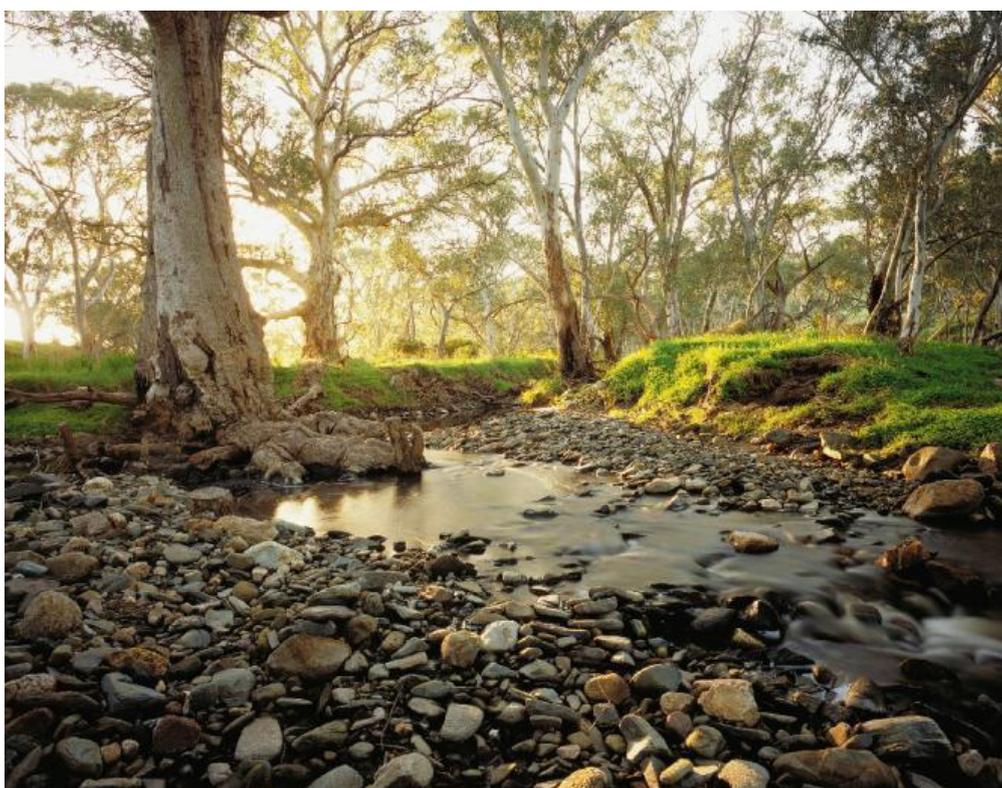




*2016 Pernod Ricard
CEO Water Mandate
Communication on Progress*



The CEO Water Mandate



**JACOB'S CREEK SITE
AUSTRALIA**



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

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

Water is an essential component in the products manufactured by Pernod Ricard. It is used at every stage in the life cycle of the Group's products: irrigating crops, processing raw materials, distilling, reducing spirits and formulating products. That is why Pernod Ricard has marked water management as one of the five strategic focuses in its environmental policy.

Direct operations

Cf. p80 of our 2016 registration document related to vineyards.
Cf. p82 to 84 of 2016 registration document related to our production sites.

Supply chain and watershed management

Cf. p84 of our 2016 registration document related to the Group water footprint.
Cf. p.81 of our 2016 registration document related to our agricultural suppliers.
Cf. p73 to 74 of our 2016 registration document related to our Responsible Procurement policy.

Collective actions

- In 2009, Pernod Ricard has joined the Beverage Industry Environment Roundtable (BIER). This allows the Group to share best practices related to water stewardship with other industry leaders, and to promote water responsible management.
- After the development of a water Footprint methodology for beverage products in 2010, a BIER taskforce related to the Management of water-related Business risks and opportunities in the Beverage Sector was developed in 2011.
- Early 2012, a white paper on Impacts and Dependencies of the Beverage Sector on Biodiversity and Ecosystem Services" has also been drafted by The Nature Conservancy. It highlights the dependence of the beverage industry on agriculture and fresh water, as well as its impacts on the environment (in particular water), and provide recommendations to these beverage companies to reduce their pressure on the water resources.
- In 2015, BIER released BIER's True Cost of Water Toolkit which is an interactive toolkit helping facilities within the beverage industry and beyond to understand their "true" water cost and promote more informed internal decision making. Indeed, although water is a strategic priority, for many businesses, investments commonly do not meet the company return on investment (ROI) rates due to their focus on "cost at tap". Working through this toolkit helps facilities dive deeper into the real costs associated with water to increase awareness and make more informed decisions and investments.
- In 2016; BIER developed a tool allowing facilities to identify dependencies and impacts on local watersheds depending upon their location. It also worked on the water stewardship definition for beverage industries. Both will be released before the end of the year.

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

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

Public policy

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

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

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

Pernod Ricard committed this year to some of the UN Sustainable Development Goals (SDG) in particular 6/14 and 15 which are related to water.

Community engagement

Protecting wetlands and rivers in the local environment of our facilities is a way to engage and support water preservation in our communities. Cf. p81 and 82 of our 2016 registration document related to biodiversity.

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

- ✓ The Paul Ricard Oceanographic Institute is member of the Ocean & Climate Platform. Its objective is to place “oceans” in the heart of the World Climate Conference at Paris end of 2015. A nice way for the Institute to highlight the major role of the oceans in climate change.

Transparency

Every year, Pernod Ricard publishes its reference document which includes environmental section. This section describes all Pernod Ricard environmental impacts (including its water impact). Each of these impacts being assessed through indicators in line with the GRI standards and verified by third party auditors. Detailed information related to water policy, targets, results and actions implemented is available in our 2016 registration document from 79 to 84.

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

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