorize it, for a period of 38 months commencing at the date of this Shareholders' Meeting, to grant free shares, existing or to be issued.

The Board of Directors is responsible for preparing a report on the transaction it wishes to perform. Our responsibility 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 issued by the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this assignment. Those 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 matters to report on the information presented in the Board of Directors' report on the proposed authorisation to grant free shares to Group employees.

Paris-La Défense, 20 September 2021

The Statutory Auditors
French original signed by

KPMG Audit *Division of KPMG S.A.*		Deloitte & Associés
Eric Ropert *Partner*	Caroline Bruno-Diaz *Partner*	Marc de Villartay *Partner*

8.8 Statutory Auditors' report on the issuance of ordinary shares or securities granting access to share capital, reserved for employee members of company savings plans

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

Combined (Ordinary and Extraordinary) Shareholders' Meeting of 10 November 2021

24TH RESOLUTION

To the Pernod Ricard S.A. Shareholders' Meeting,

As Statutory Auditors of your Company (hereinafter the "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 the Board of Directors to issue, on one or more occasions, ordinary shares or securities granting access to share capital, with cancellation of preferential subscription rights, reserved for employee 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 on which you are asked to vote.

The par value amount of immediate or future capital increases that may be carried out may not exceed 2% of the Company's share capital at the close of this Shareholders' Meeting, which is also the limit provided for in the 25th resolution submitted at this Shareholders' Meeting. The par value amount of the share capital increase will be deducted from the maximum amount of share capital increases with cancellation of preferential subscription rights set by this Shareholders' Meeting in its 16th resolution, and from the overall ceiling set by this same Shareholders' Meeting in its 15th resolution.

This transaction is subject to your approval in accordance with the provisions of Article 225-129-6 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labour Code.

Based on its report, your Board of Directors proposes that you authorize it, for a period of 26 months commencing the date of this Shareholders' Meeting, to decide one or more issues and to cancel your preferential subscription rights to the ordinary shares or securities to be issued. Where appropriate, the Board of Directors shall determine the definitive terms and conditions of the transaction.

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 proposed cancellation of preferential subscription rights and on certain other information concerning the issues, 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 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, 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 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 vote.

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 these delegations, in the event of the issue of ordinary shares or securities that are equity securities granting access to other equity securities or the issue of securities granting access to future equity securities.

Paris-La Défense, 20 September 2021

The Statutory Auditors

French original signed by

KPMG Audit *Division of KPMG S.A.*		Deloitte & Associés
Eric Ropert *Partner*	Caroline Bruno-Diaz *Partner*	Marc de Villartay *Partner*

8.9 Statutory Auditors' report on the issuance of ordinary shares or securities granting access to share capital, with cancellation of preferential subscription rights

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

Combined (Ordinary and Extraordinary) Shareholders' Meeting of 10 November 2021

25TH RESOLUTION

To the Pernod Ricard S.A. Shareholders' Meeting,

As Statutory Auditors of your Company (hereinafter "the 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 the Board of Directors to issue, on one or more occasions, ordinary shares or securities granting access to share capital, with cancellation of preferential subscription rights, reserved for:

(a) employees and executive officers of non-French companies of the Pernod Ricard group that are related to the Company under Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code (*Code de travail*), to enable them to subscribe to the Company's share capital under conditions that are economically equivalent to those that may be offered to members of one or more company savings plans, as part of a share capital increase pursuant to the 24th resolution of this Shareholders' Meeting, and/or

(b) undertakings for collective investment in transferable securities (UCITS) or other French or foreign entities, with or without legal body, that manage employee shareholdings invested in the Company's securities, for unit-holders or shareholders that are the persons mentioned in (a) above, and/or

(c) any banking institution or subsidiary of such an institution involved at the Company's request in implementing a shareholding or savings plan for the benefit of the persons mentioned in (a) above, insofar as the subscription of the person authorised under this resolution would be necessary or desirable to enable the employees or executive officers mentioned above to benefit from employee shareholding or savings schemes equivalent or comparable in terms of economic advantages to those from which employees would benefit as part of a company savings plan under the 24th resolution of this Shareholders' Meeting, a transaction on which you are asked to vote.

The par value amount of immediate or future capital increases that may be carried out may not exceed 2% of the Company's share capital at the close of this Shareholders' Meeting, which is also the limit provided for in the 24th resolution submitted at this Shareholders' Meeting. The par value amount of the share capital increase will be deducted from the maximum amount of share capital increases with cancellation of preferential subscription rights set by this Shareholders' Meeting in its 16th resolution, and from the overall cap set by this same Shareholders' Meeting in its 15th resolution.

Based on its report, your Board of Directors proposes that you authorize it, for a period of 18 months commencing the date of this Shareholders' Meeting, to decide one or more issues and to cancel your preferential subscription rights to the ordinary shares or securities to be issued. Where appropriate, the Board of Directors shall determine the definitive terms and conditions of the transaction.

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 proposed cancellation of 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. These procedures 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, 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 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 vote.

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 these delegations, in the event of the issue of shares or securities that are equity securities granting access to other equity securities or the issue of securities granting access to future equity securities.

Paris-La Défense, 20 September 2021

The Statutory Auditors

French original signed by

KPMG Audit		Deloitte & Associés
Division of KPMG S.A.		
Eric Ropert	Caroline Bruno-Diaz	Marc de Villartay
Partner	*Partner*	*Partner*

SECTION 09

ABOUT THE COMPANY AND ITS SHARE CAPITAL

9.1 Information about Pernod Ricard

9.1.1 Company name and trading name

Pernod Ricard

9.1.2 Registered office and website

5, Cours Paul Ricard, 75008 Paris (France)
Tel.: +33 (0)1 70 93 16 00
https://www.pernod-ricard.com
Information available on the website is not included in the prospectus

9.1.3 Legal form

Pernod Ricard is a French public limited company (*Société Anonyme* – SA) governed by a Board of Directors.

9.1.4 Applicable law

Pernod Ricard is a company subject to French law, governed by the French Commercial Code.

9.1.5 Date of formation and duration

The Company was formed on 13 July 1939 for a period of 99 years.
The Shareholders' Meeting of 9 November 2012 extended the term of the Company by 99 years to 2111.

9.1.6 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 manufacturing, purchase and sale of all wines, spirits and liqueurs, of alcohol and food products, the use, conversion and trading in all forms of finished or semi-finished products, by-products and substitutes generated by the main operations carried out in the distilleries or other industrial establishments of the same type. The above operations may be carried out on a wholesale, semi-wholesale or retail basis and in all locations, in France or outside France. Storage, purchases and sales fall within the above list;
- the representation of any French or foreign entities, producing, manufacturing or selling products of the same type;
- investments in any businesses or operations whatsoever, which may be related to the production and the trading of similar products in any form whatsoever, and the creation of new companies, contributions, subscriptions, purchases of securities or ownership rights under any form, etc.;
- any operations connected with the hotel industry and the leisure industry in general, particularly investment by the Company in any companies, existing or to be created, businesses or operations whatsoever, that may be related to the hotel or leisure industries in general, it being specified that the Company may conduct all these transactions on its own account or on behalf of third parties, either acting alone or through equity investment, partnerships or through companies with any third parties or other companies, and carry them out in any form whatsoever: contributions, mergers, subscriptions or purchases of securities or ownership rights, etc.;
- investments in any French or foreign industrial, commercial, agricultural, property, financial or other companies, whether existing or to be formed;
- the acquisition, disposal and exchange of, and any transactions involving shares, equity interests or partnership holdings, investment certificates, convertible or exchangeable Bonds, equity warrants, Bonds with equity warrants and generally, any securities or property rights whatsoever;
- any agricultural, farming, arboriculture, livestock, wine-growing operations, etc., as well as any associated or derivative agricultural or industrial operations relating thereto;
- and generally, all industrial, commercial, financial, movable or real property or securities operations related directly or indirectly to the above purposes or being capable of favouring their development."

9.1.7 RCS registration number, NAF business activity code and LEI code

The Company is registered in the Paris Trade and Companies Register under number 582 041 943.
Pernod Ricard's business activity (NAF) code is 7010Z. It corresponds to: Head Office Operations.
Pernod Ricard's LEI is 52990097YFPX9J0H5D87.

9.1.8 Financial year

From 1 July to 30 June of each year.

9.1.9 Entitlement to dividends – Entitlement to share in the issuer's profits

Net profits are made up of the Company's income as derived from the income statement after deduction of overheads and any other social contributions, depreciation of assets, and all provisions for commercial or industrial risks, if any.

From these net profits (reduced when necessary by prior losses), at least 5% is withheld for transfer to the legal reserve. The deduction is no longer mandatory when the legal reserve reaches an amount equal to one-tenth of the share capital. It once again becomes mandatory in the event that, for whatever reason, this reserve falls below one-tenth of the share capital.

For the first distributable profit (dividend) as determined in accordance with the law, an amount corresponding to 6% of the fully paid up share is deducted, subject to the possibility that the Board of Directors authorises shareholders who request to do so to pay up their shares in advance, it being specified that the payments cannot give rise to entitlement to the aforementioned initial dividend.

This initial dividend is not cumulative, *i.e.* if profits for the financial year are not sufficient to make this payment or are only sufficient to make the payment in part, the shareholders cannot claim this on profits generated in the following financial year.

From the available surplus, the Ordinary 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 distribute non-statutory reserves set up in previous years any amounts that it considers should be either:

- distributed to the shareholders or allocated to total or partial depreciation of the shares; or
- accumulated or used for the repurchase and cancellation of shares.

Wholly depreciated shares are replaced by dividend right certificates granting the same rights as the existing shares, with the exception of entitlement to the initial statutory dividend and capital repayment.

Dividend payment terms and conditions are fixed by the Ordinary 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.

9.1.10 Changes in the share capital and the rights attached to shares

Any changes in the share capital or the voting rights attached to the shares making up the share capital shall be governed by the standard legal provisions as the bylaws do not contain any specific provisions in this respect.

9.1.11 The Statutory Auditors

Deloitte & Associés, member of the Compagnie Régionale des Commissaires aux Comptes de Versailles (Versailles regional auditors' association), represented by Mr David Dupont-Noël, whose registered office is at TSA 20303, 92030 La Défense Cedex, reappointed by the Shareholders' Meeting of 19 November 2017 for a term of six financial years, which will end after the Shareholders' Meeting to be convened in 2023 to approve the preceding year's financial statements.

KPMG SA, member of the Compagnie Régionale des Commissaires aux Comptes de Versailles (Versailles regional auditors' association), represented by Ms Caroline Bruno-Diaz and Mr Éric Ropert, whose registered office is at Tour Eqho, 2, avenue Gambetta, 92066 Paris - La Défense Cedex, and whose term of office as passed by the Shareholders' Meeting of 17 November 2016 will end after the Shareholders' Meeting to be convened in 2022 to approve the preceding year's financial statements.

Fees of Statutory Auditors and members of their networks

The fees of the Statutory Auditors and members of their networks for the 12-month financial year are set out in Note 6.8 – *Fees of Statutory Auditors and members of their networks for the 12-month financial year* in Section 6 "Consolidated financial statements" of this universal registration document.

9.2 Information about the 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.

9.2.1 Amount of paid-up capital at 30 June 2021

On 20 July 2011, the Board of Directors recorded that, on 30 June 2011, the share capital had increased by an amount of €758,709.50 following the exercise, since 1 July 2010, of 489,490 stock options granting entitlement to the same number of Pernod Ricard shares.

On 18 July 2012, the Board of Directors recorded that, on 30 June 2012, the share capital had increased by an amount of €912,643.10 following the exercise, since 1 July 2011, of 588,802 stock options granting entitlement to the same number of Pernod Ricard shares.

On 24 July 2013, the Board of Directors recorded that, on 30 June 2013, the share capital had increased by an amount of €172,029.85 following the exercise, since 1 July 2012, of 110,987 stock options granting entitlement to the same number of Pernod Ricard shares. Pernod Ricard's subscribed and fully paid-up share capital thus amounted to €411,403,467.60 on 30 June 2013, divided into 265,421,592 shares with a nominal value of €1.55.

Pernod Ricard's subscribed and fully paid-up share capital has amounted to €411,403,467.60 since 30 June 2014, divided into 265,421,592 shares with a nominal value of €1.55.

On 22 July 2020, upon delegation of the Shareholders' Meeting of 8 November 2019, the Board decided to cancel 3,545,032 Pernod Ricard shares and noted that this cancellation entailed a reduction in the share capital of Pernod Ricard, which was reduced from €411,403,467.60 to €405,908,668 divided into 261,876,560 shares of €1.55 each.

9.2.2 Shares not representing capital

There are no shares that do not represent the Company's share capital.

The 5,181,868 Pernod Ricard shares held by Société Paul Ricard are pledged for third parties.

1,352,650 Pernod Ricard shares held by Le Delos Invest I (a company controlled by Société Paul Ricard, within the meaning of article L. 233-3 of the French Commercial Code) are pledged for third parties.

2,568,105 Pernod Ricard shares held by Le Delos Invest II (a company controlled by Société Paul Ricard, within the meaning of article L. 233-3 of the French Commercial Code) are pledged for third parties.

1,720,000 Pernod Ricard shares held by Le Delos Invest III (a company controlled by Société Paul Ricard, within the meaning of article L. 233-3 of the French Commercial Code) are pledged for third parties.

9.2.3 Contingent share capital

Stock options

At 30 June 2021, there were no outstanding Company stock options.

9.2.4 Changes in the share capital over the last five years

Table of changes in the share capital over the last five years

Amount of share capital prior to transaction	Number of shares prior to transaction	Year	Type of transaction	Quantity	Effective date	Securities created/ cancelled	Share issue/ conversion premiums	Number of shares after transaction	Amount of share capital after transaction
€411,403,467.60	265,421,592	2017	-	-	-	-	-	265,421,592	€411,403,467.60
€411,403,467.60	265,421,592	2018	-	-	-	-	-	265,421,592	€411,403,467.60
€411,403,467.60	265,421,592	2019	-	-	-	-	-	265,421,592	€411,403,467.60
€411,403,467.60	265,421,592	2020	-	-	-	-	-	265,421,592	€411,403,467.60
€411,403,467.60	265,421,592	2021	Cancellation of shares	N/A	22.07.2020	3,545,032	-	261,876,560	€405,908,668

N/A: not applicable
The date mentioned is the date on which the Board of Directors recognised the cancellation of shares.

9.2.5 Changes in voting rights over the last five years

Years (1)	Number of voting rights (2)
Position on 30.06.2017	307,831,293
Position on 30.06.2018	311,072,670
Position on 30.06.2019	314,615,287
Position on 30.06.2020	317,440,412
Position on 30.06.2021	314,421,245

(1) The data provided are from the date of the breakdown of share capital and voting rights.
(2) The information concerns the total number of voting rights in the Company, including suspended voting rights.

9.2.6 Breakdown of share capital and voting rights on 30 June 2021

	Position on 30.06.2021			Position on 30.06.2020			Position on 30.06.2019		
Shareholders	**Number of shares**	**% of share capital**	**% of voting rights***	**Number of shares**	**% of share capital**	**% of voting rights***	**Number of shares**	**% of share capital**	**% of voting rights***
Société Paul Ricard (1)	34,630,930	13.22	19.43	41,303,024	15.56	21.30	41,158,221	15.51	21.35
Mr Rafaël Gonzalez-Gallarza (2)	1,477,603	0.56	0.94	1,477,603	0.56	0.93	1,477,603	0.56	0.94
Directors and Management of Pernod Ricard	362,973	0.14	0.16	323,330	0.12	0.15	712,183	0.27	0.31
Shares held by Pernod Ricard employees	3,328,778	1.27	1.65	3,132,107	1.18	1.57	2,629,860	0.99	1.41
Groupe Bruxelles Lambert (Belgium) (3)	19,891,870	7.60	12.65	19,891,870	7.49	12.45	19,891,870	7.49	11.79
MFS Investment Management (USA) (4)	15,698,042	5.99	4.99	24,035,625	9.06	7.57	24,035,625	9.06	6.71
Capital Group Companies (USA) (5)	13,254,986	5.06	4.22	15,736,495	5.93	4.96	26,432,808	9.96	8.4
BlackRock Investment Management Limited (UK) (6)	13,130,591	5.01	4.18	11,849,009	4.46	3.73	12,129,522	4.57	3.86
La Caisse des Dépôts et Consignations (7)	6,061,268	2.31	1.93	6,543,422	2.47	2.06	3,958,979	1.49	1.26
WCM Investment Management, LLC (USA) (8)	5,220,603	1.99	1.66	-	-	-	4,150,575	1.56	1.32
Citigroup Global Markets Limited (UK) (9)	4,221,764	1.61	1.34	-	-	-	3,774,501	1.42	1.2
FIL Fund Management Limited (Ireland) (10)	3,974,614	1.52	1.26						
Amundi Asset Management (11)	2,675,786	1.02	0.85	2,644,214	1.00	0.83	3,952,932	1.49	1.26
Invesco (UK) (12)	2,646,623	1.01	0.84	1,316,178	0.50	0.41	3,198,833	1.21	1.02
Credit Suisse Group (UK) (13)	1,810,840	0.69	0.58	1,613,803	0.61	0.51	1,551,978	0.58	0.49
Aviva plc (14)	1,550,453	0.59	0.49	1,353,465	0.51	0.43	-	-	-
Jupiter Asset Management Limited (15)	-	-	-	1,733,757	0.65	0.55	-	-	-
La Française Investment Solutions (16)	-	-	-	1,482,844	0.56	0.47	2,349,046	0.89	0.75
Abu Dhabi Investment Authority (17)	-	-	-	1,378,176	0.52	0.43	-	-	-
Select Equity (18)	-	-	-	1,342,526	0.51	0.42	-	-	-
Norges Bank Investement Management (Norway) (19)	-	-	-	-	-	-	3,993,532	1.5	1.27
Elliott Capital Advisors, LP (USA) (20)	-	-	-	-	-	-	1,668,270	0.63	0.53
OppenheimerFunds Inc. (USA) (21)	-	-	-	-	-	-	1,554,692	0.59	0.49
UBS AG (UK) (22)	-	-	-	-	-	-	1,418,005	0.53	0.45
AllianzGlobal Investor GmbH (Germany) (23)	-	-	-	-	-	-	1,327,405	0.5	0.42

Shareholders	Position on 30.06.2021 Number of shares	% of share capital	% of voting rights*	Position on 30.06.2020 Number of shares	% of share capital	% of voting rights*	Position on 30.06.2019 Number of shares	% of share capital	% of voting rights*
Treasury shares:									
• Shares held by affiliates	-	-	-	-	-	-	-	-	-
• Treasury shares	965,483	0.37	0.00	4,747,588	1.79	0.00	1,596,503	0.60	0.00
Others and public	130,973,353	50.01	42.82	123,516,556	46.54	41.22	102,458,649	38.60	34.78
TOTAL	**261,876,560**	**100.00**	**100.00**	**265,421,592**	**100.00**	**100.00**	**265,421,592**	**100.00**	**100.00**

On the basis of declarations regarding the crossing of legal and statutory thresholds (0.5% of the share capital) notified to the Company principally during the past financial year.

* *Although there is only one class of share, shares held for 10 years in registered form are entitled to double voting rights. Calculated on the basis of a total of 314,421,245 "theoretical" voting rights (including suspended voting rights).*
(1) *Société Paul Ricard is wholly owned by the Ricard family. The declaration also covers a total of 169,868 shares held by Le Garlaban; 1,352,650 shares held by Le Delos Invest I; 3,191,928 shares held by Le Delos Invest II; and 1,720,002 shares held by Le Delos Invest III. These four companies are controlled by Société Paul Ricard, under article L. 233-3 of the French Commercial Code.*
(2) *Mr Rafaël Gonzalez-Gallarza signed a shareholders' agreement with Société Paul Ricard, as detailed below.*
(3) *Declaration of 22 June 2017.*
(4) *Declaration of 26 March 2021.*
(5) *Declaration of 16 July 2020.*
(6) *Declaration of 22 September 2020.*
(7) *Declaration of 10 January 2021.*
(8) *Declaration of 25 August 2020.*
(9) *Declaration of 2 December 2020.*
(10) *Declaration of 30 June 2021.*
(11) *Declaration of 22 July 2020.*
(12) *Declaration of 5 February 2021.*
(13) *Declaration of 27 July 2020.*
(14) *Declaration of 11 November 2020.*
(15) *Declaration of 18 October 2019.*
(16) *Declaration of 18 December 2019.*
(17) *Declaration of 22 January 2020.*
(18) *Declaration of 20 February 2020.*
(19) *Declaration of 1 October 2018.*
(20) *On 3 December 2018, Elliott Capital Advisors LP informed Pernod Ricard of the holding, by the various Elliott funds, of 1,668,270 shares and 4,991,639 derivative instruments (cash-settled equity swaps). However, the Elliott funds or their affiliates no longer appear on the Company's registers, even after requests for information to financial intermediaries. Our requests for clarification to Elliott Capital Advisors LP remained unanswered.*
(21) *Declaration of 19 November 2018.*
(22) *Declaration of 12 June 2019.*
(23) *Declaration of 5 June 2019.*

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 261,876,560 shares comprising the Company's capital on 30 June 2021, 52,544,685 shares had a double voting right.

On the same date, employees held 3,328,778 shares representing 1.27% of the share capital and 1.65% of the voting rights of the Company.

The Paul Ricard concert party (comprising: Société Paul Ricard, Le Delos Invest I, Le Delos Invest II, Le Delos Invest III, Le Garlaban and Rigivar, as well as Mses Danièle Ricard and Veronica Vargas and Messrs Rafaël Gonzalez-Gallarza, César Giron, François-Xavier Diaz, Alexandre Ricard and Paul-Charles Ricard) holds 36,804,818 Company shares representing 65,125,524 voting rights, *i.e.* 14.05% of the share capital and 20.71% of the voting rights of the Company as at 30 June 2021.

The shareholders' agreement between the Company's shareholders (Mr Rafaël Gonzalez-Gallarza and Société Paul Ricard SA, held by the Ricard family), is described under "Shareholders' agreement" in subsection 2.1.5 "Composition of the Board of Directors" of this universal registration document. It is also available on the website of the French Financial Markets Authority (AMF) (www.amf-france.org).

Shareholdings exceeding the legal thresholds for share capital or voting rights

By letter received on 23 September 2020, BlackRock Inc. (55 East 52nd Street, New York, NY 10055, USA), acting on behalf of the clients and funds it manages, declared that on 22 September 2020, it had dropped below the threshold of 5% of the share capital of Pernod Ricard, holding, on behalf of said clients and funds, 12,849,124 Pernod Ricard shares representing the same number of voting rights, *i.e.* 4.91% of the Company's share capital and 4.09% of the voting rights.

By letter received on 22 September 2020, BlackRock Inc. (55 East 52nd Street, New York, NY 10055, USA), acting on behalf of the clients and funds it manages, declared that on 21 September 2020, it had exceeded the threshold of 5% of the share capital of Pernod Ricard, holding, on behalf of said clients and funds, 13,130,591 Pernod Ricard shares representing the same number of voting rights, *i.e.* 5.01% of the Company's share capital and 4.18% of the voting rights.

By letter received on 22 February 2021, the concert composed of Société Paul Ricard SA [(1)], Le Delos Invest I SA [(2)], Le Delos Invest II SA [(2)], Le Delos Invest III SAS [(2)], Le Garlaban SNC [(2)] and Rigivar SL [(3)], Mses Danièle Ricard and Veronica Vargas and Messrs Rafaël Gonzalez-Gallarza, César Giron, François-Xavier Diaz, Paul-Charles Ricard and Alexandre Ricard declared that on 16 February 2021 they had dropped below the threshold of 15% of the share capital of Pernod Ricard, holding, on 19 February 2021 [(4)], 36,804,818 Pernod Ricard shares representing 65,033,499 voting rights, *i.e.* 14.05% of the Company's share capital and 20.69% of the voting rights [(5)].
This threshold crossing is the result of the early settlement, on 16 February 2021, of a forward financial contract entered into on 10 April 2009 between Le Delos Invest III and Nomura International Plc (as modified by its various amendments), which was settled in full by offsetting without transfer of Pernod Ricard shares, given the full ownership of the shares by way of guarantee to Nomura International Plc at the time the contract was signed.

By letter received on 26 March 2021, the US company Massachusetts Financial Services (MFS) Company (111 Huntington Avenue, Boston MA 02199, USA), acting on behalf of the clients and funds it manages, declared that on 23 March 2021, it had, directly and indirectly, through companies that it controls, dropped below the threshold of 5% of the voting rights of Pernod Ricard, holding 15,698,042 Pernod Ricard shares representing the same number of voting rights, *i.e.* 5.99% of the share capital and 4.995% of the voting rights of this company.

By letter received on 17 July 2020, The Capital Group Companies, Inc. (333 South Hope Street, 55th Floor, Los Angeles, CA 90071-1406, USA) declared that on 14 July 2020, it had dropped below the threshold of 5% of the share capital of Pernod Ricard and held 13,254,986 Pernod Ricard shares representing the same number of voting rights, *i.e.* 4.99% of the share capital and 4.18% of the voting rights of this company.

Additional information on the shareholders

The number of Pernod Ricard shareholders with registered securities is estimated at approximately 11,270.

Breakdown of share capital (Company analysis using identifiable bearer shares [(1)] at 06.04.2021 and nominative data)	*(in %)*
Paul Ricard concert party	14.1
Board + Management + Employees + Treasury shares	2.0
Groupe Bruxelles Lambert	7.6
US institutional investors	31.6
French institutional investors	9.1
British institutional investors	11.7
Other foreign institutional investors	19.7
Individual shareholders	4.1
TOTAL	**100**

(1) Identifiable bearer shares.

To Pernod Ricard's knowledge, all the shareholders who directly or indirectly, alone or in concert, hold more than 5% of the share capital or voting rights are included in the above table entitled "Breakdown of share capital and voting rights on 30 June 2021".

There is no individual or corporate body that exercises direct or indirect control over Pernod Ricard's share capital, whether individually, jointly or in concert.

To the best of the Company's knowledge, there have not been any significant changes in the breakdown of the Company's share capital during the last three financial years, other than those shown in the above table entitled "Breakdown of share capital and voting rights on 30 June 2021".

Pernod Ricard is the only company of the Group listed on a stock exchange (Euronext Paris).

However, the Group Pernod Ricard now controls Corby Spirit and Wine Limited, holding 45.76% of its share capital and 51.61% of the voting rights. Corby Spirit and Wine Limited is listed on the Toronto Stock Exchange (Canada).

Equity investments and stock options

Detailed information is provided under Section 2 "Corporate governance" of this universal registration document, in relation to the following:

- corporate officers' equity investments in the Company's share capital;
- transactions involving Pernod Ricard shares made by corporate officers in the financial year;
- stock options exercised by Executive Directors during FY21;
- subscription or purchase options 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 FY21.

(1) Controlled by members of the Ricard family.
(2) Le Delos Invest I SA, Le Delos Invest II SA, Le Delos Invest III SAS and Le Garlaban SNC are controlled by Société Paul Ricard SA, which is itself controlled at the highest level by members of the Ricard family.
(3) Company incorporated under Spanish law and controlled by Ms Myrna Giron Ricard and some of her children.
(4) Following the acquisition on 19 February 2021 by Le Delos Invest III SAS of 1,720,000 Pernod Ricard shares off-market.
(5) Based on a share capital of 261,876,560 shares representing 314,275,147 voting rights, pursuant to the second paragraph of article 223-11 of the General Regulation.

9.2.7 Stock market information on Pernod Ricard shares

Pernod Ricard shares (ISIN: FR 0000 120693) are traded on the Euronext regulated market in Paris (Compartment A) (Deferred Settlement Service).

Paris stock exchange volume and share price information over 18 months (source: Euronext Paris)

Date	**Volume** *(thousands)*	**Capital** *(€ million)*	**Average price** *(€)*	**High** *(€)*	**Low** *(€)*	**Price at end of month** *(€)*
January 2020	9,415	1,530	162.45	171.10	154.75	156.50
February 2020	12,693	2,027	159.72	170.40	144.55	146.40
March 2020	22,077	2,925	132.49	155.15	112.25	129.45
April 2020	9,088	1,226	134.89	142.70	125.15	139.10
May 2020	7,777	1,047	134.59	144.40	125.70	140.10
June 2020	10,415	1,496	143.67	149.90	137.30	140.05
July 2020	10,414	1,489	142.94	149.70	138.05	146.00
August 2020	7,652	1,117	146.01	151.60	142.50	143.50
September 2020	16,672	2,320	139.17	150.80	131.65	136.15
October 2020	12,563	1,765	140.49	149.20	133.65	138.40
November 2020	13,385	2,088	155.98	162.50	138.30	160.00
December 2020	9,064	1,435	158.28	162.00	152.95	156.80
January 2021	8,905	1,384	155.39	160.25	150.90	155.70
February 2021	8,809	1,421	161.30	166.45	155.95	157.35
March 2021	9,725	1,550	159.39	163.15	156.10	160.05
April 2021	7,719	1,313	170.14	177.70	159.90	170.70
May 2021	7,322	1,289	176.08	182.10	169.30	180.15
June 2021	7,949	1,450	182.39	190.60	176.50	187.20

9.2.8 Other legal information

Related-party transactions

Transactions with related parties are described in Note 6.6 – *Related parties of the Notes to the consolidated financial statements* (Section 6 of this universal registration document).

SECTION —— 10

ADDITIONAL INFORMATION IN THE UNIVERSAL REGISTRATION DOCUMENT

10.1 Persons responsible

10.1.1 Names and positions

Person responsible for the universal registration document

Mr Alexandre Ricard

Chairman and CEO of Pernod Ricard

Person responsible for the information

Ms Julia Massies

Vice-President, Financial Communication & Investor Relations

Tel.: +33 (0)1 70 93 17 10

10.1.2 Declaration by the person responsible for the universal registration document and the annual financial report

I hereby certify that the information contained in this universal registration document is, to the best of my knowledge, in conformity with Pernod Ricard's actual situation and that there is no omission which could adversely affect the fairness of the presentation.

I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair presentation of the assets and liabilities, financial position and financial results of the Company and all the other companies included in the scope of consolidation, and that the management report set out in Section 10.3.2 of this universal registration document gives an accurate picture of the developments in the business, financial results and financial position of the Company and all the other companies included within the scope of consolidation, together with a description of the main risks and uncertainties that they face.

Paris, 20 September 2021

Mr Alexandre Ricard

Chairman and CEO of Pernod Ricard

10.2 Documents on display

Corporate documents (financial statements, minutes of Shareholders' Meetings, attendance registers for Shareholders' Meetings, list of Directors, Statutory Auditors' reports, bylaws, etc.) for the last three financial years may be consulted at Pernod Ricard's Headquarters at 5, cours Paul Ricard, 75380 Paris Cedex 08, France.

The "Regulatory information" section of the Company's website is available at the following URL:

https://www.pernod-ricard.com/fr/investisseurs/

This area of the website contains all the regulatory information provided by Pernod Ricard pursuant to the provisions of articles 221-1 et seq. of the French Financial Markets Authority (AMF) General Regulation.

10.3 Reference tables

10.3.1 Universal registration document

This reference table is based on the headings set out in Annex I and II of Delegated Regulation (EU) 2019/980 of the Commission of 14 March 2019 and refers to the pages of this universal registration document on which the relevant information can be found.

N/A: not applicable.

10.3.2 Management report

This universal registration document contains all elements of the management report as required by articles L. 225-100 et seq., L. 232-1, II and R. 225-102 et seq. of the French Commercial Code.

10.3.3 Report on corporate governance

This universal registration document contains all elements of the corporate governance report as required by articles L. 225-37 et seq. of the French Commercial Code.

Information	Pages
Body chosen to serve as the Company's General Management (if the Management structure has changed)	48-62; 95
List of offices or positions held by each of the Executive Directors in all companies	40-48
Compensation and benefits of any kind for each of the Executive Directors	63-87
Statement and report on the delegations for a share capital increase	88-90
Information required by article L. 225-37-5 of the French Commercial Code that may have an impact on a public offer	49-50; 88-93
Shareholders' Meeting and how to take part	93-94
Rights attached to shares	93-94

10.3.4 Annual financial report

Information	Pages
Group consolidated financial statements	185-239
Statutory Auditors' report on the consolidated financial statements	240-243
Company annual financial statements	245-266
Statutory Auditors' report on the annual financial statements	267-269
Management report	97-184; 263-266
Declaration by the person responsible for the annual financial report	314
Statutory Auditors' fees	235

10.3.5 Management reports, Parent Company financial statements, Group consolidated financial statements and Statutory Auditors' reports for financial years ended 30 June 2020 and 30 June 2019

The following information is included in this universal registration document for reference purposes:

- the Group's management report, the Parent Company financial statement and the Group consolidated financial statements and the Statutory Auditors' reports on the Company's annual and consolidated financial statements for the financial year ended 30 June 2020, as set out on pages 85 to 249 of the 2020 universal registration document (https://www.pernod-ricard.com/en/media/universal-registration-document-fy20), filed on 23 September 2020 under no. D. 20-0821;
- the Group's management report, the Parent Company and Group consolidated financial statements and the Statutory Auditors' reports on the Company's annual and consolidated financial statements for the financial year ended 30 June 2019, as set out on pages 85 to 236 of the 2019 universal registration document (https://www.pernod-ricard.com/en/media/universal-registration-document-20182019), filed on 25 September 2019 under no. D. 19-0839.

The information included in these two universal registration documents, other than that mentioned above, has been replaced and/or updated, as applicable, with the information contained in this universal registration document.

Financial Communication & Investor Relations Department
Pernod Ricard – 5, Cours Paul Ricard – 75380 Paris CEDEX 08 – France

Pernod Ricard
Créateurs de convivialité

Pernod Ricard
A French public limited company (Société Anonyme – SA) with share capital of €405,908,668
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RCS Paris Registration No. 582 041 943

This document is printed in France by an Imprim'Vert certified printer on PEFC certified paper produced from sustainably managed forest.

Designed & published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

Translated by LABRADOR LANGUAGE SERVICES +33 (0)1 53 06 80 20

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