

**Information on the compensation and benefits of
Mr. Alexandre Ricard, Chairman & Chief Executive Officer**

I - Variable compensation for FY 2015/2016

At the Board of Directors' meeting held on 31 August 2016, following the recommendation of the Compensation Committee, and after approval of the financial elements by the Audit Committee, the Board assessed the amount of the variable portion of Mr. Alexandre Ricard's compensation for the 2015/2016 financial year.

Considering the quantitative and qualitative criteria set by the Board meeting of 26 August 2015 and the achievements recognised as at 30 June 2016, the amount of the variable compensation was evaluated as follows:

- ◆ For the quantitative criteria, the amount of the variable compensation amounted to 68.6% (80% target) of Mr. Alexandre Ricard's fixed annual compensation, broken down as follows:
 - Achievement of the budgeted Profit from Recurring Operations (target 30%): 25.8%
 - Achievement of the budgeted Group Net Profit from Recurring Operations (target 20%): 18.8%
 - Deleveraging (net debt/EBITDA) (target 30%): 24%

- ◆ For the qualitative criteria, the amount of the variable compensation amounted to 27.6% (30% target) of Mr. Alexandre Ricard's fixed annual compensation, broken down as follows:
 - Restore topline growth (target 6%): 5.1%
 - USA: revitalise the market and successfully implement the new organisation (target 6%): 6%
 - China: continue adaptation to a "normalised" market (target 6%): 4.5%
 - Contain the increase in structure costs below the budget amount (target 6%): 6%
 - Develop the Group's Talents (target 6%): 6%

As a result, the total amount of Mr. Alexandre Ricard's variable compensation for FY 2015/2016 as Chairman and Chief Executive Officer was set at 913,900 euros, i.e. 96.2% of his fixed annual compensation for FY 2015/2016, against a 110 % target. In 2014/2015 and 2013/2014, his variable compensation was 105.55 % and 55.40 % of his fixed annual compensation, respectively.

II - Determination of the compensation items and other benefits for FY 2016/2017

Given the fact that the Directorship of Mr. Alexandre Ricard is due to expire shortly, its renewal shall be submitted to the shareholders at the Annual General Meeting on 17 November 2016 and at the meeting held immediately thereafter the Board shall decide on the renewal of Mr. Alexandre Ricard's term of office as Executive Officer.

The items and commitments hereafter are therefore set or authorised provided the Board renews the term of office of Mr. Alexandre Ricard as Executive Officer at its meeting which will be held at the close of the AGM on 17 November 2016.

1/ Compensation items

When it met on 31 August 2016 the Board of Directors decided to grant the following items of compensation to Mr. Alexandre Ricard as Chairman and Chief Executive Officer for FY 2016/2017, following the recommendation made by the Compensation Committee:

- 2016/2017 fixed gross annual compensation: 950,000 euros (unchanged)
- 2016/2017 variable compensation: maintenance of the 110% target variable compensation and of the 180% maximum of the fixed annual compensation.

The following decisions were made:

- Quantitative criteria: no change in the structure: 80% target and 150% maximum
 - Qualitative criteria: 30% target as previously, but with the addition of the possibility of overachievement up to 45%, in order to be in line with market practices
 - Whatever the circumstances, the variable compensation (quantitative + qualitative criteria) shall not exceed 180% of the fixed compensation
- No attendance fees
 - Entitlement to conditional stock options and to performance shares
 - Company car

2/ Renewal of the related-party commitments to Mr. Alexandre Ricard as Chairman and Chief Executive Officer

When it met on 31 August 2016 the Board of Directors, in compliance with the procedure governing related-party agreements and commitments, decided to maintain the commitments hereafter to Mr. Alexandre Ricard as Chairman and Chief Executive Officer following the recommendation made by the Compensation Committee. The commitments shall be submitted to the shareholders at the AGM on 17 November 2016.

2.1 Non-compete clause / severance pay clause (for imposed departure)

- 12-month non-compete clause (12 months of compensation¹)

This non-compete clause is put in place to restrict the ability of the Executive Director to work for a competitor. It is set up to protect the company.

In conformity with the AFEP-MEDEF code, the Board may choose not to apply this clause upon departure of the Executive Director.

- Imposed departure clause of maximum 12 months of compensation¹ which would be due, subject to fulfillment of performance conditions, in case of imposed departure related to a change of control or strategy of the Group (according to the Afep-Medef Code, no payment in case of a departure related to i) non-renewal of his term of office, ii) if departure was decided by the Executive Director himself, iii) in case of a change of position within the Group or iv) if he is close to retirement).

Payment of the imposed departure clause is then subject to the 3 following performance conditions:

- ✓ 1st criterion: 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;
- ✓ 2nd criterion: 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 term(s) of office is above 95% (restated for currency and scope);

¹ Last fixed annual compensation + last variable annual compensation decided by the Board of Directors
05/09/2016

- ✓ 3rd criterion: Sales growth over the term(s) of office: criterion number 3 will be considered as met if the average sales growth over the entire length of term(s) of office is greater than or equal to 3% (restated for currency and scope).

The amount of the compensation will be calculated as follows:

- If all 3 criteria are satisfied: payment of 12 months of compensation¹
- If 2 of the 3 criteria are satisfied: payment of 8 months of compensation¹
- If 1 of the 3 criteria is satisfied: payment of 4 months of compensation¹
- If no criteria is satisfied: no compensation paid

In accordance with the Afep-Medef Code, the overall amount related to the non-compete clause and the imposed departure clause (sum of both clauses) will be capped at 24 months of compensation¹.

2.2 Collective healthcare and insurance schemes: in the same conditions as those applicable to the category of employees he belongs to as far setting benefits and other compensation items is concerned.

3/ Cancellation of the defined-benefit supplementary pension scheme

When it met on 31 August 2016, the Board of Directors considering the increasing cost and dwindling efficiency of the defined-benefit supplementary pension scheme (article L. 137-11 of the French Code de la Sécurité Sociale) decided, following the recommendation of the Compensation Committee, to cancel this benefit to Mr. Alexandre Ricard as Executive Officer effective upon the renewal of his term of office as Executive Officer submitted to the shareholders at the close of the AGM held on 17 November 2016.

In return for the cancellation of the defined-benefit supplementary pension scheme and in order to take into consideration the fact that the Executive Officer shall have to build up his supplementary pension on his own, the Board of Directors examined the recommendation made by the Compensation Committee and decided to grant additional compensation to Mr. Alexandre Ricard provided (i) his term of office is renewed by the Board when it meets immediately after the close of the AGM on 17 November 2016 and (ii) the shareholders at the AGM on 17 November 2016 approve the resolution governing the grant of free shares. Said compensation shall be broken down into two components:

- An exceptional component designed to provide the Executive Officer with seed funding to build his supplementary pension. He shall thus receive an exceptional grant of 26,968 free shares, the final acquisition of which shall be subject to attendance and be distributed over three years (i.e. 8,989 shares in November 2017, 8,989 shares in November 2018 and 8,990 shares in November 2019). At the close of the acquisition period, all the shares shall be subjected to a holding period of at least 2 years. The Board decided that the compensation would be in shares only, so as to be fully in line with the interests of the shareholders. The IFRS value of the shares is 2.668 million euros.

As this grant is designed to partly offset the entitlements from the defined-benefit supplementary pension scheme that the Corporate Officer will no longer have, the Board of Directors, following the recommendations of the Compensation Committee, decided not to make shares subject to performance conditions. However, the Board decided to impose an attendance condition by distributing the grant over a period of 3 years.

This exceptional grant of free shares is subject to the approval of the corresponding resolution at the AGM on 17 November 2016 and part of a specific plan that the Board shall implement at the close of the AGM.

- An annual component amounting to 10% of Mr. Alexandre Ricard's annual fixed and variable compensation, paid every year as of 2017:

- One half (i.e. 5%) shall be a grant of performance shares the number of which shall be determined according to the IFRS value of the shares at the time of the grant and that will have to be approved by the Board every year. The performance, attendance and holding conditions applicable to the grants shall be the same as those under the Group's general performance share grant plan in force on the day of the grant;
- the other half (i.e. 5%) shall be paid in cash.

The Executive Officer shall commit to investing the cash portion, net of social welfare and tax expenses, of this additional compensation in investment vehicles for the funding of his supplementary pension.

The calculations that were made by an actuarial consultant and were examined by another actuarial consultant have shown that the decision to cancel the Executive Officer's defined-benefit supplementary pension scheme shall generate the reversal of a 7 million euro provision in the consolidated accounts of FY 2016/2017 and savings of roughly 39%, or 7.1 million euros, for Pernod Ricard (i.e. 3.8 M€ for past work and 3.3 M€ for future work).