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Call

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PRESENTATION

Julia Massies - *Pernod Ricard SA - VP of Financial Communication & IR*

Good morning, and good afternoon from wherever you are joining us, ladies and gentlemen. This is Julia Massies from Pernod Ricard. I'm delighted today to introduce you to the sustainability and responsibility conference call. We are hosted today by Vanessa Wright, our VP of Sustainability and Responsibility. We will follow the usual format and take you through a brief presentation and then give the floor to your questions. I need to say at this point that this call is being recorded.

Over to you, Vanessa.

Vanessa Wright - *Pernod Ricard SA - VP of Sustainability & Responsibility*

So hello, I'm very happy to be here with you all to share the strong progress that we made on our sustainability and responsibility roadmap in the last year since we launched it. And also, I think it gives us a great opportunity today to underline the importance and relevance to Pernod Ricard in this strategy and supporting the business during this COVID and post-COVID period. As it says here, it's about a future-fit strategy, and that's absolutely what we intend it to be.

So I think one of the things we probably all observed during this period of time, this difficult period of time, is the greater connectivity between people, nature and climate and the ever increased importance around sustainability. And just talking about progress, I'd just like to highlight this picture here actually on the front, which shows strong progress. This is the Martell vineyard, where we've been planting different crops between the vines. There you have radishes, oats and vetch. All of which play different roles in absorbing nitrogen and increasing the carbon content in the soil and water; the radishes have long vines. So I just wanted to share that picture with you.

So in terms of today and what we'd like to cover with you today, firstly, just a reminder of our 2030 strategy for some of those of you who aren't so familiar and then progress by pillar. In the last year or so, we've done a lot of things, I'm very proud to say, and we don't have time to share all of those with you in this period of time. A lot of it has been around frameworks and policies and guidelines. We've been making sure that we've got very strong cohesion and consistency globally with all of our affiliates. We now have 80-plus plans from all our affiliates, and they have in place very strong governance. But as I said, for today, we'd like to really focus on some key actions.

Sustainability and responsibility is not new at Pernod Ricard. It's really a strong part of who we are, and it's deeply embedded in the Group and has always been part of who we are. Our founder, Paul Ricard, was an early philanthropist and he cared very deeply about the environment, the communities and in making sure that the products we produce were done so in a socially responsible way. That continues today with our CEO, Alexandre Ricard, who is committed to building on that legacy and continuing to embed sustainability into the Group.

There's a strong business case for sustainability. In fact, for us, sustainability is business. Firstly, it addresses these massive environmental shifts. And this is why our strategy is so linked with the United Nations' Sustainable Development Goals, the world's to-do list, so that we're all working in unity against these -- in line with these big global topics. It also supports our corporate priorities. You'll all be aware of our Transform and Accelerate plan, which was launched in October 2018, and sustainability and responsibility is a key essential of that strategy. It also matters to our consumers. We are a consumer-centric business, and we recognize the topics that are at the forefront of their minds around provenance, product quality, less waste, healthier lifestyles. It builds a strong corporate brand. It helps to build a strong reputation for our business. And as I said, for us, it is the business. And when you look at our vision of creators of conviviality, the notion of sharing is about conviviality, is about sustainability and



is about responsibility and is about others. And also, we believe it strongly is an opportunity for innovation, for strengthening business practices and processes and really giving us the opportunity to change the way that we do things.

So our strategy is built on 4 very clear pillars. And we had a strategy before. We had a 2020 environmental roadmap and actually, we made some very strong progress on that. For example, we reduced water usage by 22% and our carbon emissions by 34%. We also had a lot of plans in place around responsible consumption, our license to operate, and that's been the case for many years. But what we wanted was a much broader strategy. We wanted a strategy that was fully embedded into our business from grain to glass. And this is how we've spoken about our strategy from the beginning, from grain to glass. And then we have these 4 key pillars.

Now in building our strategy, we consulted more and liaised with more than 300 people within the organization and also externally, of course. So each of these commitments was linked to consumer needs around some of the topics I mentioned previously, around, of course, the material risks of the business and also very clearly and strongly linked with the United Nations' Sustainable Development Goals. So you have the 4 pillars here, which we'll go into in a little more detail. We talk about our strategy as being good times from good place. So we bring these good times, these moments of conviviality, of bonding, of friendship, of sharing, much of which, unfortunately, we can't do today. And we bring them from a good place, a good place that's the physical group place, where our ingredients, where our products come from the communities, et cetera, but also the emotional place, the way that we behave at Pernod Ricard. So we talk about being passionate hosts and respectful guests. Passionate hosts, the way that we do conviviality, the way that we share. And respectful guests in terms of recognizing that we are only guests on this planet. So we aspire to create a more convivial world, a world without excess.

And I'd like to just share a quick film with you.

(video)

Vanessa Wright - Pernod Ricard SA - VP of Sustainability & Responsibility

So hopefully, that gave you a quick insight into the whole strategy. And just here, you can see on the screen, the full strategy, and this is really just to illustrate the breadth and scope. I don't intend to go through that. And you can see there that there's 2 SDGs linked with each of our pillars. We've made, as I said, strong progress so far. And according to the ratings agencies and the most credible ratings agencies that you see here, you can see actually our scores from last year for CDP and Sustainalytics, in particular, have gone up. And we are the only wine and spirits company out of -- only 1 of 36 companies worldwide who have been identified as a lead by UN Global Compact for the progress we're making against the sustainable development goals.

So now I'd like to just take you through each of those pillars. And just a quick reminder of why each of those pillars is important to us. I won't go through every single one of these targets because I'd like to focus on the progress that we've made. So nurturing terroir, hugely important for us at Pernod Ricard. All of our products come from nature and are deeply rooted in the countries they come from. When you think about Jameson, it's Ireland; Absolut, it's Sweden; Havana Club, Cuba; and so on. So they're deeply rooted in the places that they come from. And also, I would say, not just the terroir itself, but that's the broader sense of terroir in terms of community. So we want to make sure that we nurture and protect all of those natural ingredients so that we have high-quality products for years to come. So the first sort of that piece is around terroir mapping-- just so that we know where all our natural ingredients come from. And then we make sure that they're certified according to high sustainability standards. But once we know where they come from, we identify any pressing sustainable issues attached to those areas. For example, there may be a water or a pesticide issue or maybe even a social issue. So that's what we mean also around sustainable agriculture. Also to identify and see how we can reduce carbon emissions. And then around more progressive and more visionary regenerative agriculture, we'd like to pilot 8 schemes in our wine regions to see how we can progress on regenerative agriculture and partner with 5,000 farmers to share knowledge for the future. Also biodiversity, recognizing actually, 2020 is a hugely important year for biodiversity, and we want to make sure that all our affiliates by 2030 have a strategic biodiversity project in place.

So just to give you an example of one of the brands that's been progressing very strongly in that, I'd like to share it with you Martell. So Martell has been doing a number of different things in this area. The first is around sustainable -- sorry, around partnerships that we have with winegrowers. So these are 1,200 partnerships that we have. Some of those go back 10 generations. And when you consider that Martell is a 300-year old brand,

that's quite extraordinary. So these initiatives are really about innovative techniques, for example, to reduce pesticides but also other initiatives. We have sustainable viticulture initiatives, looking at how we can adapt the way that -- and the grape varieties that we're using in partnership with academic institutions. Glyphosates, we banned those in the Martell vineyards in 2019. We have a lot of biodiversity projects in place, like the one you saw on the opening slide. And 100% of our vinasse is converted into biogas and reused in the production process, hence, saving energy. Also in terms of innovation, we're looking at the use of bio-controlled products. So for example, essential oils and pheromones in terms of pest reduction. So you can see there that a lot of things have been done on Martell.

In terms of the next pillar, the people pillar, this is about valuing everybody in our chain, all our employees, but also everyone that we're working with to make sure that we increase diversity and fairness. So part of that is a new Human Rights policy in line with the UN Guiding Principles. It's around responsible procurement. It's making sure that all of our suppliers are working in line with our CSR commitments and guidelines and direction. It's about making sure that in all our brand communications, we're using creative routes to break stereotypes. And it's about health and safety, something that's absolutely fundamental to our business and never more so than ever today. It's about equality and future leadership, equal pay across our business by 2022. And I'm happy to say that we've made great progress in that. At the moment, we have identified a 2.3% pay gap, and we're working very hard to reduce that by our target for 2022. Gender balanced top management teams by 2030 and to ensure that 100% of our employees receive future-fit training every 3 years by 2030. Also to ensure that we train 10,000 bartenders on the bar world of tomorrow.

So just to give you some examples of that. And actually, given the period that we're going through, what we wanted to do is focus on the extensive support that we've been giving all of those different stakeholders during COVID-19. So firstly, if we start with our employees, it's about building this health and safety culture. And for us, this is about a strong mindset. And as I said, it's been a very strong focus for us over the last year. We have health care benefits for all our employees across the group, including emergency treatment, should that be needed.

As far as our suppliers are concerned, we've provided support to all of our suppliers and helped with long-term buying contracts to help support them during this difficult time.

In terms of customers and bartenders, we've provided strong support to the hospitality sector. For example, in the U.K., we've provided support to the Drinks Trust. And in the U.S., Jameson has provided support to the U.S. Bartenders Guild. We've also accelerated a piece of work that we were doing on the bar world of tomorrow, around sustainable bars and helping bar owners and bartenders understand how to improve the sustainability of the bars. So we've accelerated this training with a free online module, which we've created with the Sustainable Restaurant Association and Trash Tiki. This is hosted on a platform called Educate All, which is a partnership between the United Nations Institute for Training and Research and EdApp. This is a great piece of free training that is about 2 hours long and really helping during this period where bartenders have the time to be able to do that training.

In terms of the community, we provided things on many different levels. First, the pure alcohol, over 3 million liters through our production sites, Irish Distillers, Chivas Brothers, the Absolut Company, France, U.S. and Poland, to name a few. And for example, in Ricard, Ricard has provided 70,000 liters to Laboratoire Cooper, which is the biggest hand sanitizer company in France. We've also provided additional liters of hand sanitizers. And an example of that is, in the U.S., they have been working with the NYPD and other partners. And in other countries like India, we've provided face masks and other medical equipment. So in summary, really supporting all of our -- all the people that we work within the value chain during this very difficult time.

If we move now to the making pillar, the circular making pillar for us is all about making sure that we're producing and making with minimal waste and minimal impact. We talk about reducing any kind of overuse of products. So circular making for us is taking the model really from being a linear model to being circular. And you can see a number of different topics and subjects that this addresses, firstly around energy and recycling, around circular design, making sure that all the products that we produce are really in line with eco design principles, around water use, around reduction of water use and around exploring new ways of using, reusing some of the organic waste and wastewater. Also around 2 very big topics, around water and carbon to make sure that we receive -- that we -- sorry, we achieve water balance in high-risk watersheds and by those, we mean countries such as China, India, Argentina, Armenia and Mexico, to make sure that we're really addressing that, of course, in countries. And that doesn't mean we don't do anything in countries like Ireland and Scotland, but of course, there's much less need to do it there.



In terms of carbon footprint, we have a target there to reduce the overall intensity of our carbon footprint by 50%, in line with the SBTs. And we're committed as part of the SBTs to this plan of making sure that the reduction is staying below the 1.5 degrees. Packaging and waste ban on all promotional items made from single-use plastic by 2025, and I'll come on to that in a minute. And to ensure that all of our packaging is recyclable, reusable, compostable or bio-based by 2025, and also to pilot new ways of distributing our products.

So just to share some progress on that. So you can see here, and this is really the way we're thinking about it. Rethink, reduce, reuse, recycle and respect. And recognizing meeting this consumer desire for less waste, and I think this is never more relevant than today. We decided last week to announce that we would accelerate this time frame from 2025 to 2021. So our target now is 2021 to make sure that we eliminate all single-use plastic point-of-sale materials. What do we mean by those? We mean things like pens, like plastic bracelets, et cetera, and make sure that any point-of-sale material we have is point-of-sale with a purpose. We've reduced the glass -- recycled glass content for Absolut and Jameson amongst some of the brands. And also, we've reduced the weight of Campo Viejo, Olmeca and Altos, again amongst some of the other brands, too.

We've moved towards -- we're making a strong move towards renewable electricity. We joined RE100. What is RE100? It is a group of 200-plus companies who've made the commitment to reach 100% renewable power. This is an initiative by CDP and the Climate Group. And we've made very strong progress in Pernod Ricard Australia with that. As you can see, we've put in place more than 10,000 solar panels and we're the first major winery in Australia to achieve 100%. And also, we've achieved 100% at Chivas Brothers and Irish Distillers. And in India, another example, we've put in place 5,000 square meters of solar panels on the roofs of our production sites.

Now moving to responsible hosting, hugely important and really at the heart of our business to make sure that we're promoting and selling our products in the right way and to making sure that our employees take strong responsibility and act as ambassadors around responsible hosting. So we want to fight alcohol misuse in society by taking action on harmful drinking. And you can see a number of different targets that we have here around employee engagement, around the consumer information that we provide about our products and how to drink them responsibly, around responsible marketing in conjunction with the rest of the industry, and we have a target here that was set by 20 -- set to be 2025. But actually, again, we've accelerated that to be 2024. And this is around really making sure that we take responsible steps in terms of digital marketing of our products. And fighting alcohol misuse to make sure all of our affiliates have at least of 1 program at scale and in partnership and a project -- an initiative that can be long-term and evaluated. Responsible Party is initiatives that we started over 10 years ago with the Erasmus Student Network and our target now is to expand that to reach at least 1 million young adults.

So again, just to give you an example of some of the progress that we've made, I would like to share with you a couple of examples, mainly focused on training and innovation. So in terms of our employee ambassadors and ensuring that our employees are ambassadors, we've developed a new online training program, which is also linked with our new global responsible drinking policy. So we have these things in place, but we've created new versions and stronger versions. This training is now absolutely mandatory for all employees across our business. We also have updated the training on our code for commercial communications. And all those people in those roles, which are really directly linked to that it's mandatory for as well. Responsible Party, we took the opportunity during COVID to create an online digital campaign to really help encourage responsible consumption during -- with young adults during this period of time.

And lastly here, we set up an innovative challenge to -- from new organizations start-ups to come up with ideas on wise drinking and how we could help put in place some wise drinking ideas. So we had that 2 weeks ago, with all our employees have the opportunity to be part of the judging, if you like. And there were 2 that -- the first and second winners. First was an escape game, which is an online challenge, where teams solve puzzles to get out of a virtual room based on responsible drinking topics. And the idea is that everybody learns doing this process. And the second is called bobbee, which is where you can -- if you go out for an evening, you can rent a driver who will come and pick you up and drive your home in your own car.

So I hope that that's given you quite a quick, I would say, update because we've done a lot of things in the last year on some of the strong progress that we've made in this first year of implementing our strategy. And we really believe that this continues to demonstrate how it strengthens our business resilience, how it helps to mitigate risk and also that it's really corresponding to consumer behavior. And we know that that's all changing. Everything is changing all the time. So we need to make sure that we have a strategy that we're able to adapt and change. And I think we've truly demonstrated that and we've really empowered the organization to navigate through this COVID crisis, while supporting employees and business partners. And really, back to what I said at the beginning, illustrating and underlining the relevance and the importance of this sustainability and



responsibility strategy. So we believe that we have the right strategy, a long-term strategy, a 2030 strategy with milestones throughout that period. So a strategy that's right, it's addressing the right key global topics, it's relevant, it's relevant and appropriate in the changing context and it's ready. It's a clear plan that's been adopted by affiliates with clear targets and a clear time line and also with scope to seize opportunities. And our vision and ambition is really to continue to drive strongly this strategy towards a greener and more inclusive economy. So thank you very much.

That brings us to the end of the formal part of our presentation, and we'd now like to take questions from you.

QUESTIONS AND ANSWERS

Julia Massies - *Pernod Ricard SA - VP of Financial Communication & IR*

Thank you very much, Vanessa. Ladies and gentlemen, over to you for questions. You can type in your questions on the platform by going into the icon on the top right-hand side that have a question mark on it. So we have a few questions queued already.

The first is from Sanjeet Aujla from of Cr dit Suisse and the question is: are ESG metrics incorporated into management remuneration targets? And if so, how relevant are they?

So to answer on that one, the targets are determined by affiliate as we are decentralized organization and bonus structures can vary across the world. However, the top 500 managers will indeed have an ESG target as part of their metrics. The usual structure of our metrics for bonuses is to have a quantitative part, which is based on profit and cash, and then some qualitative metrics within the top 500 managers. The qualitative metrics are 1 related to ESG, another related to the leadership model with Pernod Ricard and then 2, 3 others, which are depending on some specific projects that individuals are working on. So there is ESG, ESG metrics that each of those top managers have will depend on the year and the affiliates specific targets. So in a water-stressed area, you might have a target related to water. If you are launching an active program, for example, on responsible drinking, that might form the target. In the case of Alexandre Ricard for last year, it was based on the launch of this new strategy that Vanessa just presented. There is another one for this year. We disclosed them exposed. So you will see that at the end of the year. That answers the question.

The second question we have is from Kieran Murray from Baillie Gifford. The question is: could you clarify Pernod Ricard's long-term carbon reduction target, please? My understanding is that the company had committed to reduce carbon Scope 1 and Scope 2 emissions by 30% by 2030 from the 2018 levels.

Vanessa, I'll pass it over to you.

Vanessa Wright - *Pernod Ricard SA - VP of Sustainability & Responsibility*

Thank you for that. And maybe we've already answered your question as part of that presentation. So yes, Scope 1 and 2, the target is 30% in absolute, and for Scope 3, it's 50% reduction in intensity. Both of those are aligned well below the 2 degrees, and that is the right time frame from 2018 to 2030.

Julia Massies - *Pernod Ricard SA - VP of Financial Communication & IR*

Okay. Another question from an anonymous caller on the topic of circular making, wooden gift boxes: I know wood is not the preferred material, but can you confirm if the use of wood will be prohibited? If so, what would be considered the most suitable alternative?



Vanessa Wright - Pernod Ricard SA - VP of Sustainability & Responsibility

Yes. So I mean whilst wood on the face of it seems like it is -- should be 100% recyclable, in our new packaging guidelines, we're recommending actually to avoid the use of wood where possible. For some products, the claim is that you keep the products for longer. However, we are asking our affiliates to look for alternative materials to wood. And at the moment, we're exploring a number of different routes on that.

Julia Massies - Pernod Ricard SA - VP of Financial Communication & IR

Thank you. So the next question is from Chris Pitcher: So what incremental costs are associated with the delivery of the ESG goals? Are these already embedded in the P&L? Or do you need to make further investments?

Vanessa Wright - Pernod Ricard SA - VP of Sustainability & Responsibility

So last year, Alex Ricard already stated that, actually, in terms of the investment of our strategy, we're talking in the number of hundreds of millions. Our objectives are obviously spread across the business, and so is the budget. So the budget for this strategy forms part of CapEx, marketing, operations and HR. So that's spread right across the business.

Julia Massies - Pernod Ricard SA - VP of Financial Communication & IR

Thank you. So now turning to gender pay gap. Anonymous question is following: I think you said you have a gender pay gap of 2.3%, which I think indeed what you said. What prevents you from just closing it?

Vanessa Wright - Pernod Ricard SA - VP of Sustainability & Responsibility

So we've recently conducted all the analysis to understand what the gap was. We now know what that gap is. And now we're driving towards closing that. And that has -- we've got that information in the last couple of months. So we -- now we're working towards closing that as quickly as we can. And certainly, within the 2020 time frame.

Julia Massies - Pernod Ricard SA - VP of Financial Communication & IR

Okay. Next question comes from Greig, Delaney from Addenda Capital who asks: the Scope 3 emissions, what strategy is the company using to achieve reductions?

Vanessa Wright - Pernod Ricard SA - VP of Sustainability & Responsibility

Yes. So that's in 2 parts, really. It's in agriculture and in packaging as well. So in agriculture, around pesticides. And for example, we've reduced the use of synthetic agrochemicals since 2013 by 48%. It's also some other more, I would say, regenerative agricultural methods around using more sheep actually than pesticides. So those are some examples within agriculture.

Within packaging, as I said, it's really reducing a number of things. It's it actually starts with the mindset around packaging and making sure that we're producing our packaging and creating it in the right way in the first place. But it's also in line with the POS that I talked about earlier in the presentation. So making sure that we only produce what's absolutely necessary. It's also around reducing the weight of our bottles, and we've done that with a number of different bottles. And it's also around recycled content. So for example, the Absolut bottle has recycled content of 45%. And so I hope that gives some examples of what we're doing in terms of Scope 3.



Julia Massies - *Pernod Ricard SA - VP of Financial Communication & IR*

Okay. So then a follow-up on the responsible hosting. Can you describe in further details the 2 steps, which you concluded your presentation that involve a video game and the driver for hire?

Vanessa Wright - *Pernod Ricard SA - VP of Sustainability & Responsibility*

Yes. So this was a competition that we put out through a company called Agorize, which helps to find ideas from different start-ups. We had quite a number, I believe, over 40 initiatives which were then shortlisted. And then we ran -- because it ended up being during the shutdown period, we ran a competition with a panel of different expert judges, but also with our own employees to judge from 5 of the ones short listed. And the one that won, as I said, was this escape game, and they're currently working on more details on how exactly that's going to work, but it's about really learning and education as you go along in order to be able to escape the virtual room. And as I said, the other one is around a driver, I suppose, a bit like an Uber, but you're actually hiring the driver rather than the car. So the driver comes and collects your car from you. Let's say, you've been to a party some place, he'll come and he'll drive you back with your own car to your own home. And we see that we would -- we could use that very strongly in our own events in the future.

Julia Massies - *Pernod Ricard SA - VP of Financial Communication & IR*

Okay. A question now from Ed Mundy from Jefferies who says: he appreciates that the ESG factors can boost the image and reputation of the Pernod Ricard, but how do you measure the positive effect on brand equity? Which brands are seeing an uplift in their brand equity as a result of ESG factors?

Vanessa Wright - *Pernod Ricard SA - VP of Sustainability & Responsibility*

So I would say when we look at our brands, I mean, obviously, at the moment, they're all working on different aspects of what that means for them, and it means different things because it's got to be really linked to the brand truth and the stories of the brand. They are all taking actions, all of the brands and all of the brand companies, in line with the 4 pillars of our strategy. Absolut, for example, is seemed to be really very strong in terms of circularity in a lot of the things that it's doing. It's been identified as being one of the most carbon -- one of the most -- amongst the most carbon-neutral distilleries in the world. And all of this now is being shared increasingly with the consumer, so they have a better understanding of the provenance of the brand. I mean, all the 120 million, I think it's more than 120 million, bottles of Absolut come from 1 source, they come from 1 place. So there's clear traceability, there's clear product quality attached to that for the consumer. And we're seeing, of course, increasingly that consumers are much more aware and much more keen to understand about product quality, provenance, and have greater transparency about all the people that have touched their products throughout the value chain. And in that example of Absolut, we know all 400 farmers.

Julia Massies - *Pernod Ricard SA - VP of Financial Communication & IR*

Okay. So a follow-on related question, maybe Vanessa, it comes from (inaudible) Exome Asset Management who asks: which of your brands would you consider as the best-in-class regarding ESG?

Vanessa Wright - *Pernod Ricard SA - VP of Sustainability & Responsibility*

I would -- it's -- I think they're all along different paths at the moment. I think it's true to say that Absolut is the one that's furthest down the track in terms of circularity, that's for sure. But also brands like Jameson are making very strong steps forward in terms of energy efficiency and the same with Chivas on all the scotch whiskey brands. But I would say the one that's probably more visible to the consumer in terms of actions they're taking would be Absolut. And also sorry, Kahlúa on a smaller -- as a smaller brand, but Kahlúa has a very strong program in Mexico, where it's working directly with coffee growers. It's helping coffee growers to grow their coffee in a better way. It's helping to build those communities. So at the

moment, we're working with over 200 families. But once that's scaled up, that will be 500 families and that will mean that the full supply of Kahlúa, the full coffee supply of Kahlúa will be 100% sustainable.

Julia Massies - *Pernod Ricard SA - VP of Financial Communication & IR*

Thank you. A question going back to the gender pay gap. So I think you said you're going to close the gender pay gap by 2020. I think that was -- it was 2022, Vanessa, right?

Vanessa Wright - *Pernod Ricard SA - VP of Sustainability & Responsibility*

Yes, yes.

Julia Massies - *Pernod Ricard SA - VP of Financial Communication & IR*

Okay. Can you -- just for clarity, that is 2022. Can you put a figure on that gap at the group level? So -- and let us know if you will find additional savings or if we should just take that number off margin?

Vanessa Wright - *Pernod Ricard SA - VP of Sustainability & Responsibility*

As I said, we've just -- only just completed the analysis. We knew we had this call, so we wanted to share that 2.3% number with you. So at this stage, we would need to come back to on that number and fully answer that question.

Julia Massies - *Pernod Ricard SA - VP of Financial Communication & IR*

Thank you. (Operator Instructions) The question -- the final question at the moment is from Trevor Sterling. How do you apply your sustainable agriculture principles to bulk commodities such as grain? Do you think you and/or the industry will move to direct contracts, which have sustainability clauses?

Vanessa Wright - *Pernod Ricard SA - VP of Sustainability & Responsibility*

I'll start the answer and may actually, I believe, Carine Christophe, who's from our sustainable performance team is there, so she may be able to add to that one. Grain will be covered by sustainable certificate standards. And that will be -- there will be -- that will be included in the contracts. But at the moment, there's no plans for any -- to include any direct contracts. Carine, I don't know if you have anything to add to that. I believe you...

Carine Christophe - *Pernod Ricard SA - Group Environment Manager*

Yes. But if I can add something. In terms of supply chain of the commodities, so the main great materials and all the bulk commodity that we are buying are generally by terroir, and they are very locally procured. So it means that we are depending on the different cooperatives. And with the cooperatives, we are making some change in the supply chain to make sure they are going through sustainable agriculture standards. So all of the bulk commodity that we buy will be certified according to sustainable agriculture standards by 2030.

Julia Massies - Pernod Ricard SA - VP of Financial Communication & IR

Thank you, Carine. We have a new question, which is: how does Pernod Ricard balance its new mission to packaging, where luxury of liquid is suggested by elegant bottles.

(technical difficulty)

Vanessa, do you want to take that question? Did you hear it? I think you're muted, Vanessa.

Vanessa Wright - Pernod Ricard SA - VP of Sustainability & Responsibility

Sorry, it was about the balance of luxury and trying to hit our -- meet our packaging targets. And that's a very, very good question because, of course, we have products that have high premium cues, but we strongly believe that actually they don't need to be in some of the materials that they've been used in the past. So we're reviewing all of those materials to truly understand what materials we need to replace as part of our targets for 2025. So we absolutely do believe that, that's possible. And also, I think in explaining to consumers that demand less waste these days, it's part of the story of the product as well going forward and encourages innovative techniques, too.

Julia Massies - Pernod Ricard SA - VP of Financial Communication & IR

We now have a question, which is more focused on digital. Has Pernod Ricard determined whether it can support advertising in the digital world as it did historically as a leader in the real world?

Do you want to start on that one, Vanessa? And...

Vanessa Wright - Pernod Ricard SA - VP of Sustainability & Responsibility

Yes, I would say, advertising has always been very strong for Pernod Ricard around our brands. We have brands that have very distinct personalities. And certainly, we have a very strong team in our global business development team who are working on digitalization of the business, but also to see how we can strengthen what we're doing in advertising. And that's also linked as well with what we're doing around e-commerce, too.

Julia Massies - Pernod Ricard SA - VP of Financial Communication & IR

There are no further questions in the queue. So I think that concludes our presentation and Q&A session for today. Vanessa, ladies and gentlemen, and Carine, thank you very much, and have a good -- so we've just received 1 new question, so Vanessa, if I can put this one in.

Question from Ton van Ooijen from APG: what are the ideas and plans about linking sustainability and responsibility targets and compensation for different level of management now and going forward?

So maybe you actually want me to build on that one. We have discussed earlier that the top 500 managers have a target. These targets are linked to the sustainability and responsibility strategy that Vanessa presented. And indeed, the different KPIs that you see there along the different years. So depending where the focus is from 1 year to the other, the -- some of the targets will be adapted to reflect those objectives. I'd say that going forward, that will be, if anything, reinforced, given the growing consumer and business need for more sustainability. I don't know, Vanessa, if you wanted to add anything to that.

Vanessa Wright - *Pernod Ricard SA - VP of Sustainability & Responsibility*

No, I'd also say because we put in place very strong governance models in all of our affiliates, particularly related to the direct affiliates who have set up steering committees for sustainability, all of those people who are usually CODI members, so senior management members also have targets that they have to reach. And in some parts of Pernod Ricard because as you know, we're very decentralized, they've actually -- those KPIs have gone down throughout the whole organization. So this year, we'll be looking at aligning those to see that we can give targets to other parts of the organization as well. But certainly, all the top management have targets, as Julia said.

Julia Massies - *Pernod Ricard SA - VP of Financial Communication & IR*

I think this time, it does indeed conclude our Q&A session. Thank you very much, ladies and gentlemen. Enjoy the rest of your day. Vanessa and Carine, thank you very much for your time. Should there be any further questions, please don't hesitate to reach out to us. Thank you.

Carine Christophe - *Pernod Ricard SA - Group Environment Manager*

Thank you.

Vanessa Wright - *Pernod Ricard SA - VP of Sustainability & Responsibility*

Thank you for joining us.

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