



RÉMY COINTREAU

ANNUAL REPORT  
2010 | 2011



## Rémy Cointreau

Authentic, high quality products with a gradually increasing reputation worldwide

2010/11 was marked by a return to growth. All regions worldwide contributed to this trend, particularly Asia and Travel Retail where demand remained strong. This performance reflects the strength of the Group's premium and international brands and the expertise of its commercial network.

In November 2010, the Group announced that it intended to dispose of its Champagne division. On 31 May 2011, Rémy Cointreau and EPI signed an agreement for the sale of this division. Rémy Cointreau will continue as sole distributor of the Piper-Heidsieck and Charles Heidsieck brands as well as Piper Sonoma (the US sparkling wine brand).

A strategy focusing on high value-added products, sustained by a policy of strong product innovation and supported by a high performance network will provide the Group with the necessary resources to ensure steady, profitable growth.

Turnover

€907.8 million  
+6.4% organically

Operating profit margin

18.4%

Current operating profit

€167.0 million  
+8.0% organically

Net profit - Group share  
(excluding recurring items)

€107.5 million  
+16.7%

Employees

1,621

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# Chairman & Chief Executive's Statement

## A year that confirmed the effectiveness of our value strategy

In an economic climate which remains uncertain, our activities have delivered a strong performance with growth in turnover of 12.4% (6.4% organic) and a notable improvement in operating profit, which increased by 17.6% (8% organic), while marketing investment was increased to support the brands.

A further highlight last November was the announcement of our intention to dispose of the Champagne division. On 31 May, we reached an agreement to transfer this division to the EPI Group. Rémy Cointreau will retain all the distribution rights for Piper-Heidsieck and Charles Heidsieck, as well as for Piper Sonoma (the US sparkling wine brand).

Finally, in the first half of the year, we restructured the Group's debt under favourable conditions, thereby increasing its maturity to 2016.

### Proudly asserting the excellence of our brands

The position of our international brands was consolidated thanks to a strategy of moving upmarket and the strong marketing dynamics of our sales teams in their major markets. In Asia, America and Europe, our customers and the changes in consumption patterns are our priorities. The essential ingredients of our commercial success are to respond, accompany, anticipate and fulfil consumer demand, focusing on quality rather than quantity. The need to move the brands upmarket, together with developing creative innovations and using a wider variety of communication media, enabled us to continue to successfully implement our policy of price increases.

### Asia, top-selling region

Once again this year, Asia delivered a great performance, becoming our top-selling region. The Rémy Martin Fines Champagnes and Grande Champagne Cognacs were the principal growth drivers. This was affirmed by the success of *1898* in China and the positive commercial dynamics of Vietnam and Singapore. Equally spirits, particularly Cointreau, view these countries as a favourable environment for growth. In this respect, the creation of a new distribution subsidiary in Japan is an important strategic step in the Group's development within this region of the world.

In America, mainly in the US, there was growth in the second half of the year. Due to their premium products, with strong consumer appeal and suited to cocktails and new consumption patterns, Rémy Martin and Cointreau delivered a number of promotional drives in the US. This was also the case for Mount Gay Rum with the success of *Silver* in the Caribbean, and for St-Rémy, which experienced a genuine revival in Mexico.

Europe has also seen growth despite the current situation in Greece, which weighed heavily on Metaxa. Eastern European countries confirmed their potential, with a renewed strength in the Russian market. In the West, as the on-trade recovery of Cointreau and champagne demonstrated, so-called "mature" countries have shown that they are open to new creative challenges.

Several innovations have marked the year with, unusually for Rémy Martin, the creation of a VSOP *graffiti* limited edition in China, the launch of *Centaure de Diamant* in Travel Retail, as well as genuine advances such as Rémy Martin V. The coming year will be equally as dynamic, particularly in the support and development of our brands in new regions of growth, namely Asia, Australia and Brazil.

### A long-term commitment

We recognise that the perfection we seek in our brands takes time to achieve. That commitment to long-term development is at the heart of what we do. This goal is shared with all our stakeholders and is the bedrock of our social and environmental responsibilities. Primarily, it concerns employees and shareholders but also our suppliers, our distributors and our partners, who respect our commitments. Year after year, all of them demonstrate their confidence in our strategy.

Rémy Cointreau will firmly maintain its focus on its strategy and long-term commitments. The transfer of the Champagne division is entirely consistent with the acceleration of this strategy. In particular, it will allow us to finance growth in both traditional markets and the Group's future markets, while continuing to keep a close eye on any growth opportunities that may present themselves.

A strategy focusing on high value-added products, sustained by a policy of strong product innovation and supported by a high performance network, will provide the Group with the necessary resources to ensure steady, profitable growth.



**Dominique Hériard Dubreuil**  
Chairman



**Jean-Marie Laborde**  
Chief Executive Officer

# Distribution Strong annual performance

## Control of markets and moving upmarket

"A year after the complete restructuring of our worldwide distribution network, this new financial year was characterised by an **acceleration** in growth, particularly in Asia and in Travel Retail, the **consolidation** of the distribution network and the continued greater **inclusion** of the consumer at the heart of our organisation.

"In this climate of economic recovery, particularly in our historic markets, our strategy has been an important asset in supporting growth. The appropriate distribution of our activities, between traditional and emerging markets, has enabled us to achieve satisfactory and profitable growth, with a perceptible acceleration in China, Vietnam, Russia and also throughout Travel Retail.

"At the same time, we continued to roll out our sales teams dedicated to the prestigious on-trade in our strategic markets, particularly in the US, Singapore and France. Our organisation was strengthened in Russia by a reinforced business partnership with our distributor and in Japan through the creation of a new distribution subsidiary. In addition, we continued to invest in new emerging markets, such as Brazil and India, where we have increased our exposure considerably.

"Our drive to always be closer to the field, in direct contact with each market and as close as possible to ever more demanding consumers, motivates our teams to act and respond to their expectations. All these developments open up very positive prospects in the long-term for our high-end products and our international brands."

**Damien Lafaurie**  
Executive Vice President Global Markets

# Asia- Pacific

## Sustained growth for all brands

In Asia, Rémy Cointreau continues to experience a sustained rhythm of growth. In China, the strengthening of our sales teams has encouraged the development of Rémy Martin's premium cognacs. Two years after its launch, 1898 has become the cognac of choice for all consumers in search of exceptional taste sensations. Our Chinese teams won over the most well-known establishments, city by city. Now available in over 60 major cities, our brands, and Rémy Martin in particular, benefit from optimum exposure.

In conquering new countries, the Group successfully increased its presence in the main regions of South-East Asia. In **Vietnam, Singapore** and **Taiwan**, magnificent hotel complexes are showcases of choice where Rémy Martin, Cointreau and Piper-Heidsieck have strong exposure.

In **Japan**, the creation of a new distribution subsidiary, dedicated to marketing the Group's brands, means that the Group can respond to the unique challenges of the Japanese market, which has suffered greatly in the past months, but which remains strategic in the long-term: Louis XIII dominates the ultra-premium segment, Cointreau and Passoã feature among the leading imported liqueurs and Piper-Heidsieck is one of the undisputed leaders in its category.

Across all these major markets, the sales and marketing teams, on which the performance of the Group depends, demonstrated their effectiveness in responding to changes in the markets and new consumption patterns.



## 2010/11 turnover by region

Asia & Others	Americas	Europe
33.8%	33.8%	32.4%

# United States & Americas

## A valuation stance that delivers

Rémy Martin's determined and ambitious value strategy has enabled the brands to benefit from the slow but certain economic recovery. The desire to maintain high prices, despite the crisis, is consistent with the promise of authenticity and the unique character of our brands. Significant innovation and promotional investment have been established to support this value strategy. Despite the still fragile economic climate, this choice has proved appropriate and successful, as the premium sector has seen the strongest growth. The superior qualities of Rémy Martin and Cointreau have been sustained by the important valuation work carried out in the on-trade. This part of the market, which has the ability to develop high-end brands, is undisputed in the US drinks sector. In this vital market, Rémy Martin ended the year very optimistically, having ridden out the crisis without sacrificing its future.

In the **Caribbean**, particularly Barbados, the launch of the new *Silver* quality Mount Gay Rum was a formidable success. This spectacular recovery bears testimony to the new marketing dynamics of Mount Gay in its local market.

In **Mexico**, the St-Rémy brandy packaging, which creates an image of the superior quality of French brandy, made up for the increase in its retail price. In Brazil, Cointreau's popularity accelerated with double-digit growth despite its very high price in that country. Distribution agreements signed with La Negrita in **Mexico** and Campari in **Brazil** enabled the Group's brands to benefit from the existing marketing teams.



# Europe

## A profitable recovery

This year, Europe was supported by Russia and also by Western Europe.

In **Russia**, groundwork was initiated with our Russian partner Roust: to integrate the Rémy Cointreau teams within local and traditional teams, particularly in the on-trade. This strong partnership originated in Moscow and St Petersburg, where Rémy Martin and Cointreau gained market share and exposure.

In Eastern Europe, recovery was confirmed by the end of the year in the **Czech Republic** and in **Slovakia**, where the Group has its own distribution network, including that of Metaxa for which these countries are strategic. In **Poland** and in the **Baltic countries**, communications targeting on-trade consumers generated growth once again. **Greece** continued to experience a difficult economic situation for the second consecutive year.

In Western Europe, in a flat market overall, the Group's brands performed strongly, particularly in the **UK** and **Germany** as well as in France. The work on brand valuation and innovation bore fruit with renewed success in the on-trade for Cointreau, Rémy Martin and Champagne, as well as in the off-trade for Piper-Heidsieck, which took the lead once again in Belgium.



# Travel Retail

## A window on the world

The travel retail market, the largest showcase in the world, has again seen a spectacular comeback this year. Demand remained very strong, driven by the increase in tourism and business travel.

The Travel Retail team, based in Singapore, covers the entire world with local teams for each market.



Rémy Martin, Cointreau and Piper-Heidsieck again saw growth this year with gains in market share. This was a sign of how appropriate the brand strategy is in meeting the expectations of the very demanding consumers who pass through major airports all over the world, such as Hong Kong, Singapore, London and Paris. These consumers find high-quality products in specific environments: Louis XIII has pride of place in luxurious areas and lifestyles where the "happy few" gather. Again this year, the quality of the marketing displays was further enhanced and provided even greater exposure to all Rémy Cointreau's international brands. With these efforts, Rémy Martin has become once again the leader in value in this important market.

# Strategy

## Nothing but perfection

### A culture of perfection

*"Our products intimately combine the mastery over nature and time of talented men and women. We are the guardians of this legacy of authenticity, which shapes the superiority of our products."*



*"Our ambition is to promote this culture in our strategy of perfection, supported by a visible policy and a strong capacity for innovation and reinforced by the intense work of our teams on the ground. These are the assets which enable us to meet the ever more demanding requirements of consumers and to seize all opportunities for growth. By resolutely reminding everyone of the uniqueness of our brands through the most surprising innovations, we can provide the conditions for their sustainability in every market."*

**Christian Liabastre**  
Executive Vice President -  
Brand Strategy and Development

### Creator of perfection

Consumers are increasingly seeking quality and authenticity and opt overwhelmingly for international brands, both in traditional markets and in emerging countries. Rémy Cointreau has numerous strengths to meet their expectations: strong recognition and solid positioning of its international brands as well as the excellence and authenticity of its products. The aromatic intensity of Rémy Martin cognacs is unequalled. The judicious blend of carefully selected *eaux-de-vie* from the exceptional regions of Petite and Grande Champagne is the work of Cellar Master **Pierrette Trichet's** patience and expertise. Cointreau's centuries-old standards in the selection of oranges and their distillation are today the responsibility of the master distiller, **Bernadette Langlais**. Its unique character makes it a major element in refining the contribution of the famous liqueur to the most up-to-date cocktails. The rums of **Alan Smith** and the champagnes of **Régis Camus** are also amongst the most noted by experts, winning awards on a regular basis. **Konstantinos Raptis** raises Metaxa to a level of quality never before achieved and **Martine Pain** preserves the essential flavours of St-Rémy Brandy.

The work of these men and women is supported by the expertise of the teams on the ground and by targeted communication.



### Qualitative innovation

This culture of perfection inevitably drives the commitment of our brands. The current financial year has been particularly eventful, and one in which innovation has played a key role with the aid of unanticipated creations: the first white bottle of *Rémy V* was tested successfully among American consumers in Atlanta and Oakland. *Rémy V* is created by cold-filtering the autumn grapes of Petite and Grande Champagne, which exude subtle, natural aromas that inspire the imagination of every barman to create cocktails. Other innovations included *Cointreau Noir*, an exceptional blend of cognac and orange liqueur, *St-Rémy Cream*, the first cream-based brandy, and *Metaxa 12\**, which expresses the originality of Muscat wines from the Island of Samos. The commercial success of these creations in markets whose recovery remains fragile demonstrates that they meet the expectations of quality and authenticity. Mount Gay Rum proved this with the combined success of *Mount Gay Silver* in the Caribbean and *Mount Gay Black* in the US.

The Group's brands distinguish themselves through their audacious propositions, tailored to the specific needs of their markets and always nurtured by the demands of the master distillers. For them, as for all the Rémy Cointreau teams, perfection is value: that of the recognition of their talent, of the ability of their brands to recover and their long-term development.

### Analysis of 2010/11 turnover by division

Cognac	Liqueurs & Spirits	Champagne	Partner brands
53.5%	22.9%	11.4%	12.2%

# Cognac

## Creation of appeal and the pursuit of excellence

*"The House of Rémy Martin, the embodiment of excellence and rarity for more than three centuries, continues to assert itself as an extraordinary creator of appeal for consumers throughout the world.*

*The superiority of our Cognac eaux-de-vie comes from the magnificent Grande and Petite Champagne regions, the expertise of our Cellar Master and her teams as well as our value-creating innovations - all key elements in the sustainability and success of our House.*

*"In an improved economic environment where consumers' demands are greater than ever, the House of Rémy Martin achieved a very good performance on all continents due to increased investment to support its brands.*

*"The power and the appeal of the Rémy Martin and Louis XIII brands, combined with the talent of our teams, have enabled us to meet today's challenges and will help us to successfully seize future opportunities."*

**Patrick Piana**  
CEO of the House of Rémy Martin

Turnover  
€486.0 million

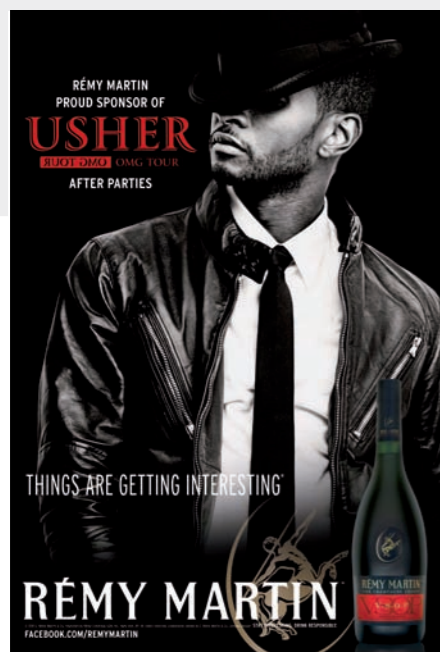
Current operating profit  
€140.5 million

Operating profit margin  
28.9%

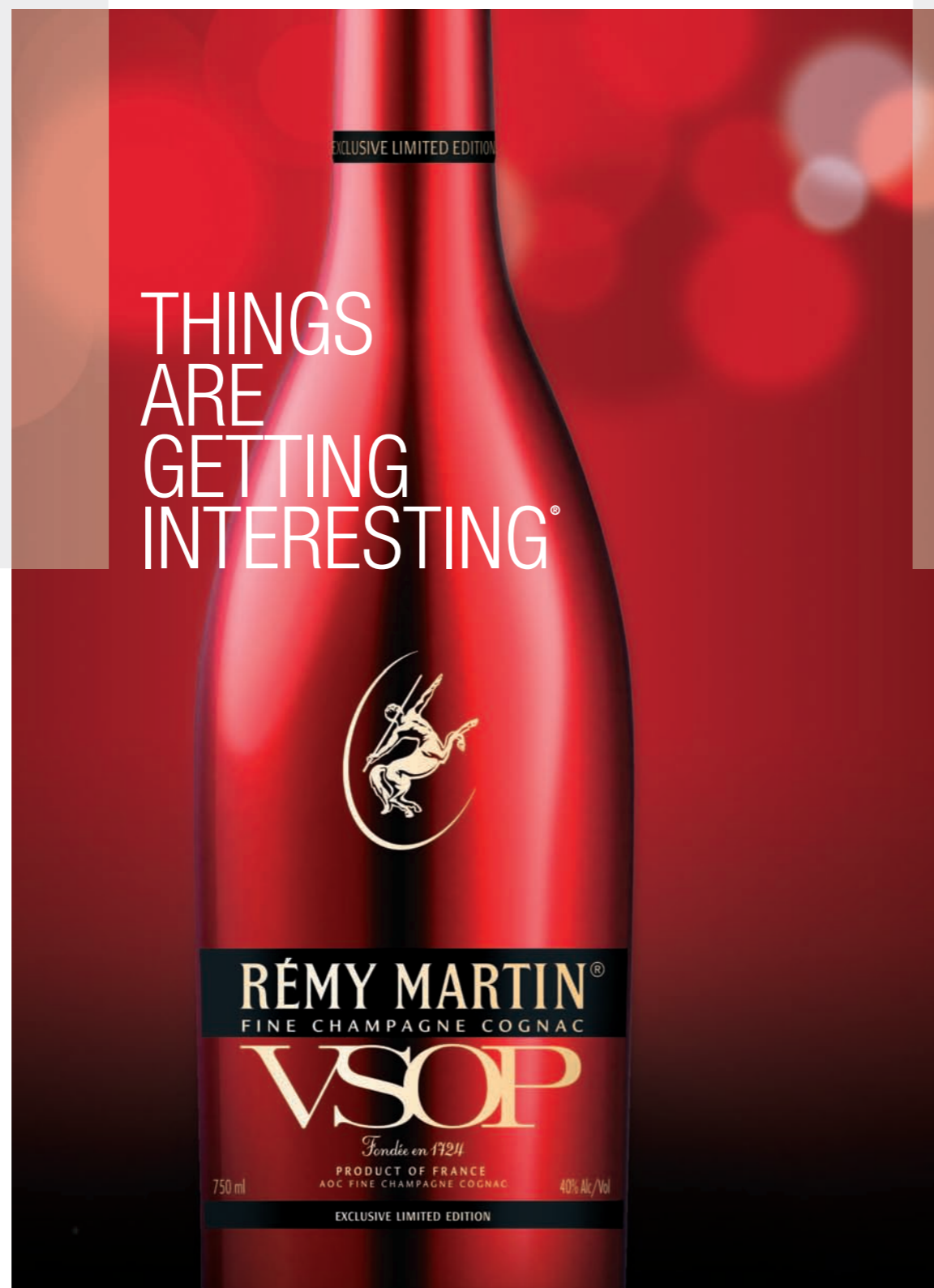


**Exceptional quality and accelerated growth**

Once again this year, Rémy Martin recorded remarkable double-digit growth in value, due to a combination of price increases, the continued move upmarket and the excellent performance of premium cognacs, particularly in Asia. Europe was revitalised by Russia and also by Western Europe.



In the US, the sales growth trend was favourable for very superior quality cognacs. The travel retail market was an important growth driver, supported by the increase in international tourism and high-impact, value-creating merchandising approaches. Rémy Martin strengthened its position in the premium sector of the global market.



Rémy Martin also confirmed its excellence in the “intermediate” categories, which create the desire to discover exceptional qualities. *Cœur de Cognac* in Europe, *Club* in Asia, and 1738 in the US have contributed to increasing the desirability of the brand among consumers seeking to move upmarket.



Furthermore, with the great success of 1898 in China, where its performance more than doubled, Rémy Martin today has a unique potential to appeal that underlines the exceptional character of its rarest qualities at very high prices.

In an improving business climate, the House continued its strategy of value creation with the objective of creating appeal. By reinforcing an ambitious development policy, it asserted its exceptional positioning, at the core of its local roots and expertise. The best cognac in the world now has its own “Academy” which trains and

welcomes colleagues, suppliers, customers and journalists. Its mission is to remind consumers of the exceptional quality of Rémy Martin cognacs, the eaux-de-vie used to make them, a product

of the best grapes from the two prestigious appellation regions, Petite Champagne and Grande Champagne, and the rare and selective attention from the Cellar Master of the House of Rémy Martin.







### Desire driven by innovation

The Rémy Martin brand continued to grow in popularity with activation programmes among young adults. In the US, its second largest market, Rémy Martin established partnerships with international hip-hop and R'n'B stars that are consistent with its communication platform "*Things are getting interesting*". T.I. and Jay Z are already aficionados of the brand, and this year Rémy Martin VSOP was Usher's partner whilst touring in America and Europe, and became the official sponsor of his exceptional after-parties. In China and South-East Asian countries, the increasing number of *Rémy Dance Parties* and the creation of the *VSOP Rémy Graffiti* limited edition parties gave new consumers the opportunity to appreciate the vitality of the brand and to discover the different ways of enjoying cognac.

The limited edition series of the famous VSOP bottle were also noted innovations. Following the success of the limited edition signed by David La Chapelle a few years ago, the launch of the *Red Holidays* limited edition broke sales records at the end of the year in its major strategic markets. Finally, the new limited edition in honour of the Cannes Festival in May was a great success.

In terms of its innovation policy, Rémy Martin benefited from the 2010 launch of *Centaure de Diamant* in Singapore, for Travel Retail, a new tribute to the excellence and character of Cognac Fine Champagne. With its decanter cut like a diamond, *Centaure de Diamant* is the contemporary expression of the ancestral expertise of the House, where time is at the heart of the excellence of the best Fine Champagne cognacs.



### Louis XIII, a policy of rarity

Louis XIII was created in 1874 with the aspiration of offering the best and the oldest Cognacs of Grande Champagne to the most prestigious and influential connoisseurs in the world.

Today, thanks to a required policy of rarity for an exceptional product, supported by an ambitious price policy, Louis XIII benefits from an exemplary and continued increase in value.

Louis XIII is the result of a blend of 1,200 aged *eaux-de-vie*, exclusively from Grande Champagne, some of which have been aged for more than 100 years.

Served in 1929 on board the Orient Express and in 1935 on the Normandie for its inaugural voyage, it is still served in the most prestigious locations on the planet.

Its aficionados know each other all over the world. Whether they are travellers, experts or collectors, their tastes and their expectations are becoming more and more sophisticated. For Louis XIII, rarity is a measure of the exceptional.

### Dynamic outlook

In a much more serene worldwide economy, Rémy Martin is in an excellent position to continue to profit from the revitalised Asian markets and from the confirmed American recovery, as well as seize opportunities for growth in major traditional markets.

The House of Rémy Martin will continue its ambitions for growth with its Rémy Martin and Louis XIII brands, by accelerating its investment policy and by enhancing its marvellous *eaux-de-vie*, thereby asserting itself as an extraordinary creator of appeal among consumers throughout the world.



# Liqueurs & Spirits

## **Authenticity and Innovation**

*"2010 saw a recovery in strategic markets for our Liqueurs and Spirits brands.*

*"Their authentic and unique characters, as well as their original communication methods this year, reflected the strong innovative culture shared by our brands. Each one demonstrated powerful, creative energy thanks to an efficient distribution network that was particularly important during this period of economic recovery.*

*"Our successes in 2010, made possible by our fundamental values of authenticity and innovation, also augur well for future years."*

**Justin Weston**  
CEO Liqueurs & Spirits

Turnover  
€208.0 million

Current operating profit  
€42.6 million

Operating profit margin  
21.1%

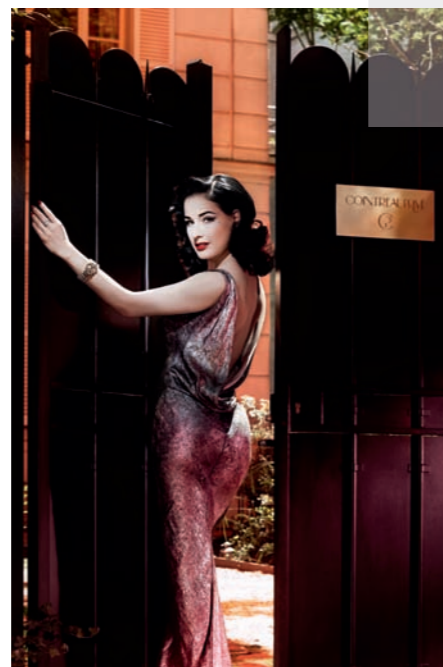


## Cointreau, the successful combination of cocktails and glamour

All of the brand's markets experienced growth, including the US, after two years of economic crisis. The work carried out over the past few months to re-establish the authenticity, history and positioning of Cointreau in the cocktail world led to the creation of the "Cointreau Academy", which opened in September 2010.

Distributors, bartenders as well as French, Dutch, American and Chinese journalists have enjoyed the full experience of this unique liqueur, from the fastidious work represented by the selection of orange peel and the distillation right through to the sampling of famous cocktails: *Margarita*, *Cosmopolitan*, *White lady*, *Sidecar*, etc., not forgetting the *Cointreau Teese*, created by Dita Von Teese. Dita has been the brand's ambassador for the last three years and has endorsed high added-value packaging for the Christmas and New Year's celebrations. She also endorsed a "My Private Cointreau coffret" limited edition, a glamorous and elegant case for cocktail mixing equipment, presented and sold in the most prestigious boutiques in the world, and an object of much envy. Dita also beautifully presented the "Be Cointreaversial show" in New Orleans and in Sydney and launched the wonderful "Cointreapolitan Party" in Greece, Italy, Spain and Sweden.

The opening of the first "Cointreau Privé", a temporary cocktail bar, based on the 1920s, New York-style "speakeasy" bar, was held in Paris in the heart of Montmartre. Entirely decorated by Dita Von Teese and promoted through word-of-mouth, the "Cointreau Privé" shared its Cointreau liqueur and its cocktails among a privileged few in a refined atmosphere.



Beyond its historic markets, Cointreau strengthened its position in new regions, namely Australia and Russia. This year the brand conducted its largest tour of China to date, from Hong Kong to Beijing, via Shanghai, the highpoint of which was the opening of a "Cointreau Sky Bar" in the capital. This marked the first stage of future development in the biggest market in the world.



## Mount Gay Rum, the best rum in the world

Mount Gay Rum is supported by a value strategy that makes "the Rum which invented Rum" the product of choice for barmen throughout the world.

This year, Mount Gay Rum benefited from the extraordinary success of the launch of *Silver*, an artisanal rum made from a rare sugar cane and the purest spring water with all the aromas and the character of Mount Gay Rum. This year, the brand saw double-digit growth in its country of origin, Barbados.

In other flagship markets, particularly Australia, New Zealand and Great Britain, Mount Gay Rum also had a very good year. The new range, from Eclipse to the precious 1703, in their new bottles, a work of visual identity that began two years ago, is available in all these markets, including the North American market.

With a score of 97/100 from the first *Ultimate Spirits Challenge* and an extremely rare 5-star rating from Paul Pacult in *Spirit Journal*, Mount Gay 1703 has been rewarded for the quality of its composition, created by Master Blender Allen Smith. Clearly, it is the best rum in the world.



The brand has strengthened its presence in the world of sailing by being a partner to famous regattas since 1984, namely *Key West*, *Cowes Week*, *Sydney Hobart*, etc. Mount Gay created an important digital platform for all the regatta-goers, "www.sailingspokenhere.com". Users can share their passion, search for partners, comment on the regattas with experts and of course exchange ideas on recipes and ways to enjoy rum on this truly social network.



### Passoã, pump your party!

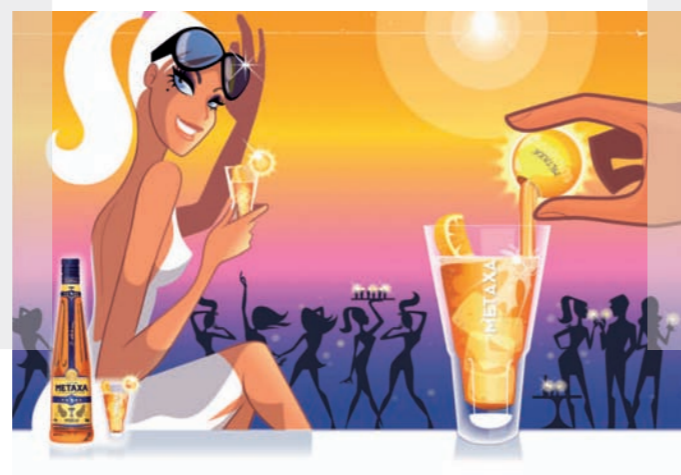
In highly competitive market conditions, Passoã began an advertising campaign, *Viva Passoã*, using social networks, such as Facebook, where promotional events and activities have been particularly successful. During summer 2010, the brand capitalised on this campaign by launching the “*Passoa Party Pump*” a drinking fountain that makes up to eight different Passoã cocktails. This creation of a genuine service ritual established itself in bars as well as supermarkets.



The end of the year was marked by the launch of a “*Viva Passoã*” limited edition. A strong digital feed was also rolled out which led to success in key countries such as France, Belgium, The Netherlands, Denmark, Puerto Rico, Switzerland and Italy. 2010 was a great year for Passoã’s exposure.

### Metaxa, winning over the East

The brand continued to suffer from difficult market conditions in Greece. Nevertheless, Metaxa saw renewed growth in its strategic Eastern European markets, in Germany, Austria and in the Czech Republic, followed by emerging markets with strong potential, namely Russia, Poland and the Baltic states where the brand has established itself for the long-term.



The advertising campaign “*Touch the sun*” increased the brand’s reputation and its exposure. This was accompanied by a strong on-trade activation and the “*Sunball*”, a symbolic innovation that brings the sun to the cocktail.

The brand’s move upmarket began with the precious elixir AEN and continued this year with the launch of Metaxa 12\*, created by the Metaxa Cellar Master, Konstantinos Raptis.

Presented in a refined bottle, Metaxa 12\* has elegantly positioned itself in key markets, which have welcomed it warmly.



### St-Rémy, international recognition for an authentic French brandy

St-Rémy brandy, the true essence of French terroir, is the leader in its category in Canada, Australia, New Zealand and Norway. St. Rémy also strengthened its position in Mexico and Nigeria, as well as in South-East Asia.

St-Rémy has an authentic recognised quality, and Martine Pain, the first lady Cellar Master in brandy and Cellar Master of St-Rémy for 15 years, has won numerous awards. The latest have been two gold medals for St-Rémy Authentic XO and 91/100 in the last *Ultimate Spirits Challenge* with the comment “Excellent, St-Rémy highly recommended”.

The brand is continuously seeking excellence and remains at the height of innovation. At the end of 2010, St-Rémy VSOP, followed by St-Rémy XO, were presented in simple and prized packaging on which the medals can be seen, as proof of its incomparable quality. The brand continues to grow. St-Rémy is, in fact, the world’s finest French Brandy.

### Izarra, the Basque Country’s liqueur

At the beginning of 2011, the Group decided to give Izarra a new lease of life and, once again, to make it one of the leading local spirit brands.



# Champagne

## A renewed dynamism

*"During the 12 months of the financial year, the champagne division benefited from a recovery in demand. Piper-Heidsieck and Charles Heidsieck achieved strong growth in Europe, particularly in the UK and Russia, as well as in the US.*

*"Maintaining their premium positioning was the deciding factor and our champagnes benefited from the market recovery, drawing on an innovative dialogue in our communications and promotions. As a result, the House returned to profitability and is well-positioned for the future. Its champagnes have regained their position in historic and strategic markets which are, once again, becoming growth drivers."*

**Anne-Charlotte Amory**  
Chairman of Piper and Charles Heidsieck



Turnover

€103.6 million

Current operating profit

€2.8 million



### Piper-Heidsieck, audacious

Since 1785, the history of Piper-Heidsieck has been marked by extravagance and audacity. This champagne was sponsored by Marie-Antoinette, was adorned by Fabergé and enjoyed by Marilyn Monroe, who said, "I go to bed with a few drops of a very famous perfume and I get up to a glass of Piper-Heidsieck".

The move upmarket and the Group's value strategy continued this year with increased efforts to promote both the excellence of the wines and develop their audacious and elegant character, which is unique to Piper-Heidsieck.

After Viktor & Rolf and Louboutin, Jaime Hayon, the famous Spanish designer, endorsed the year end offering of "Piper Crush": a scarlet mini ice bucket to highlight the Cuvée Brut. Major international stores promoted this offer with excellent initiatives, particularly Costco in the US and Auchan in France.

There was also bold communication, with the new "Rock and Chic" video, whose campaign produced spectacular results, particularly in Benelux.

Piper-Heidsieck also draws its strength from the excellence of its wines, which was confirmed by the launch of the 2004 *Vintage*, praised by journalists and oenologists throughout the world. Its reputation reached as far as Asia, to Singapore, where Piper-Heidsieck was awarded the prestigious title of "Favourite champagne" by the famous Marina Bay Sands hotel complex.

### Recognition

In 2010, the House's Cellar Master was voted "Best Cellar Master in the World" by the *International Wine Challenge* in the UK for the 11th time. This was the fifth such award for Regis Camus, the current Cellar Master. The prestigious *Fine Champagne* magazine chose three of the cuvées from the top 10 champagnes during a blindfold tasting of more than 1,000 bottles: Piper-Heidsieck Rare 1999 won Best Champagne in the World, with the *Charles Blanc des Millénaires* 1995 and *Charles Blanc 2000 Vintage* taking third and fourth places, respectively.



### Charles Heidsieck, the legacy

Distinguishing itself since 1851 in every respect, Charles Heidsieck cultivates the elitism and demanding requirements of wine. Remaining loyal to the person who gave it its name and character, this champagne seeks excellence through refinement. The most sought-after restaurants, the most celebrated cellar persons, as well as enlightened consumers do not make mistakes!



Charles Heidsieck continued to develop in European markets, particularly the French market, as shown by the success of the summer 2010 *Garden-party box*, comprising a bottle of Rosé Réserve, together with a matching tablecloth, plates and flutes, designed by the House of Caspari. Presented in the most beautiful window displays, this offer also benefited from outstanding media coverage.

The more traditional "buffalo" blue leather cladding of the Charles Heidsieck champagne bucket brought an air of grandeur to the Cuvée *Brute Réserve*, encased in a box specially designed for the New Year festivities.



# Corporate and Environmental Responsibility

## A 360° rollout

"Our environmental and social concerns are entirely consistent with our value strategy and economic performance objectives. Our CER (Corporate and Environmental Responsibility) charter is therefore part of our overall policy. The requirements that we value on French soil are also important at an international level, ie regardless of the geographical site on which we operate. Our CER policy is thus designed to gain the support of all our stakeholders (our employees, our suppliers and also our customers and partners) in France as well as abroad. They have rallied behind us and have adopted a rigorous approach in implementing our commitments. Their involvement and mobilisation today mean they give us 100% support."

"The analysis that we have conducted throughout the year has enabled us to create a new plan for the next three years. This plan reaffirms our commitment to a responsible and environmentally-friendly economy."

**Patrick Marchand**  
Operations Senior Vice President

## Leading by example

"Our CER policy has historically been the result of a thought process regarding the Company's ethical values. In fact, the impact of our operations has always been at the heart of our concerns. Over the last three years, we have noticed an evolution in global sustainable development issues. Therefore, our aim has been to adapt our policy to these new requirements. Rather than simply adapting, we align ourselves in advance with regulatory guidance, taking measures that comply with regulations even before they come into force."

"In France, within the framework of the Grenelle Environmental Forum, our objective is to act in accordance with future regulations that are in the course of preparation. We want to comply with them now regardless of future applicable thresholds. Some decrees have priority, and we have identified two that are particularly important for the Group. The first concerns the certification of CER indicators by an external third party that we are now in the process of identifying. The second, which will apply as of 31 December 2012, concerns the carbon footprint. This decree will mandate a carbon footprint every three years, together with a report on reductions in CO<sub>2</sub> emissions. In light of this, Rémy Cointreau has begun submitting an annual update of its carbon footprint accompanied by its strategy to reduce CO<sub>2</sub> emissions, outlined in its 2013 CER plan."

"As part of the expected SNDD\*, the foundations have been laid for a model of sustainable development, organised around a green and fair economy with low greenhouse gas emissions, and one which also integrates human and social aspects. To achieve this more equitable and co-operative development, nine challenges have been established. We have also included these objectives in the Group's strategy and CER plan."

"The evolution of these regulations and the ratings of agencies and ethical funds are a genuine source of progress, progress that Rémy Cointreau wants to be part of, in order to increase consistency, clarity and transparency. Our role as an ambassador of good practices is very important to us because it confirms our commitment to the Global Compact International Charter and involves us in responsible development."

**Christian Lafage**  
Sustainable Development Director

\* The National Sustainable Development Strategy (SNDD) was adopted on 27 July 2010 by the Interdepartmental Committee for sustainable development.



## Global Compact, 6,000 member companies

The Global Compact is an international initiative, launched by the UN in 2000, for business leaders that are committed to complying with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. For the past two years, beyond these commitments, the Global Compact has required signatory companies to monitor guidelines, and recommend those of the Global Reporting Initiative. Rémy Cointreau has applied them for the past year.

Furthermore, the Global Compact requires companies to act as ambassadors of good

practices with their stakeholders. In this respect, they are required to submit an annual report detailing their commitments at [www.unglobalcompact.org](http://www.unglobalcompact.org). This is quite important insofar as the Global Compact institutions evaluate the actual commitments undertaken each year, under threat of exclusion.

Rémy Cointreau's policy is further strengthened by the fact that the Company's initiatives have been carried out with complete transparency, with respect to participants in the Global Compact, for the past six years.

# Winemaking

**Our commitment: to implement and promote economically competitive and environmentally-friendly growing methods, combined with traditional expertise, applying the most advanced integrated agricultural benchmarks.**

In line with its 2013 CER commitments, Rémy Cointreau continues to progress in the area of preserving natural resources. This entails the ongoing study of practices encouraging integrated agriculture, which relies as much on employees' training as on their knowledge of crop protection products. In respect of the latter, the Rémy Martin vineyards were awarded the "Agriculture Raisonnée" (Integrated Agriculture) certification in 2007. The relationship between Rémy Cointreau and its suppliers is also representative of these efforts. This co-operative approach confirms the Group's commitments with regard to corporate and environmental responsibility.

## "Integrated Agriculture": looking for natural alternatives to using pesticides...

As part of the fight against grape worms, which ravage the vines, Cognac has opted for a natural alternative to the use of pesticides: the mating disruption of butterflies.

39

employees trained in Integrated Agriculture in 2010/11 (an average of 49 employees trained per year over the past five years) (corresponding GRI indicator: LA10)

This technique can significantly limit butterfly reproduction and, consequently, the birth of predatory caterpillars. It should be noted that this non-chemical control is an innovative technique for the Charente region.

## ...and optimising the use of crop protection products

The Cognac site is also continuing its testing of "optidose", which it began two years ago. This programme sets out ways of optimising the use of pesticides when their use becomes inevitable. In February 2011, it also joined the network of DEPHY ECOPHYTO farms as part of the ECOPHYTO 2018 plan. This plan, established following the Grenelle Environmental Forum, is designed to meet the ambitious goal of reducing the use of pesticides by 50% by 2018. The network of DEPHY ECOPHYTO farms should produce quality benchmarks and show that it is possible to create sustainable cropping systems that save on pesticides and perform economically.

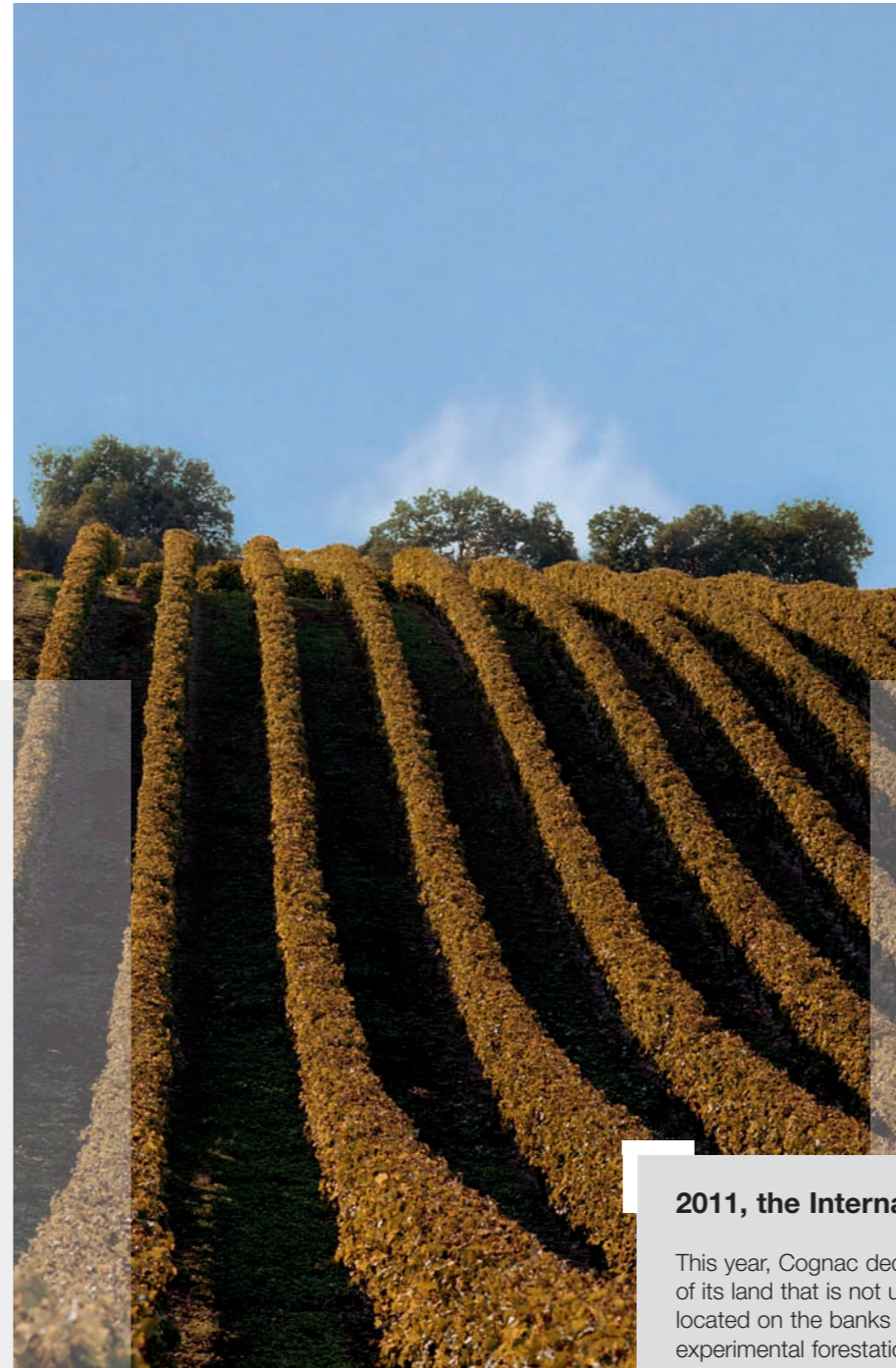
In order to preserve biodiversity, the crop protection products used are safe for both fauna and flora. In

100%

of vineyards use natural predators as an alternative

2010/11, their use was reduced by 22% compared with the recommended doses. In addition, the Group continues to carry out green covering, a practice that involves almost 40% of land surface. This enables

the Group to reduce the use of herbicides. Lastly, over the last five years, the number of soil and leaf analyses increased by 71%, thus enabling better management of soil fertilisation.



## Winemakers, a core target for our societal concerns

Rémy Cointreau is continuing to support, train and promote the wine growers of the Fine Champagne Alliance. This year, these efforts will centre mainly on the understanding and formalisation of standard practices required by various regulations.

42

winemakers educated on "Integrated Agriculture" and Rémy Cointreau's CER commitments in 2010/11 (an average of 430 winemakers educated per year over the past five years).

In partnership with a training organisation, the Cognac site educates wine growers about the regional "environmental self-diagnosis" questionnaire. Training began in January 2011.

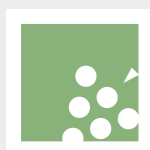
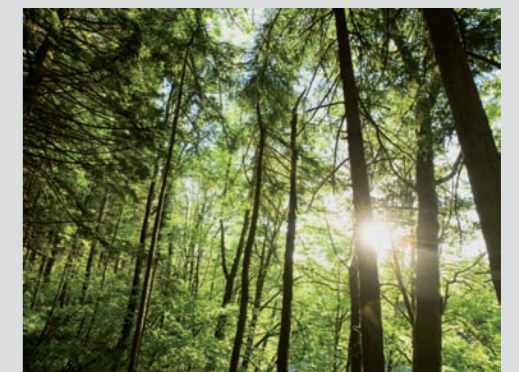
"CER also means the transfer of skills and expertise. Moreover, it

means a commitment to a process of information and continuing education in respect of our partners in the Fine Champagne Alliance. This process has historically been part of our corporate culture," Baptiste Loiseau, Assistant Cellar Master, points out.

As part of the HACCP audit, the EU regulation providing traceability and risk management in respect of consumption, Rémy Martin's "Eau-de-vie Purchasing" and "Quality Assurance" departments have been jointly organising "food safety" visits for the past two years.

## 2011, the International Year of the Forest

This year, Cognac dedicated three hectares of its land that is not used for wine-producing, located on the banks of the Charente, to an experimental forestation and alluvial forest project. In the interests of preserving soil and water quality, together with the League for the Protection of Birds, Rémy Martin has opted for long-term cultivation that encourages the development of environmental fauna and flora. This initiative reflects the International Year of the Forest, which promotes the sustainable management, preservation and development of forests.





# Quality / Security / Environment

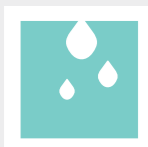
**CER commitment:**  
to guarantee the premium nature of our products through ongoing investment in research, a constant demand for quality, food safety and industrial safety, and actions taken to protect the environment.

"Working from the perspective of eco-design is an inspiring challenge. It leads us to be more resourceful in finding "eco-friendly" technical products that preserve the image of our brands and the quality of our products."

**Claude Angelier**  
Packaging Development Manager (Cognac)

"Reducing CO<sub>2</sub> emissions is also dependent on a cost optimisation approach. Eco-design is closely linked to the concept of "value optimisation." Thus, by choosing a matte black sleeve for the Passoa bottle, we achieved 99% recyclability."

**Isabelle Dussous**  
R & D and Packaging Development Manager (Angers)



## QSE certification: a major challenge

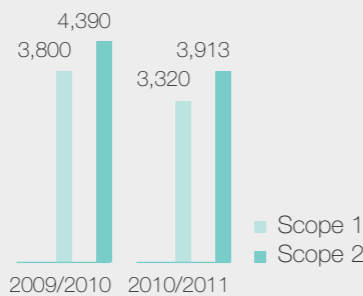
QSE investment this year reached 4 million (corresponding GRI indicator: EN30). The work of the inter-site safety, environmental and quality

85%

increase in investment dedicated to QSE in the past four years

committees continues to bear fruit. No non-compliance was detected during follow-up audits or ISO certification

renewals. Those conducted under ISO 14,001 and OHSAS 18,001 in Angers showed very positive results. Internal communication, staff accountability and participation in the carrying out of projects were all highly valued. In Reims as well (ISO 22,000), audit results were very good. Cognac (ISO 9,000 and ISO 22,000) is moving towards an integrated Quality - Food Safety - Environmental policy, which is a major innovation: the quality assurance system is now managed globally.



Year-on-year change in tonnes of CO<sub>2</sub> emissions for the Group (corresponding GRI indicator: EN16)

The measurement of CO<sub>2</sub> emissions for Scopes 1 and 2 (according to NF ISO 14064-1) has been verified by an independent expert. The required safety level was considered reasonable and the quantification methodology used was the ADEME Carbon Footprint, version 6.1.

## Carbon testing and reduction in CO<sub>2</sub> emissions: inspiring progress

In terms of CO<sub>2</sub> emissions, the Group has annualised its carbon footprint for Scopes 1 and 2 (energy consumption, kilometres driven in company-owned transportation, emissions from refrigerants and commuting).

In respect of updating its 2013 CER plan, Rémy Cointreau has approved its carbon reduction plan, which includes the following five themes: business travel, eco-design of packaging, reducing consumption of natural resources, shipping of products and use of renewable energy. In practice, the use of videoconferencing has led

300

tonnes of CO<sub>2</sub> saved by the use of videoconferencing (corresponding GRI indicator: EN18)

to three areas: the greenhouse effect, water and recyclability. A 2.2% reduction in average packaging weight and reductions in the use of cardboard (90 tonnes less) and plastic (28 tonnes less) have

1,000

tonnes less of CO<sub>2</sub> per year due to the eco-design of packaging (corresponding GRI indicator: EN18)

reduced CO<sub>2</sub> emissions by 1,000 tonnes. (corresponding GRI indicator: EN 26).

Carbon emissions for Scopes 1 and 2 have fallen by 13% and 11% at Group level, representing a reduction of 500 tonnes of CO<sub>2</sub> in 2010/11. "Energy" contributed savings of 300 tonnes of CO<sub>2</sub> this year.

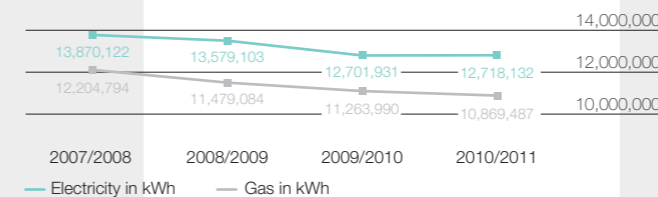
## Reduction in carbon emissions: a proactive plan

Rémy Cointreau has optimised energy consumption while maintaining the comfort of its employees. The Group has reduced its CO<sub>2</sub> emissions this year by 6.6%, or 85 tonnes of CO<sub>2</sub>. The Green IT project has replaced computers with machines that consume less energy (60% less consumption per computer in watts). In Angers, a working group drew up 20 priority actions to optimise

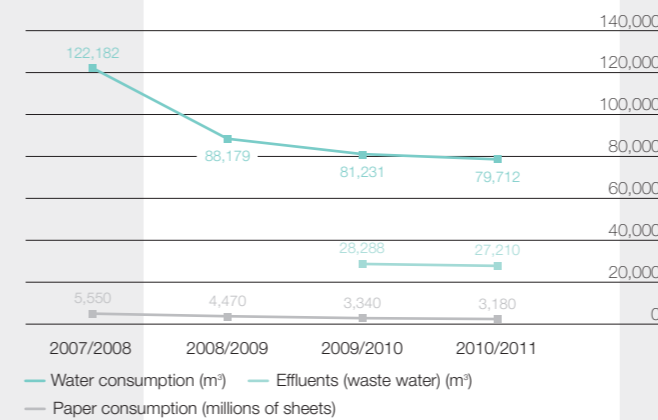
energy consumption, which has led to a 10% reduction in electricity consumption. Awareness also continues to grow: in Cognac, a workgroup voted in favour of ergonomic seats that are more than 95% recyclable.

-6.6%

6.6% reduction in CO<sub>2</sub> emissions due to the optimisation of energy consumption (heating and air conditioning, lighting, Green IT project)



Electricity and gas consumption (corresponding GRI indicator: EN3/EN4)

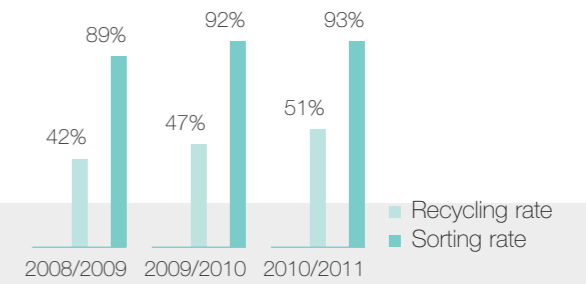


Water and paper consumption (corresponding GRI indicator: EN8/EN21)

The centralisation of printing stations contributed to a reduction in paper consumption from 5,000,000 sheets in 2007/2008 to 3,180,000 sheets in 2010/2011. (corresponding GRI indicator: EN22)

## Natural resources and the environment: capital that needs to be preserved

Rémy Cointreau has reduced its water consumption by 36% in five years, from 122,000 m<sup>3</sup> to 78,000 m<sup>3</sup>. In terms of paper consumption, a one-third reduction has enabled us to come down from 5,000,000 printed pages to 3,180,000 pages per year. "As a result, our ink consumption has also been reduced by one third," says Michael Boluen, Business Information Manager, in charge of the Green IT project. Rémy Cointreau remains committed to its partnership with the National Forestry Board to support reforestation projects. In this respect, the Group is financing a programme of planting oaks over one hundred hectares in the forest of Senonches in the Eure-et-Loire district of France.



Waste processing (corresponding GRI indicator: EN22)

## Safety: a progressive approach in respect of risk prevention and risk management training

3,139

QSE training hours, with 472 people trained (corresponding GRI indicator: LA10)

404

employees in France trained in safety (property and people) (corresponding GRI indicator: LA10)

The maintenance staff in Reims have been trained on new regulatory requirements in respect of electrical hazards. The administrative staff have been trained on how to reduce the risks of working in front of computers (RSI, eye strain, back pain).

Frequency: 19.49 - Severity: 0.35 (corresponding GRI indicator: LA7)

3,139 hours were devoted to QSE training and 3.1 million was spent on safety.

The Angers site has educated staff on safety, by means of reports monitoring near-accidents. Work continues on the ergonomics of packaging lines as well as on prevention campaigns centred on road safety.

The maintenance staff in Reims have been trained

# Suppliers

**CER commitment:**  
to involve our suppliers in our corporate and environmental commitments, monitor their actual involvement and support them in their approach to improvement.

The Group's commitments to social responsibility are dictated by those linking it to the Global Compact. Consequently, it is taking steps to ensure responsible development with regard to its suppliers, who are carrying out rigorous processes to respect these commitments.

As Jean Claude Ferreira, Director of Group Purchasing and Supply Chain points out: *"The aim of our CER approach is to make it co-operative, participatory and integrated within our purchasing policy."* In fact, the commitments of the Global Compact Charter are set out in any new contract between a supplier and Rémy Cointreau.

**Certification of new suppliers:**  
towards greater fairness

This year, the Group has begun revising its CER charter by improving the purchasing process, establishing a "purchasing code of conduct" applicable to each employee. This document, finalised in late 2010, reaffirms Rémy Cointreau's commitment to the Global Compact Charter. Principles are set out in this code of conduct, establishing that the Group will only work with suppliers who comply with social and environmental standards and internationally recognised commercial practices. It also addresses issues related to conflicts of interest by outlining stricter rules regarding fairness in the choice of suppliers.

**Monitoring through suppliers and partners:**  
an objective approach

To better prepare for its monitoring processes, Rémy Cointreau has created a self-diagnostic questionnaire that it has distributed to all its suppliers. Audits are then carried out to assess objectively the correct implementation of their corporate and environmental commitments. The Purchasing Department or an international firm conducts these audits in-house after an assessment questionnaire or risk mapping has been prepared. The audits then result in certification or the establishment of an action plan.



*"The relationship of trust that we have built up with our suppliers is a source of progress. It is long term and thus facilitates the management of our action plans. This relationship evolves naturally over time into a partnership. As a result, the rotation of our partners is low without compromising our ongoing search for purchasing performance."*

**Jean-Claude Ferreira**  
Director of Group Purchasing and Supply Chain



# Sales and marketing ethics

**CER commitment:**  
to support the international development of our brands by promoting responsible consumption and implementing impeccable marketing and sales ethics in their principles and transparency, relayed by our distribution partners and an efficient Consumer Service Department.

**Ensuring responsible communication...**

Promoting responsible communication and consumption is an essential part of Rémy Cointreau's CER policy commitment. Since 2004, the Group has adopted a code of ethics defining its fundamental principles. The Responsible Communication Committee (RCC), which brings together the legal, marketing, sales and advertising areas, then ensures the effective implementation of the Group's principles. The RCC ensures that no marketing communication from Rémy Cointreau or its brands is released unless it fully conforms to the principles set out in the Charter. Regulatory developments and the emergence of advertising rating agencies encourage us to be vigilant. That is why this year's operating and monitoring procedures have been updated to encourage increased awareness on the part of the Company's staff and partners.

**... to encourage controlled consumption**

True to its ethical values, Rémy Cointreau promotes responsible drinking among its customers and partners. The quality of its products and the consequences of their consumption are the Group's primary concerns. Rémy Cointreau is a member of several organisations for alcohol research and analysis. Christian Lafage, the Group's Sustainable Development Director, is currently Chairman of IREB (the French Institute for Scientific Research on Beverages).

The Group's CER policy also includes an educational element. The Group encourages its brands to promote consumption based on risk management. Breathalysers are offered to consumers, even on tastings and production site tours.

**Developing rating activities to measure business performance and ensure a quality customer service**

The process of evaluating business performance through distributors and subsidiaries was strengthened in 2010. New ratings criteria, such as order management, were added to the evaluation model introduced by Customer Services in 2009. The result has been 90% coverage of the marketing process compared with 70% last year. This innovation enables us to better meet customer expectations. This year, for example, the most significant initiatives focused on improving the quality of deliveries.

**Research on alcoholism. Rémy Cointreau works with the French Institute for Scientific Research on Beverages (IREB)**

IREB was created in 1971 by producers and distributors of alcoholic beverages, and contributes to researching the consumption of alcohol through its own studies and the work it supports. It has an independent scientific committee, made up of eminent scientists, which determines the major areas of research in a wide variety of fields related to alcohol consumption: medical, biological,

sociological and psychological. Its operating principles are set out in a code of ethics guaranteeing the independence of its research and that of the scientific committee. Each year, the scientific committee assigns, independently and as part of a tender bid, research grants to teams studying alcohol consumption.



# Human resources

**CER commitment: to guarantee social fairness and the personal development of all our employees, encourage their adherence to the Company's business strategy and involve them in the Group's socially responsible actions, within the framework of Rémy Cointreau's fundamental commitment to the values of listening and dialogue.**

40.4%

of employees are women (France) (corresponding GRI indicator: LA13)

## Fairness of human resources

In an international environment, one of the major issues in human resource management is to ensure social fairness. Rémy Cointreau's HR policy takes its international scope into account while adapting to local conditions.

There are well-defined principles common to all of the Group's activities. The first one is skills development and training aimed at encouraging employees to grow, making them the agents of their own progress. All managers receive a three-year skills development plan together with an action plan. Secondly, the compensation and benefits package incorporates a comparative analysis of local earnings.

In terms of social dialogue, meetings with employee representatives have continued. In respect of the redundancies that affected Reims in April 2010, this dialogue has resulted in a voluntary redundancy plan to be carried out over two years instead of the restructuring plan for 39 jobs that was initially proposed.

4.28%

absenteeism in France (corresponding GRI indicator: LA7)

## Developing a socially responsible approach

The survey of psychosocial risk completed in Cognac last year will be extended to the Angers site. There was a high turnout (70% of employees were interviewed) with the vast majority of them saying they were satisfied or very satisfied with their job conditions. According to Jérôme Charpentier, the Human Resources Manager in Cognac: "The purpose of this process was to provide an opportunity for those who are happy at work to be heard."

One of the areas of improvement identified by the survey was workers' career development. Rémy Cointreau plans to expand the range of growth for those who are most eager to advance.

Steps have also been taken in terms of diversity. For example, the Group has encouraged actions that give disabled workers the opportunity to develop. In Cognac, 25 disabled workers were integrated; the legal minimum is 20.

Initiatives to promote diversity have also been undertaken, one of which is recruitment simulation. Launched in Cognac in late 2010, in partnership with Pôle Emploi (Job Centre), this initiative is aimed at those who have been out of work for a long time, such as seniors and welfare recipients. This recruitment method, focusing on ability, is based on a skills test followed by a teamwork aptitude test. This project involved 50 people who will be able to compete in the hiring for permanent positions.

Rémy Cointreau has increased its efforts to bring young people into the Company through work/study programmes, by means of either apprenticeships or internships. The trainee experience is outlined in a charter that sets out clear rules on the programme's duration, compensation and tutelage. Work/study contracts account for between 3% and 4% of the workforce. The aim of the programme is to see the trainees graduate successfully. In Cognac this year, Jérôme Charpentier welcomed another 11 trainees, whereas none were recorded before 2007.



## Leveraging training for development and success

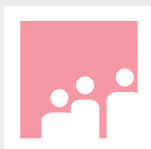
Training is a source of motivation within the Company. In Cognac, this represented 3.81% of the payroll (or 7,938 training hours) in 2010. These training activities

€2.209 million

spent on improving work conditions

have strengthened everyone's ability to address development issues in the Group. The Héraclès programme, begun in 2008 for packaging employees, had an excellent attendance rate with 97% of staff completing the training programme. Other initiatives have also been proposed: the "Mulot Project", launched in October 2010 with great success, provides workers with computer skills.

Rémy Cointreau has also intensified its efforts in respect of career development. The widely deployed "Passport Career Training" is one of the highlights of the year. It was created in response to a legal requirement stating that employees must receive concrete information on their career paths. For Céline Bleher, Human Resources Development Manager: "Training is just one aspect that can be leveraged for development: changes or developments in positions, tutelage, coaching or even reading material are equally as important. In that respect, we have created a new tool this year, 'The Library for Growth,' accessible on the Company's intranet." Available in English and French, the topics in this library centre on "business and performance", "business excellence", and "management and development", all of which are entirely consistent with the Company's commitments.



# Stakeholders and sustainable regional development

**CER commitment: to respond to the needs of stakeholders and share our experience in the area of sustainable development at a regional level where Rémy Cointreau operates, with specific action for sustainable development at a local level.**

The quality approach adopted during tours of the Company was recognised this year when it was granted the "quality tourism" label. *"The quality tourism certification is very difficult to obtain because of its very high standards. What makes us particularly proud is that this label, awarded by the Ministry of Tourism, is very much sought-after by professionals. We talk with some insight about the quantities to be consumed, especially during the tasting, where we encourage responsible consumption. In this way, Rémy Cointreau contributes to public awareness."*

**Corinne Lava**  
Heritage & Special Events Manager

## Generating support for all stakeholders

To better support associations, business clubs and professional organisations in their efforts, Rémy Cointreau regularly participates in company visits, workshops and seminars designed to present its CER approach.

In Cognac, for example, we have continued to support Revico's activities, which produce green energy from recycled local wine-making by-products. We also take part in the activities of local associations: Altère Entreprises, the Club for Responsible

and shared its experience. The Group does the same with requests it receives from ethical funds.

The Group continues to support the Second Chance Foundation, which assists people in unstable situations with realistic and sustainable professional projects: skills training, together with the creation or takeover of companies. Since 2005, the Group has identified 94 cases handled in Cognac, representing almost €110,000 of funding granted by the foundation. The number of cases handled is



Executives in Western France, and the Carbon Club Pays de Loire. The Group continues its initiatives in several schools and training centres in the west of France.

Rémy Cointreau also collaborates with working groups for sustainable development, hosted by various professional organisations such as the National Inter-professional Office of Cognac (BNIC) and the Colbert Committee. This collaborative approach led the Group to respond to queries from international organisations seeking improvements in the area of sustainable development. This year the focus is on managing the carbon footprint. Within the framework of the Carbon Disclosure Project 2010, Rémy Cointreau has, of course, responded to their request

constantly increasing: 33 cases in 2010 compared with 15 in 2009.

This sharing of experience is not limited to companies and organisations. Rémy Cointreau has long been committed to quality and certification processes, especially with the Carré Cointreau. This brand showcase is a guided exploration of the history of the eponymous liqueur, open to both VIPs and the general public. The Group's commitments to CER are presented on this occasion.

# Objectives and action plans

Themes	2008-2011 Objectives	Action taken in 2008-2009	Action taken in 2009-2010	Action taken in 2010-2011	2013 CER Plan Objectives
Whinemaking	Retain the "Integrated Agriculture" certification in the Cognac winemaking domain and certification for the Reims domain	Retain the "Integrated Agriculture" certification in Cognac Organise training in Integrated Agriculture	Awareness-building activities for Cognac winemakers Biodiversity: protection of bees	Biodiversity conservation (forest plantations) Reduction in use of crop protection products: Use of natural alternatives Environmental Training for Cognac winemakers	Qualification HAVE for Cognac vineyard Domains CER awareness for Cognac distillers (collective HAVE certification)
Quality, safety and the environment	Carbon testing and reduction in CO <sub>2</sub> emissions Reduction in consumption of natural resources (energy, water, paper, cardboard): Eco-design of products	Road map the follow up of paper consumption Implement software to measure the environmental effects of packaging Train Product Development teams	ISO 22000 certification of the Reims site Product eco-evaluation and eco-design Introduction of a lighter champagne bottle Energy plan in Angers and Cognac	Carbon Footprint for France (Scopes 1 & 2) CO <sub>2</sub> emissions reduction plan, including business travel, energy, ecologically-designed products and reduction of packaging Awareness initiatives and staff training (reduction in consumption of natural resources, prevention and safety)	Annual carbon footprints (Scopes 1 and 2) CO <sub>2</sub> emissions reduction plan including business travel, consumption of natural resources, ecologically-designed products, transport of products and use of renewable energy
Suppliers and responsible purchasing	CER rating of suppliers CER monitoring and audits	Identify key suppliers Create and use a rapid detection chart of risks Audit and monitor progress plans	Select the new CER audit practice Audit and monitor progress plans CER rating of key suppliers	Update of purchasing code of conduct Creation of a CER self-diagnosis schedule for suppliers CER audits for suppliers (internal auditors or external audit firm)	Audits and CER ratings for suppliers Collection of environmental information linked to ecological design of products
Sales and marketing ethics	Implement responsible consumption, in accordance with the Charter	Validate communication campaigns by the Responsible Communication Committee	Validate communication campaigns by the Responsible Communication Committee Survey to "measure customer satisfaction"	Promotion of responsible communication and consumption Development of "customer satisfaction" rating activities (marketing performance and service quality)	Validation of communication campaigns by the Responsible Communication Committee Development of customer satisfaction assessment Signing of the UDA charter (France)
Human resources	Encourage career development Develop the sales, economic, financial and luxury goods culture of the Group Develop professionalism Integrate stakeholders	Sign the agreement on diversity and issue an internal publication on the subject	Raise the awareness of employees through theatre productions Invest Group savings plans in SRIs	Employee performance development plan to equality, diversity, training and professional development of staff Psychosocial risk assessment (evaluation of well-being at work and identification of stress factors) Company newsletter "Diversity" Creation of the "career training" passport and development library	Development of activities linked to equality, diversity, training and professional development of staff
Stakeholders and regional sustainable development	Integration of stakeholders	Distribute the CER Charter and dedicated support for eco-steps Support the Second Chance Foundation Support the ETIC schools network in Poitou-Charentes: participation in a sustainable development awareness building campaign through theatre	Support Altère Entreprises Participate in establishing a Club of Western France Executives Support the Second Chance Foundation	Support for associate activities on CER themes: Pays de Loire Carbone Club, Western France Managers' Club, Altère Entreprises organisation (Poitou-Charentes region) Support for the Second Chance Foundation Qualité Tourisme label for the Cointreau site at Angers	Participate in and support working structures for sustainable development at a regional, national and international level

# Corporate Governance

## Board of Directors and Management

### Board of Directors

**Mr. Pierre Cointreau**  
Honorary Chairman

**Mrs. Dominique Hériard Dubreuil**  
Chairman

Mr. Marc Hériard Dubreuil

Sir Brian Ivory

Mr. Jean Burelle\*

Mr. Jacques Etienne de T'Serclaes\*

Mr. Gabriel Hawawini\*

Mr. Timothy Jones

Mr. Patrick Thomas\*

Mr. Didier Alix\*

Mrs. Caroline Bois\*\*

Mrs. Laure Hériard Dubreuil\*\*

### Executive Committee

**Mr. Jean-Marie Laborde**  
Chief Executive Officer

**Mr. Jean-François Boueil**  
Human Resources Senior Vice President

**Mr. Damien Lafaurie**  
Executive Vice President Global Markets

**Mr. Christian Liabastre**  
Executive Vice President Brands,  
Strategy and Development

**Mr. Patrick Marchand**  
Operations Senior Vice President

**Mr. Frédéric Pflanz**  
Chief Financial Officer

### Committees

Each committee comprises at least one independent director.

#### Audit and Finance Committee

Chaired by Mr. Jacques-Etienne de T'Serclaes

#### Nomination and Remuneration Committee

Chaired by Sir Brian Ivory

#### Development and Marketing Strategy Committee

Chaired by Mrs. Dominique Hériard Dubreuil

### Statutory Auditors

#### Ernst & Young & Autres

Represented by Mrs. Marie-Laure Delarue

#### Auditeurs & Conseils Associés

Represented by Mr. Olivier Juramie

\* Independent Director

\*\* Pending their appointment at the Annual General Meeting on 26 July 2011



# Stock Market and Shareholders

## Share performance

### Rémy Cointreau's share performance: up 48.7%

In a stock market and economic environment that remains uncertain, Rémy Cointreau's shares performed very well, recording growth of 48.7% in 2010. Rémy Cointreau's share price ended the 2010 calendar year at €52.95. At 31 March 2011, the end of the Company's financial year, the share price was €53.14. At that date, Rémy Cointreau's market capitalisation was €2,617.502 million. The number of shares in issue at 31 March 2011 was 49,256,716.

Rémy Cointreau's share price performance from 1 June 2010 to 30 June 2011 (in €):



### Shareholder information

The Financial Communications department is responsible for the Group's information policy in respect of the financial community, investors and shareholders. The department is available to respond to any enquiries regarding the Group.

The e-mail address is: [info@remy-cointreau.com](mailto:info@remy-cointreau.com)

All regulatory information required by the AMF is directly available at the following dedicated address: [www.remy-cointreau.com](http://www.remy-cointreau.com)

The **Privilège Club** is open to all individual shareholders who are particularly interested in the Group. The Club enables members to familiarise themselves with the Group, its operations and its brands, particularly by providing special offers on certain products. The Club also offers members a VIP welcome at the various production sites that are open to the public, such as Angers and Cognac in France.

For further information:  
E-mail: [info@remy-cointreau.com](mailto:info@remy-cointreau.com)  
Tel: +33 (0)1 44 13 45 15  
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and [www.remy-cointreau.com](http://www.remy-cointreau.com)

### Share information

Market: Euronext Paris  
ISIN Code: FR0000130395  
Reuters Code: RCOP-PA  
Bloomberg Code: RCO FP  
Indices: CAC MID100

### Change in dividend

At 31 March	2010	2009	2008
Net dividend per share (€)	1.30	1.30	1.30
Total number of shares	48,440,001	47,113,389	46,792,120

### 2011 Shareholders' Calendar

<b>21 July</b>	Q1 turnover (April - June 2011)
<b>26 July</b>	Annual General Meeting in Cognac
<b>20 October</b>	H1 turnover (April - September 2011)
<b>29 November</b>	Interim results (at 30 September 2011)



# Financial Statements

## Statement of Financial Position

<i>(At 31 March, in € millions)</i>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Brands and other intangible assets	447.1	629.9	629.8
Property, plant and equipment	141.0	208.6	197.0
Investments in associates	64.9	64.3	62.1
Other financial assets	10.9	71.2	61.1
Deferred tax assets	30.3	27.1	22.4
<b>Non-current assets</b>	<b>694.2</b>	<b>1,001.1</b>	<b>972.4</b>
Inventories	699.2	969.8	958.4
Trade and other receivables	213.6	248.1	282.1
Income tax receivables	1.6	8.3	6.0
Derivative financial instruments	16.4	3.2	10.8
Cash and cash equivalents	80.6	86.3	89.4
Assets held for sale	485.3	-	0.2
<b>Current assets</b>	<b>1,496.7</b>	<b>1,315.7</b>	<b>1,346.9</b>
<b>Total assets</b>	<b>2,190.9</b>	<b>2,316.8</b>	<b>2,319.3</b>
Share capital	79.1	77.6	75.8
Share premium	735.7	708.2	685.5
Treasury shares	(0.6)	(0.4)	(2.3)
Consolidated reserves	177.9	151.5	127.1
Net profit attributable to owners of the parent company	70.6	86.3	86.1
Translation reserve	(7.7)	(0.2)	(0.5)
Profit/(loss) recorded in equity	7.9	(5.4)	(1.0)
<b>Equity - attributable to owners of the parent company</b>	<b>1,062.9</b>	<b>1,017.6</b>	<b>970.7</b>
Non-controlling interests	0.9	0.9	(1.8)
<b>Equity</b>	<b>1,063.8</b>	<b>1,018.5</b>	<b>968.9</b>
Long-term financial debt	377.7	537.7	592.4
Provision for employee benefits	20.5	23.8	18.7
Long-term provisions for liabilities and charges	6.5	5.1	12.4
Deferred tax liabilities	121.8	199.8	199.4
<b>Non-current liabilities</b>	<b>526.5</b>	<b>766.4</b>	<b>822.9</b>
Short-term financial debt and accrued interest	31.8	50.0	28.9
Trade and other payables	406.6	439.3	452.9
Income tax payables	39.2	11.9	32.9
Short-term provisions for liabilities and charges	9.5	19.8	5.9
Derivative financial instruments	4.5	10.9	6.9
Liabilities held for sale	109.0	-	-
<b>Current liabilities</b>	<b>600.6</b>	<b>531.9</b>	<b>527.5</b>
<b>Total equity and liabilities</b>	<b>2,190.9</b>	<b>2,316.8</b>	<b>2,319.3</b>

## Consolidated income statement

<i>(At 31 March, in € millions)</i>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Turnover</b>	<b>907.8</b>	<b>807.6</b>	<b>710.4</b>
Cost of sales	(389.5)	(361.7)	(337.2)
<b>Gross profit</b>	<b>518.3</b>	<b>445.9</b>	<b>373.2</b>
Distribution costs	(284.4)	(238.8)	(185.2)
Administrative expenses	(72.8)	(70.3)	(68.3)
Other income from operations	5.9	5.2	4.3
<b>Current operating profit</b>	<b>167.0</b>	<b>142.0</b>	<b>124.0</b>
Other operating income/(expenses)	(46.5)	(2.2)	11.3
<b>Operating profit</b>	<b>120.5</b>	<b>139.8</b>	<b>135.3</b>
Finance costs	(27.3)	(22.0)	(16.7)
Other financial income/(expenses)	(2.4)	2.7	(6.0)
<b>Financial result</b>	<b>(29.7)</b>	<b>(19.3)</b>	<b>(22.7)</b>
<b>Profit before tax</b>	<b>90.8</b>	<b>120.5</b>	<b>112.6</b>
Income tax	(21.7)	(32.5)	(34.6)
Share in profits of associates	4.3	4.9	3.0
<b>Profit from continuing operations</b>	<b>73.4</b>	<b>92.9</b>	<b>81.0</b>
Profit/(loss) from discontinued operations	(2.8)	(3.9)	5.1
<b>Net profit for the year</b>	<b>70.6</b>	<b>89.0</b>	<b>86.1</b>
Attributable to: non-controlling interests	0.1	2.7	-
owners of the parent company	70.5	86.3	86.1
<b>Net earnings per share - from continuing operations (€)</b>			
- basic	1.50	1.94	1.73
- diluted	1.49	1.93	1.72
<b>Net earnings per share - attributable to owners of the parent company (€)</b>			
- basic	1.44	1.80	1.84
- diluted	1.43	1.79	1.83
<b>Number of shares used for the calculation</b>			
- basic	48,991,452	47,989,124	46,877,143
- diluted	49,248,856	48,191,494	47,113,389

# Outlook and Comments

Rémy Cointreau's turnover for the year ended 31 March 2011 increased by 12.4% (up 6.4% organically), with a 17.6% growth in current operating profit to €167 million\* (up 8% organically), underlining an improved operating profit margin of 18.4%, compared with 17.6% the previous year, despite an increase in marketing investment during the year.

Excluding the reclassification of the Champagne division, operating profit would have grown by 21.6% in published data and 11.2% organically, reflecting the very strong performance of the Group's operations worldwide.

Net profit, excluding non-recurring items (principally the impairment of the Metaxa brand) was €107.5 million, an increase of 16.7% compared with the previous year.

The Group's net debt was €328.9 million at the year-end compared with €501.4 million in 2010, a decline of 34%. The net debt/EBITDA ratio was 2.19.

The 2010/11 financial year was marked by:

- **A substantial increase in Group operating profit**

Strong sales growth, combined with a significant improvement in the Group's gross profit margin, resulted in a 17.6% increase in current operating profit.

- **The disposal of the Champagne division, concluded after the year-end**

On 31 May 2011, the Group signed an agreement with EPI for the disposal of the Champagne division. Rémy Cointreau will continue as sole distributor of the Piper-Heidsieck, Charles Heidsieck and Piper Sonoma brands. This division is now classified within Partner brands.

- **Debt restructured under favourable terms, with an extended maturity profile, and in marked decline**

**Turnover was** €907.8 million, an increase of 12.4% (6.4% organic).

**Current operating profit** was €167.0 million, which represented organic growth of 17.6% (up 8% organically), whereas the operating margin grew strongly to 18.4% compared with the previous year. This performance was primarily achieved thanks to a robust improvement in gross profit and in spite of increased advertising and marketing investment. The organic operating margin for Group brands was 25.9%.

**Operating profit** was €120.5 million after taking into account other operating expenses, which primarily included the €33.5 million after tax impairment charge on the Metaxa brand.

Net financial expenses amounted to €29.7 million, including €3.7 million in expenses related to the refinancing of the Group's debt at the start of the year, under very favourable terms, to defer its maturity until 2016, including a private placement of €140 million and a bond issue of €205 million.

The income tax charge was €21.7 million, which was an effective tax rate of 24%, compared with 27% in 2010. The share in profit of associates was €4.3 million, originating primarily from Dynasty.

**The Group's share of net profit, excluding non-recurring items**, was €107.5 million, an increase of 16.7% compared with the previous year. The Group's share of net profit was €70.5 million after the provision recognised in relation to the Metaxa brand.

**Net financial debt** was €328.9 million, a significant decrease of €172.5 million.

**Shareholders' equity** was €1,063.8 million, an increase of €45.3 million compared with the previous financial year.

An ordinary cash dividend of €1.30 and an extraordinary cash dividend of €1 will be put to a shareholders' vote at the General Meeting to be held on 26 July 2011.

## Outlook

Rémy Cointreau remains strongly attached to its long-term value strategy.

The disposal of the Champagne division is fully consistent with the development of this strategy and, in particular, will fund accelerated growth in major current markets as well as in markets with strong potential for future growth. The Group will also look closely at other growth opportunities should they present themselves.

An ambitious strategy focused on high value-added products, supported by a strong policy of product innovation and served by an efficient distribution network, will provide the Group with the necessary resources to ensure steady, profitable growth.



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