

THE SMART BAROMETER

We commit, we measure.

HOW DOES A WINE & SPIRIT MARKET LEADER COMMIT TO RESPONSIBLE DRINKING?



WE ARE COMMITTED TO RESPONSIBLE DRINKING



Alexandre Ricard,
Chairman and CEO of Pernod Ricard

“It is absolutely key to have employees’ commitment across all our responsible drinking initiatives and by the way they are extremely proud of it! It’s key to attract talents, to retain talents and to make sure we are all part of *Créateurs de convivialité*.”

WE COMMIT WE MEASURE

As a leading wines and spirits producer, Pernod Ricard is committed to the principle of responsible drinking. But how can the Group try to educate people to drink responsibly, and combat issues such as underage drinking or drink driving? And how can it make this a collective effort? Our solution: the Smart Barometer, created in 2013 to measure our contribution in combating these issues.

WITH MORE THAN 85 AFFILIATES AROUND THE WORLD, 18,421 employees, over 100 production sites and a wide portfolio of famous brands, Pernod Ricard needs no introduction as a global leader in the wines and spirits market. However, for Pernod Ricard, leadership is based on more than just business success. A deep sense of responsibility towards others and a willingness to set the example are the hallmarks of a true market leader. They have also been part of Pernod Ricard’s history since the very beginning, and the Group is determined to keep meeting those commitments. Its corporate culture is firmly rooted in a sense of humility and an understanding of the need to ‘do the right thing’ internally — before taking its messages to the world outside. And the overwhelming priority among those messages is to promote responsible drinking.

PERNOD RICARD’S BUSINESS MODEL is firmly based on our vision as ‘Créateurs de convivialité’ — where we create brands that are meant to be enjoyed during special moments together. That sense of ‘convivialité’, sharing and enjoyment is only possible through a responsible approach to alcohol consumption. The challenge is therefore to communicate this belief as effectively as possible. In a fast-changing market environment and facing new consumer behaviors, Pernod Ricard needs to keep finding innovative ways of engaging with its key stakeholders. Whether they are consumers, employees or institutions, the Group needs to involve all its audiences if Corporate Social Responsibility (CSR) initiatives are to work in order to meet its CSR commitments.

CLEARLY, TECHNOLOGY PROVIDES A WEALTH OF OPPORTUNITIES.

From web-based information services to social media, Pernod Ricard is able to reach a vast global audience, and to inform people about its CSR activities as the stories unfold. At the same time, the Group also engages with its different audiences through a series of innovative events and programmes that bring together people and the public alike.

FOR BOTH THESE APPROACHES, THE BEST AMBASSADORS ARE ITS

18,421 EMPLOYEES. The Pernod Ricard Smart Barometer, which is the main focus of this Case Story, and Responsib’All Day, are just two showcase examples of how employees have a frontline role in delivering innovation and achieving Pernod Ricard’s responsible drinking commitments.

CREATED IN 2011, THE ANNUAL RESPONSIB’ALL DAY is an

innovative way of involving all the employees at a local level in CSR initiatives. Around the world, Pernod-Ricard’s employees put their work aside for the day and get involved in activities such as meeting customers, talking to consumers or taking part in one-off events that really catch the public’s attention. Other initiatives have ranged from the launch of the ‘Wise Drinking’ app for smartphones — a world first in the drinks industry — to a global campaign to combat drink-driving. However varied the events may be, and wherever it might take place, the message from Pernod Ricard is always the same: please drink responsibly. Its vision, as ‘Créateurs de convivialité’ demands this, and the entrepreneurial spirit that is shared by its employees can only flourish by living up to its responsibilities.

THE SMART BAROMETER is a clear, precise way of showing just how close the Group is to achieving its commitments to promote responsible drinking. Subtitled ‘We commit, we measure’, the barometer turns a wide range of responsible-drinking initiatives around the world into hard numbers. By turning actions into measurable statistics, it provides people with a snapshot of where they stand today — and an incentive to do even more tomorrow. Equally importantly, the Smart Barometer not only looks at Pernod Ricard’s global performance, but also drills down to the individual country level. More than just a progress report on commitments, this is also a real call to action.

LEADERSHIP, INNOVATION AND BRAND CULTURE are all central to the Pernod Ricard vision. And all three elements are reflected in this Case Story. The following pages set out in detail how a tool is helping the Group to make progress in promoting responsible drinking, thanks to the engagement of all its employees. The Smart Barometer has proved to be an extremely successful way of mobilizing people in support of the Group’s CSR strategy — delivering a project that has tangible benefits for societies around the world. For Pernod Ricard, responsible drinking is an essential message for the future, and everyone has a part to play.

MEETING THE CHALLENGE WITH 5 CLEAR COMMITMENTS

Pernod Ricard has long believed that responsible drinking is a key feature of the Group's vision as 'Créateurs de convivialité' and it has been actively involved in both safety campaigns and scientific research since the 1970s. In 2013, Pernod Ricard took its involvement with responsible drinking to a new level by joining forces with other producers to make five commitments about how their products should be marketed and consumed.

PROMOTING RESPONSIBLE DRINKING HAS ALWAYS BEEN A PRIORITY FOR PERNOD RICARD.

In fact, it's a commitment that even pre-dates the formation of the Group. Back in 1971, Jean Hémar, the President of Pernod SA, founded ISRAB (Institute for Scientific Research on Alcohol Beverages), now called FAR (Foundation of Public Interest on Alcohol Research), a non-governmental organisation that brought together the leading figures in the French drinks industry, including Ricard SA. United by a common concern about the potential misuse of alcohol, FAR supports scientific research into the various mechanisms that lead to such misuses — whether medical, biological, sociological or psychological. FAR also conducts regular surveys into public attitudes towards alcohol consumption.

Given the work carried out in those early years, it was only natural for Pernod Ricard to maintain and further develop its support for responsible drinking. The Group's initiatives focused on a broad series of public awareness campaigns, led by the promotion of drinking in moderation. Avoiding drink-driving, making young people aware of the risks linked to excessive or inappropriate alcohol consumption and dissuading pregnant women from drinking. Equally importantly, these messages were not only destined for an external audience. Making the Group's own employees aware of their responsibilities has long been a central part of the exercise.

PERNOD RICARD IS CLEARLY NOT ALONE IN ITS DESIRE TO COMBAT THE MISUSE OF ALCOHOL.

The Group tries wherever possible to involve public authorities, non-profit organizations and other industry players in its awareness campaigns. That willingness to collaborate led to a turning point in the promotion of responsible drinking by the beverage industry in 2012. Pierre Pringuet, former Chief Executive Officer of Pernod Ricard and now Vice-chairman of the board, spoke for 11 leading beer, wine and spirits producers — along with two trade associations — when he announced the five industry commitments to further reduce the harmful use of alcohol. This move by the drinks sector also provides practical support for the work of the World Health Organisation, whose 193 Member States adopted a Global Strategy on the issue in 2010.

THE COMMITMENTS ARE BEING DELIVERED WITHIN A PROGRAM OF GLOBAL ACTIONS OVER A FIVE-YEAR PERIOD FROM 2013-2017.

And they are not vague ambitions. Each action is accompanied by a specific plan and a set of Key Performance Indicators, with the data being compiled in an annual progress report, which is then independently reviewed by KPMG Sustainability. The report is made freely available to the general public on the alcohol producers' website (www.producerscommitments.org).

The five commitments makes a real contribution to achieving the voluntary target set by the World Health Organisation for governments around the globe, of at least a 10% relative reduction in the harmful use of alcohol by 2025. For its part, Pernod Ricard is at the forefront of this movement. Pierre Pringuet's announcement in 2012 reflected the determination of the Group's senior management to take the campaign for responsible drinking to another level.

To achieve this, however, we need to harness the efforts of all the Group's personnel. Every one of our employees needs to be mobilised if we are to successfully turn theory into practice. And the example of two separate initiatives — the Smart Barometer and the annual Responsib'All Day — shows that our people have risen to this challenge. In their different ways, these two projects have drawn on the energy and enthusiasm of our staff to make a difference.

THE FIVE COMMITMENTS



1/ REDUCE UNDER-AGE DRINKING

by actively seeking the enforcement of government regulations on the purchase and consumption of alcohol, and by disseminating educational materials.



2/ STRENGTHEN AND EXPAND MARKETING CODES OF PRACTICE

by taking measures to verify that advertising campaigns are directed to primarily adult audiences.



3/ PROVIDE CONSUMER INFORMATION AND RESPONSIBLE PRODUCT INNOVATION

by the use of easy-to-understand symbols on packaging and a commitment to not produce alcohol products that contain excessive amounts of added stimulants.



4/ REDUCE DRINKING AND DRIVING

by assessing current initiatives and extending the best ones to new countries, notably in the developing world.



5/ ENLIST THE SUPPORT OF RETAILERS TO AVOID HARMFUL DRINKING

by establishing a set of Responsible Retail Principles and supporting initiatives at national levels — which have been deployed in more than 60 countries to date.

THE SMART BAROMETER AN INNOVATIVE DIGITAL TOOL



TURNING RESPONSIBLE DRINKING INTO REALITY



Every employee in our 85 affiliates and over 100 production sites needs to be mobilized, if we are to deliver on our commitments. By turning actions into measurable statistics globally and by market, the Smart Barometer is more than just a progress report. This is also a real call to action.

The five commitments made by the alcohol beverage industry have led to a myriad of different initiatives being carried out around the world. Pernod Ricard has developed the Smart Barometer so that it can share its contribution to these efforts with all of the Group's employees. This easy-to-use tool allows everyone to monitor the progress being made at a global, regional and national level for each of the five commitments. It also provides numerous examples of projects being carried out in the field. In fact, the Smart Barometer fulfills a variety of different roles — from the informational to the inspirational.

For a start, it encourages all of the Group's employees to set an example and to see themselves as ambassadors for responsible drinking. Whatever the brand, business or country, all of the Group's teams can rally around this single idea. Along with this unifying aspect, the Smart Barometer also provides a valuable way of recognizing the hard work that people put into these projects at a local level.

What's more, giving each country or region a simple, yet factual snapshot of its progress does more than just provide useful information. As a completely open and transparent tool, it allows a team to measure its performance against others within the Group — and therefore to challenge its own level of achievement. So, along with recognition, it can also provide a call to action.

The Smart Barometer also has an important role to play at a more strategic level, in terms of the Group's overall commitment to Corporate Social Responsibility. In any organization, CSR commitments can sometimes be seen as 'one-off' initiatives. With the Smart Barometer, however, everyone can see that the engagement is both regular and long-term. As a result, that sense of responsibility — and willingness to set an example to others — becomes much less of an aspiration and far more of a fundamental part of the company culture. In short, it brings responsible drinking into the here and now.

HOW THE SMART BAROMETER WORKS



MONITORING PROGRESS ON THE 5 COMMITMENTS ONLINE

Alexandre Ricard,
Chairman and CEO of Pernod Ricard

“Pernod Ricard internally developed a very innovative digital tool called the Smart Barometer, which basically measures our progress on each and every one of these five commitments.”

THE OBJECTIVE IS TO REACH
60% BY 2016,
80% IN 2017
95% BY 2018

EACH COMMITMENT
HAS AN EQUAL WEIGHT OF 20%

Simple to use, the home page of the Smart Barometer provides a short introduction before identifying the five commitments made by the wines and spirits industry. For each commitment, a percentage score shows just how much progress Pernod Ricard has made at Group level in terms of its commitments for 2017. Drop-down menus then allow the user to select the scores for each of the five regions — America, Asia, Europe, Pacific and Sub-Saharan Africa — and to then drill down to countries within each of those regions.

At each stage, the achievement scores for each of the five commitments can be cumulated to provide a total, again expressed as a percentage.

Beneath the five commitments, each of which is portrayed as a colored circle, there is a timeline — showing the year-by-year progression from 2013 to 2017. That progress on each of the commitments is also plotted by a graph, located further down the page.

The Smart Barometer is not just about statistics and progress, however. It is also there to tell the stories of the many initiatives behind those numbers. The portal gives examples of individual initiatives — with the text being illustrated by a graphic, photo or video clip. Each study provides information under the key headings of project title, challenge, actions and results. Together, these stories provide a vivid insight into the way Pernod Ricard delivers on its commitments.

TURNING COMMITMENTS INTO PROJECTS

To deliver on the industry's five commitments, Pernod Ricard has been actively involved in supporting a wide variety of initiatives in the field. From South America to Europe, and North America to the Pacific, the Group has invested in actions that will make a difference.

An important feature of many of these projects is that the Group has not been working alone, but has collaborated with a range of third parties in the countries concerned. National institutions, transport authorities, community organizations, parents' associations, trade bodies and the educational sector are just some examples of our partners. Often, we are also cooperating with other beverage industry players. Not only does this maximize the potential impact of our campaigns — it also demonstrates that we share common goals for responsible drinking.

The following selection gives details of one project for each of the five commitments. For each project, information is provided on its scope, the challenge being faced and the results achieved to date. Taken together, they provide an overview of how these projects are delivered. Not only do they involve different countries and objectives, the projects described on the portal also feature different timescales — and include both completed and ongoing initiatives.



SWEDEN,
ONGOING SINCE JANUARY
2006.

TAKING ACTION IN SCHOOLS TO REDUCE UNDERAGE DRINKING

The 'Talk About Alcohol' project in Sweden brings together industry, schools and parents to combat underage drinking. The focus is on values and behavior, helping pupils improve life-skills and teaching them about avoiding alcohol consumption.

PROJECT

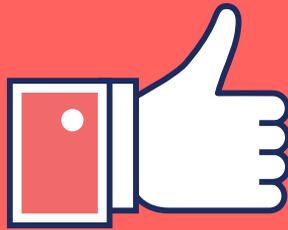
Designed for the 11-18 age group, the project aims to teach life-skills that will improve students' self-esteem and their ability to withstand peer pressure. Along with classroom materials and a toolbox for alcohol-prevention strategies, the project gives guidance on developing a school policy to involve all students and teachers. It also offers advice to parents on how to discuss the issue at home.

CHALLENGE

The challenge is significant in the Nordic and Baltic countries where, according to surveys, a majority of 15-16 years olds have been drunk at least once. 80% of all upper secondary pupils in Sweden also say they regularly consume alcohol. Discussing alcohol in school is an opportunity to change attitudes and behavior.

RESULTS

The program has so far reached 75% of the secondary schools in Sweden, and has been used by over 19,000 teachers and 620,000 pupils. The program has also been launched in Denmark, Finland, Estonia, Latvia and Lithuania. An annual survey is carried out among program teachers, the results showing that 70% of respondents believe it does influence pupils to delay the age of alcohol consumption. A scientific study has also shown that the program reduces risk consumption and improve attitudes.



INTERNATIONAL,
ONGOING SINCE APRIL
2012

STRENGTHENING THE INDUSTRY'S CODES OF PRACTICE

The alcoholic beverage industry is taking steps to increase self-regulation in the area of advertising. The result is a set of standards for major producers across the EU.

PROJECT

The industry's desire to strengthen its codes of practice has led to the creation of the Responsible Marketing Pact, a wide-ranging set of advertising standards. Eight beverage producers, including Pernod Ricard, have joined forces with the World Federation of Advertisers (WFA), European organizations and national associations to implement these standards across the European Union.

CHALLENGE

The pact deals with three key areas. The first is social media, where the aim is to prevent minors from inadvertently seeing alcohol advertising. The second is advertising placement, so that ads will only appear in media where at least 70% of the audience can be reasonably expected to be above the legal purchase age. Finally, there should be no primary appeal to minors in ads, via images or language.

RESULTS

With the detailed specification of the standards agreed by all eight industry partners, the RMP came into force on June 1, 2015. Since then, all advertising and marketing activities have been subject to annual monitoring by independent third parties. The results will be made public on a dedicated RMP website and will be shared with the European Commission as part of the European Alcohol and Health Forum.



AUSTRALIA
FROM FEBRUARY 2012
TO JANUARY 2015

PROVIDING CONSUMER INFORMATION ABOUT WINE

How much alcohol is there in a glass of wine? That was the challenge set by Jacob's Creek; with the answer being an app that could tell the number of units with the help of an iPhone camera.

PROJECT

The Wine Line campaign aimed to raise consumer awareness about the amount of alcohol in a glass of wine. Having started out in 2012, the focus turned to a mobile delivery of the campaign in 2013 - enabling consumers to calculate and track their alcohol consumption in real time. The solution took the form of an iPhone app that used augmented-reality technology to do the sums.

CHALLENGE

Research carried out by Jacob's Creek indicated that 86% of Australians are unsure about what constitutes a 'standard drink' - the unit of reference used by the Australian Government (10 grams of alcohol). Also, drinks measures vary in different bars and restaurants. The technical challenge was therefore to calculate the amount of units in any glass, i.e. below the wine line.

RESULTS

The Wine Line app was launched at the 2013 Australian Open tennis tournament and went on to achieve 6,841 downloads. Supported by more than 100 media clippings, the campaign and its message reached an audience of 25 million people. During the tournament, re-directs from the app's Tips and Links section also triggered a 37% increase in traffic on the DrinkWise Australia website.



CANADA,
ONGOING, FROM
DECEMBER 2013
TO JANUARY 2019

REDUCING DRINK-DRIVING BY OFFERING FREE TRANSPORT

If public transportation is free all night, fewer people will be tempted to drink and drive on New Year's Eve. For that reason, Pernod Ricard has been providing free service to people in Toronto since 2013.

PROJECT

Designed to raise awareness about not drinking and driving during the holiday season, Pernod Ricard's Canadian affiliate, Corby Spirit and Wine, offers free transportation to everyone in Toronto on New Year's Eve from 7pm to 7am. In partnership with the Toronto Transit Commission, Canada's biggest transit system with an average of 1.7 million riders per day, the Corby Safe Rides initiative promotes through multiple online and offline channels the Don't Drink and Drive message.

CHALLENGE

Canada is the world's 2nd largest country and a 'car society', where many people use an automobile as their primary mode of transportation. Toronto, Canada's largest city, and New Year's Eve, its biggest night of the year, were chosen with a specific focus on a younger demographic.

RESULTS

In the 2015 edition, a total of 254,000 Torontonians used the service and didn't drink and drive on New Year's Eve. The message also spread far and wide with a total of 20 million media impressions, 40 pieces of coverage (a 66% rise on the previous year) and 1755 Hashtag use (+395% vs. 2014). A total of 6,732 people also took the #CorbySafeRides social media pledge not to drink and drive on New Year's Eve. The campaign has garnered multiple awards including the Ontario Ministry of Transportation Award, Liquor Control Board of Ontario's Social Responsibility Winner and the Great Place to Work Best People Practice.



COLOMBIA,
ONGOING, FROM JULY 2013
TO JULY 2016

PARTNERING RETAILERS TO CURB UNDERAGE DRINKING

While underage drinking is a universal issue, it is more marked in Colombia compared to other Latin American countries. In terms of national deployment, Alianza +18 is a partnership involving a series of key governmental and non-governmental organizations:

PROJECT

The aim of the 'Alianza +18' (Partnership +18) is to promote responsible retail practices as a way of enforcing the Legal Purchase Age regulations in Colombia. From the beverage industry, Pernod Ricard is joined by Diageo and Bavaria, a SABMiller subsidiary. Government bodies, broadcasters and parents' groups are also part of this initiative to reduce access to alcohol by minors.

CHALLENGE

According to Redpapaz, a member of the Alianza +18 partnership, a survey among youths aged 14 and under in nine Latin American countries showed that Colombia had the highest percentage of respondents saying they had consumed alcohol in the previous 30 days — at 37.6%. Meanwhile, 70.8% of respondents aged under 18 said they found it easy to buy an alcoholic drink.

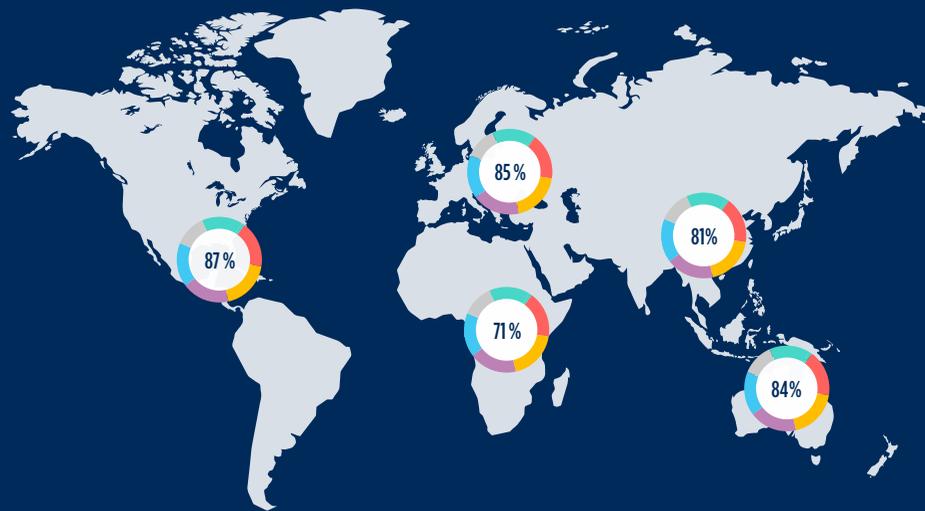
RESULTS

The project has focused on a series of separate initiatives including a national TV and radio campaign, along with the provision of training and campaign materials for retailers. A key focus was encouraging retailers to ask for proof of age — with the Colombian ID card or 'cédula'. Social media, including a Facebook campaign and YouTube videos, was meanwhile used to encourage young people to carry their ID.

MONITORING PROGRESS WITH THE SMART BAROMETER

COMPARE PROGRESS ON OUR 5 COMMITMENTS IN DIFFERENT PARTS OF THE WORLD

With projects underway on a global basis, the Smart Barometer provides a global overview of progress.

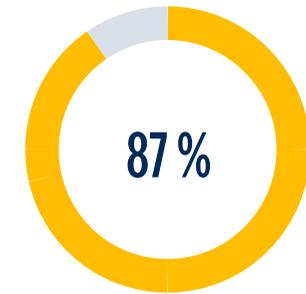


2013 2014 2015 2016 2017 2018

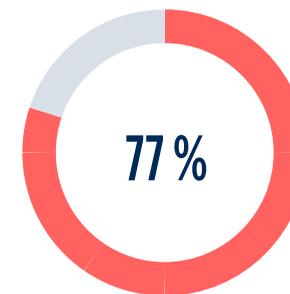
OUR COMMITMENTS: A CONTINUOUS IMPROVEMENT

A cumulative percentage is provided for the progress on each of the five commitments. On the website, these figure will be continuously updated.

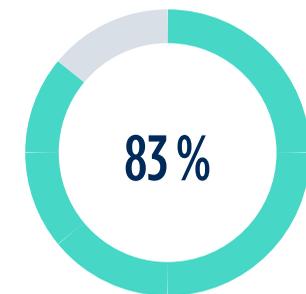
1/ REDUCE UNDERAGE DRINKING



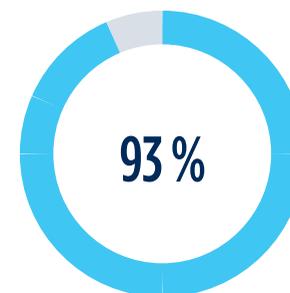
2/ STRENGTHEN AND EXPAND MARKETING CODES OF PRACTICE



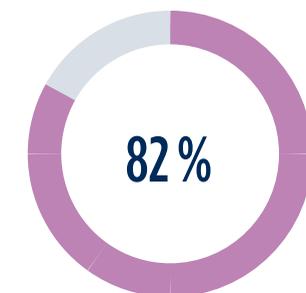
3/ PROVIDE CONSUMER INFORMATION AND RESPONSIBLE PRODUCT INNOVATION



4/ REDUCE DRINKING AND DRIVING



5/ ENLIST THE SUPPORT OF RETAILERS TO AVOID HARMFUL DRINKING



Figures as of February 2016

PERNOD RICARD MANAGER'S TESTIMONIES

“This innovative digital tool not only empowers our employees and gives them a greater sense of ownership in responsible drinking practices, but it also gives our network of CSR leaders valuable input from one country to another. We have enabled our employees to be nimble, drive change and influence each other. Our colleagues are finding themselves empowered — and that will ultimately help all of us achieve the 5 commitments of the industry.”

CÉDRIC RAMAT, HUMAN RESOURCES AND SUSTAINABILITY & RESPONSIBILITY DIRECTOR, PERNOD RICARD

“The key to the success of the Smart Barometer has been how well our network of CSR leaders, which I am myself part of, share best practices to replicate in different countries, ideas and challenges. The Smart Barometer is the outcome a worldwide collaborative work. It is also a platform where we share our advances and scores in reaching the 5 commitments of the industry at a country, regional and global level.”

JULIA MIZUBAYASHI, PUBLIC AFFAIRS & INTERNAL COMMUNICATION MANAGER, PERNOD RICARD JAPAN



pernod-ricard.com
smartbarometer.pernod-ricard.com

DESIGN AND PRODUCTION: M&C SAATCHI LITTLE STORIES
PHOTO CREDITS: PERNOD RICARD

18,421

EMPLOYEES

85 MARKET COMPANIES
COVERING 5 REGIONS

101 PRODUCTION SITES

ABOUT PERNOD RICARD

Pernod Ricard is the world's n°2 in wines and spirits with consolidated Sales of € 8,558 million in 2014/15. Created in 1975 by the merger of Ricard and Pernod, the Group has undergone sustained development, based on both organic growth and acquisitions: Seagram (2001), Allied Domecq (2005) and Vin&Sprit (2008). Pernod Ricard holds one of the most prestigious brand portfolios in the sector: Absolut Vodka, Ricard pastis, Ballantine's, Chivas Regal, Royal Salute and The Glenlivet Scotch whiskies, Jameson Irish whiskey, Martell cognac, Havana Club rum, Beefeater gin, Kahlúa and Malibu liqueurs, Mumm and Perrier- Jouët champagnes, as well Jacob's Creek, Brancott Estate, Campo Viejo, Graffigna and Kenwood wines. Pernod Ricard employs a workforce of approximately 18,000 people and operates through a decentralised organisation, with 6 'Brand Companies' and 85 'Market Companies' established in each key market. Pernod Ricard is strongly committed to a sustainable development policy and encourages responsible consumption. Pernod Ricard's strategy and ambition are based on 3 key values that guide its expansion: entrepreneurial spirit, mutual trust and a strong sense of ethics. Pernod Ricard is listed on Euronext (Ticker: RI; ISIN code: FR0000120693) and is part of the CAC 40 index.



Pernod Ricard

Créateurs de convivialité