Rémy Cointreau Annual Report 2013–2014

RÉMY COINTREAU


RÉMY MARTIN
FINE CHAMPAGNE COGNAC
VSOP
V.S.O.P
Maison fondée en 1724
PRODUCT OF FRANCE

Rémy Cointreau.

The Group has continued to enhance the value of its brands on every continent thanks to its tenacious strategy, and is also becoming established in new markets with high growth potential. This pursuit of excellence and foresight overcame a year of contrasts.

Chairman's Statement

Looking fur-ther ahead.

With apologies to those who prefer the short term, we believe that the contrasting year just ended has, once again, demonstrated the validity of our strategy. The pursuit of perfection, foresight and tenacity are the three principles that we have followed. They essentially constitute the different angles from which we can view and subsequently assess our position in Global Markets. Admittedly, the growth in our cognac sales has been dented in China, but we were able to exercise foresight and reduce our stocks accordingly. Above all, we have resolutely turned our back on the pitfall of lowering our prices, refusing to spoil the ultra-premium image of our brands and mortgaging their future. The desirability of our products remains intact. We are accompanying an evolving market whilst remaining faithful to our reputation for excellence, and preparing for the change in this market.

François Hériard Dubreuil
Chairman and Chief Executive Officer

Let us look at North America, which has long been one of our key markets. Several years ago, in spite of all the negative predictions, we maintained our investment there. The recovery has taken place, earlier than forecast, and we are now reaping the rewards of our past determination. Our recently launched premium rum from Mount Gay, *Black Barrel*, is inspiring connoisseurs, whilst *1738* from Rémy Martin, a unique blend of Fine Champagne, tops the sales in its category. This proves, once again, the relevance of our high value strategy and the virtue of foresight.

Another cause for satisfaction is Japan. Focusing on the demands of Japanese customers, we created a subsidiary there three years ago in order to become better stablished in this complex market. The performances recorded this year exceeded our expectations. Louis XIII is weaving its magic in the country, and Bruichladdich's most peaty single malts are casting their spell, demonstrating the tenacity and dominance of excellence.

Let us therefore put aside the sluggishness of Western Europe and look instead at the strength of our assets throughout the rest of the world. With very few exceptions, we are seeing rapidly developing lifestyles, driven by greater affluence: in India, the restrictive regulatory framework is set to change; in Brazil, the strong expansion of the middle classes is proving to be an impressive long-term market source; in Africa, growth is accelerating in over 15 countries; in Central Europe, Metaxa's 12 star bottle is set to become the spearhead of the entire range which preceded it. On every front, an interest in authenticity and a growing attraction to brands that embody perfection is evident. It is up to us to know how to respond, and for that reason to never sacrifice the long-term for the sake of short-sighted calculations. Fortunately, we can do this, thanks to our financial soundness which gives us enviable firepower; thanks also to our determination, forged by several generations of family ownership; thanks as well to the awareness shared by all our teams not only of the value of the tangible capital, but also of the intangible capital, of which they are the custodians. With apologies to the pessimists and the faint-hearted, we will continue over the coming years to be optimistic and to look further ahead.

Strategy

The power of authenticity.

In unusual times, when the future, which until then had appeared to be clearly defined, is suddenly revealed to be less well ordered, it is only natural to question the values which should guide our approach. Amongst the values which led us to adopt the signature, "We seek nothing but perfection", there is one which must remain the underlying guiding principle of our strategy: authenticity. There is a currently fashionable trend for storytelling, and that entails inventing a legacy. But to do that is to forget that "looking authentic" is a contradiction in terms, an absurdity. Either one is authentic, or one is not.

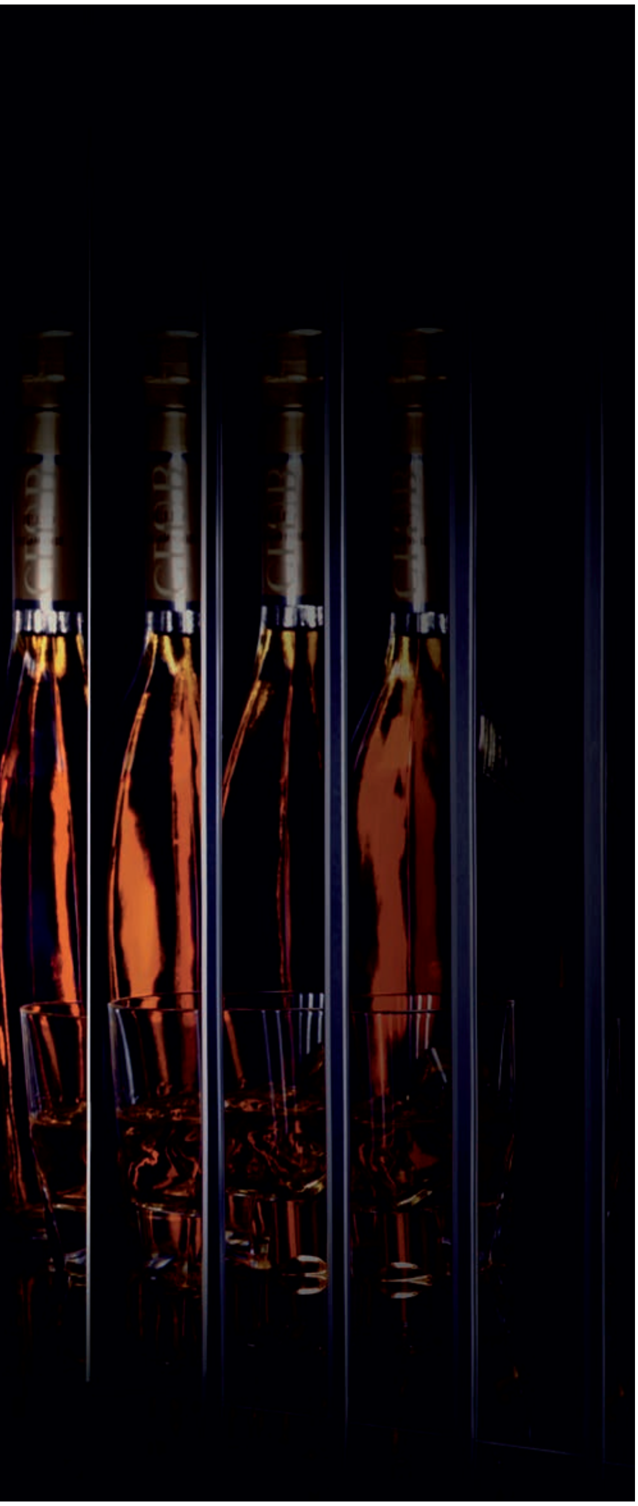
Far from being artificial, the Rémy Cointreau Group's brands derive their strength from a unique authenticity, which is their most valuable asset. Each one of them has been, in some cases for several centuries, deeply rooted in the terroir in whose traditions they remain steeped: Petite and Grande Champagne vineyards for our cognacs, the vineyard on the island of Samos for Metaxa's Muscat wines, the Isle of Islay for Bruichladdich and The Botanist and, further afield, Barbados for Mount Gay. All have defied, over the years, the sometimes inclement weather, and all have resisted the temptation to take the easy option in order to guarantee their customers an ever more remarkable quality. Loyal to their creators, who were already fanatics embarked on an endless quest for perfection, they are conscious of the value of the heritage to be nurtured, and to be passed on from one Cellar Master to another with infinite care.

We have been given the opportunity to be the heirs of these terroirs, of this legacy of the founders, and of this expertise handed down through the generations. Whilst competition is intensifying, and no market is ever truly won, it is up to us to manage this absolute authenticity without sacrificing the creativity which sets it apart. It is, therefore, no accident that the "red ribbon of quality" has reappeared this year on the Cointreau bottle, which two centuries ago was designed to be dark and square, when all its rivals at the time were clear and curved; that the 22 plants picked by specialist botanists to go into "*The Botanist*" gin are now listed, in their Latin names, and sculpted around the bottle, in the way that Edouard Cointreau engraved his signature on his bottles; that Passoa will now only accept passion fruit juice which comes from Brazil; that Mount Gay bears *1703*, its date of birth, in large letters; that the centaur displayed on 1874 superbly portrays the subtlety of the blends to which it pays homage, and that we are investing so heavily in the various *Academies* through which this fundamental identity is conveyed to our different audiences. It is no coincidence either that the word "crisis" does not exist in China, the country which could have led us to change our strategy this year. Its nearest equivalent is translated as "opportunity".

We will not make any concessions; more than ever before, it is up to us to assert our identity by continuing to select the best the land has to offer, to meticulously transform what time provides, and to give new meaning to each of our brands by doing very little to them, because it is our authenticity that remains the key deciding factor for our consumers. It justifies the amount that they are willing to pay to buy our products, to give them to others or to savour them themselves. In other words, it is priceless.

The cognac legacy
Pierrette Trichet and her successor Baptiste Loiseau


CLUB
DE
RÉMY MARTIN
RÉMY MARTIN
FINE CHAMPAGNE COGNAC
CLUB
A.O.C. COGNAC FINE CHAMPAGNE
PRODUCT OF FRANCE



House of Rémy Martin

Unquenchable fascination.

Although 2013 was marked by the decline in the Chinese market, Louis XIII and Rémy Martin are two global brands whose growth potential around the world remains intact. This was demonstrated by our sales momentum in the US, where the success of *VSOP*, the undisputed leader in its category, shows no sign of abating, whilst the growing momentum of *1738* and the highly promising launch of *V* have confirmed their appeal to a new clientele.

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€551.2 m

2013-2014 sales

Revitalised appeal.

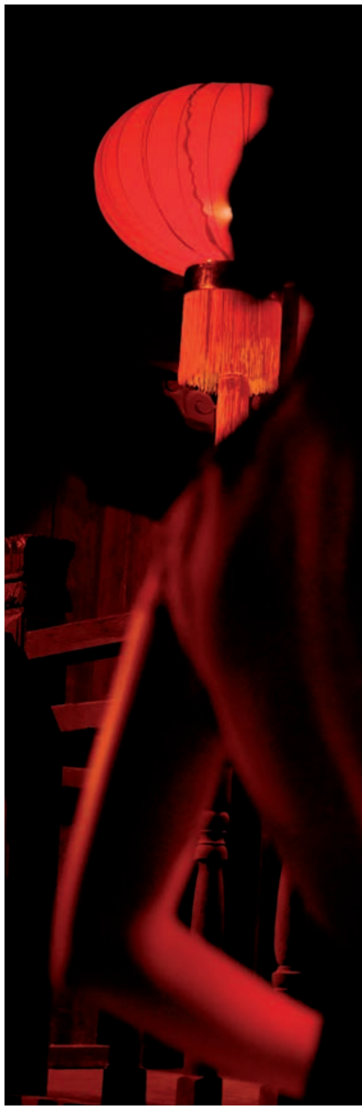
Driven by the exceptional quality of our Petite and Grande Champagne eaux-de-vie, the House of Rémy Martin has also recorded impressive growth in Russia, Eastern Europe, South-East Asia and Africa, which every month confirms an, as yet, unfilled potential.

Furthermore, the potential for the Chinese market, where wines and spirits account for less than 1% of consumption, remains very significant. The coherence and consistency of our prices, whilst detrimental in the short term, will be formidable assets over the long term: our brands will be stronger and better secured when the recovery takes place in China, where there is still a strong appetite for our products.

We therefore approach the 2014-2015 financial year with confidence in our strategy of moving upmarket, boosted by a new packaging facility and a new spirits cellar both of which were built while respecting the traditions and expertise of a House dating back almost 300 years, yet are modern. Beyond pricing, the ultra-premium strategy is based on a pursuit of excellence allied to renewed creativity, a source of modernity, innovations in the products and in the fields of digital and customer relations.

Robin Thicke
The R&B singerBrand Ambassador in the US


RÉMY MARTIN
FINE CHAMPAGNE COGNAC
VSOP
Fondée en 1724
70 cle
40% vol
EXCLUSIVE LIMITED EDITION



From one century to the next.

This year, once again, numerous product developments demonstrated the creative energy of Rémy Martin beyond the confirmed success of *VSOP* around the world, which was heightened by successful collaborations with Jolin Tsai in China and with Robin Thicke in the US and Europe.

In the US, the growing success of *V*, which continues to be a must for all barmen keen to refresh their craft, confirmed our appeal to a new clientele and particularly to a fashionable and multicultural female target. *1738 Accord Royal* has developed a presence beyond its original markets and has become one of the spearheads of our strategy to move upmarket. In Asia, this strategy is being driven by *Club Rémy Martin*, the immediately recognisable eight-facetted bottle with launches in Thailand, Malaysia and the Philippines. Exclusive to the Travel Retail network, Rémy Martin created the first extension of its Heritage Collection: *Coupe Shanghai*, a new blend created by Pierrette Trichet from outstanding Fine Champagne eaux-de-vie. The world premiere of this splendid hommage to the Coupe Shanghai, created in 1903 for connoisseurs, took place at Singapore Airport.

Serving the fundamental aim of finding a new and enduring customer base, the brand has also developed a tool called *"The Heart of Cognac Academy"*. Thousands of people have been able to explore the Rémy Martin universe interactively, introduced by the brand's ambassadors, firstly in the US, and subsequently in Mexico, Canada and Russia.

Lastly, with a key presence already on many social networks, such as *We Chat* in China, Rémy Martin now has in excess of one million followers on Facebook. An application, *"One Night In"*, has also been developed and has become the hot ticket for fashionable nights out in London. All these initiatives demonstrate the brand's constant momentum within the digital arena.

Louis XIII
The Sublime.

London, May 2013: During an auction organised by Christie's, in support of the *Chain of Hope* charity, the first decanter of *Louis XIII Rare Cask 42.6*, in black crystal with a collar set with rose gold, intended for the UK, achieved a price of £50,000, demonstrating buyers' fascination for this unique masterpiece. The magnificent blend coming from century old barrels, and the expertise of four generations of cellar masters, resulted in 738 decanters being produced. Offered through a waiting list by the most prestigious establishments, it is now virtually unobtainable.

Hollywood, August 2013: Louis XIII makes a cameo appearance in the Lee Daniels film "*The Butler*", which triumphed at the Box Office. It was actually thanks to his knowledge of Louis XIII Cognac that Cecil Gaines, played by Forest Whitaker, was employed by the White House to serve eight US Presidents.

In Los Angeles, Mayfair or Causeway Bay, Louis XIII has continued to inspire collectors and connoisseurs of unique eaux-de-vie. In 2013, the brand strengthened its links with its network of "*Fortresses*" and authorised wine and spirits merchants to provide Louis XIII with an unrivalled presence and service. The Beverly Wilshire in Los Angeles, the Grand Hyatt in Tokyo and the Leopard Bar in Geneva, in particular, have showcased the brand to an ever more demanding clientele. To keep the legend alive.


LOUI
Rémy
RAR

LOUIS XIII
RARE CASK
CASK
42,6


COINTREAU FIZZ
COINTREAU FIZZ
1849
LIQUEUR
COINTREAU
L'UNIQUE
UNE HARMONIE
SUBTILE ET NATURELLE
DES ÉCORCES
D'ORANGES
DOUCES ET AMÈRES
40% vol
℮ 0,35L

Liqueurs and Spirits

Innovation as a philosophy.

Iconic in nature, the division's brands have accomplished the feat of emphasising their authenticity whilst simultaneously reinventing themselves. It is therefore only logical that they are reaping the rewards of their boldness and their imagination, achieving impressive growth in their key markets, notably Cointreau in the US and Metaxa in Eastern Europe, fearlessly conquering new territories, both geographic and virtual.

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€237.3 m

2013-2014 sales

Cointreau Allegro gio-coso.

In gold lettering on a red background, a few words have always encircled the neck of a bottle of Cointreau, "to the four corners of the world", as if to emphasise the curves of the famous **square bottle**, the extremely high profile of the most globally distributed brand, across all latitudes. Over the years, the ambition of those behind this collar has proved prophetic. This year, once again, the venerable liqueur has demonstrated its growth potential and its capacity for **constant reinvention**. Initially tested in fashionable bars, *Cointreau Fizz* has set out to conquer the entire world, to become one of the most iconic **long drinks**. This one theme of reassuring simplicity (a quarter Cointreau, a quarter lime juice and a cascade of sparkling water), can be varied in a multitude of ways, according to the talents of the barman or host. As a sign of its enthusiastic adoption by the **US market**, *Cointreau Fizz* was even spontaneously rechristened *Cointreau Rickey* – a sign that it has been adopted in the country of the colonel for whom it was invented in 1883. In **Japan**, as in Australia, New Zealand and South America, this celebration of citrus fruits has undoubtedly earned its stripes on **cocktail lists** to cater for new and more refreshing appetites with an infinite variety of occasions on which to experience it. *Cointreau Fizz* is set to establish itself as one of the great classics, joining the legendary *Margarita*, *Side Car* and *Cosmopolitan* all for which Cointreau is already an **irreplaceable ingredient** – a most contemporary *quartet* which beautifully illustrates the brand's double-digit growth.

Cointreau's leading market, the US, continued to demonstrate its fondness for *Cointreau Noir*, whose composition includes a **few ounces of cognac**. With supreme audacity, it has become the basis of the *Escalade Margarita*, paying homage to today's most coveted Cadillac: a unique SUV, about to become a legendary benchmark for its parent company. With an endorsement such as this, the brand's move **upmarket** seems unstoppable. Two achievements attest to this: remarkable penetration rates in all **airports**, as well as on the **Australian continent**, now *Cointreau Noir*'s second largest market.


COINTREAU
AUX QUATRE COINS
SINCE
1849
DEPUIS
COINTREAU

ST-Rémy
Conquest through creation.

With its reputation for excellence, **the world's leading** brandy can afford to be bold. Launched last year, *St Rémy Extra Old Reserve Privée* continues to evoke the splendour of Paris by night, for an ever increasing number of fans. Encouraged by this success, this year the brand decided to draw on the realm of imagination that Provence represents to market a **new creation**: *St Rémy French Honey*, with captivating notes on the nose, a blend full of the aromas of the sun-drenched countryside which should appeal to a **female clientele**; a ribbon proudly displaying the colours of the national flag, a bee bathed in sunshine inlaid in the seal of the bottle, this well rounded variation of the renowned brandy makes use of a key facet of its DNA: its French origin. In Canada, Russia and Nigeria, which make up the leading three of St Rémy's **key markets**, as well as in Travel Retail, these extensions are all growth drivers illustrating the brand's **dynamism**. This glowing report would be incomplete without mentioning the determination with which *St Rémy à la Crème* continues to grow, offering the geniality of its white bottle and the tranquillity of the meadows of Normandy to those who love smooth liqueurs.

Metaxa

A dazzling journey.

For the third consecutive year since the implementation of the "New Ambition" strategy, the celebrated Greek brand has posted double-digit growth, driven by a policy of constant innovation and events: the celebration of the House of Metaxa's 125th anniversary, the launch in Hong Kong in participation with a very trendy Mediterranean bar, and in Paris thanks to exceptional restaurants and delicatessens; the opening of a Metaxa boutique in Heraklion; a massive presence in the international airports of London, Bangkok and Melbourne and ski slopes decorated in the brand's colours in Canada, Slovenia and Romania. The results speak for themselves: a surge in duty-free shop sales and sales records surpassed in Russia, Austria and Poland. Across all its key markets, the success of *Metaxa 12 Stars* is driving the brand forward. Furthermore, summer 2014 is shaping up to be very sunny as the new *Metaxa All Weather* bottle, evocative of the beach and the seashore, has received a *Good Design Award*, which is much coveted by experts.

Mount Gay
Raising the flag beyond the oceans.

United in support of *Black Barrel*, its latest creation, the range of Mount Gay Rums has brilliantly demonstrated the **relevance of the strategy** implemented by posting **double-digit sales growth in value terms**. The new blend of aromas of banana, sweet almond with mocha and vanilla, lovingly aged in barrels once soaked in Bourbon, was launched with great success on the US market. From there it set off to conquer Australia and New Zealand, as well as Duty-Free, with equal success. Lovers of **highly spiced brown spirits** have no hesitation in turning their backs on other traditionally made rivals which they enjoy, such as premium bourbons, to name just one category. Following in the wake of this flagship, *Mount Gay XO* has also taken its place among **classic cocktails**, such as the *Manhattan* or the *Old Fashioned*, which are making a strong comeback. The *Silver* and *Eclipse* bottles seized the opportunity afforded by their aged parchment labels to reassert the **authenticity of their origin**. Thus, with greater consistency, the range of Mount Gay Rums is raising the profile of Barbados far beyond the seas and **its traditional seafarer customer base**. This exposure fully justifies the construction of a fourth cellar which was opened at the beginning of the year, a fine symbol of the distant horizons towards which the brand is sailing.

Bruichladdich

Fully operational.

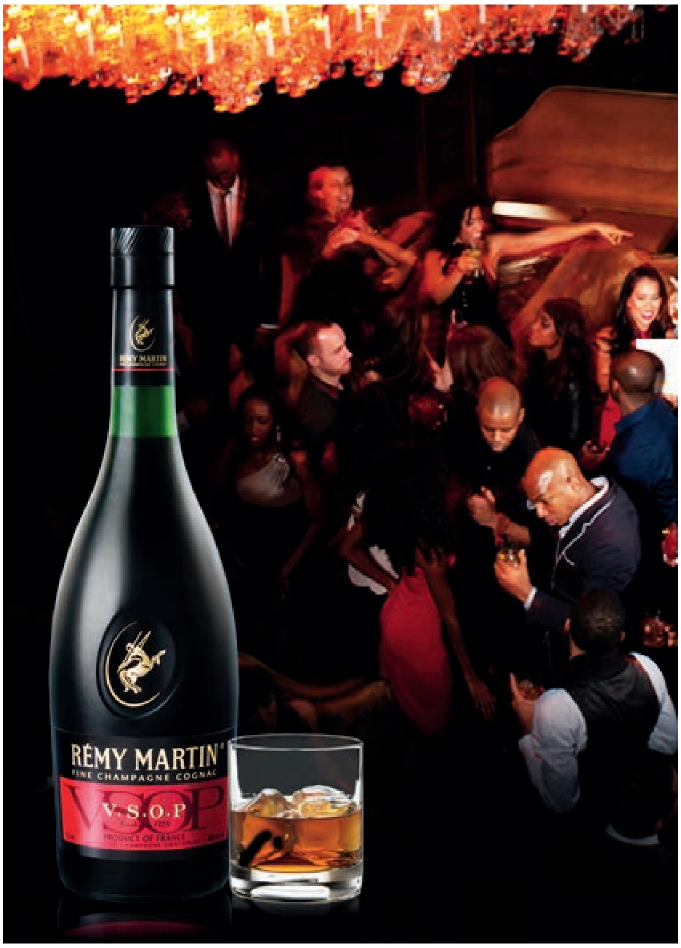
2013-2014 was the year of transition through excellence, **focusing on integrating** the brand. The distillery staff and marketing teams from Bruichladdich enthusiastically joined forces with those of Rémy Cointreau to learn, in particular, about its distribution network. Cooperation on both sides was excellent. A tremendous amount of work was done for the **launch of a new range** of single malt whiskies, capitalising on the unique source of its ingredients from the Ile of Islay, home to the most remarkable barley: the three brands with their individual characteristics, *Bruichladdich*, *Port Charlotte* and *Octomore* are now in the starting blocks and ready to conquer the world. We are also doubling production of *The Botanist* gin. A major undertaking, in addition to the **redesign of its bottle**, was to list in all their splendour the irreplaceable herbs which make it **unique** along the entire height of the bottle. As a result, it is almost impossible, once holding the bottle, to resist the temptation to gently turn this sculpted column and touch the list of its ingredients, to better decipher the mystery of its contents. We have finally implemented the ethos "the strength of the terroirs". The mobilisation of the Scottish teams is boosted by one ambition: to make **the ultimate single malt** for the most demanding connoisseur, avoiding all the beaten tracks, without holding back or being afraid of taking them by surprise – with the boldness that authenticity grants.

Distribution

The new situa-tion.

The year just ended was full of contrasts. Whilst the Group's brands made steady progress in the US, Japan, Eastern Europe and Africa, a change in the consumption of spirits, specifically cognac, took place in China. Less traditional and formal, it has become more sociable and above all involves younger consumers. Official practices entailing the exchange of sumptuous gifts, and large banquets punctuated with invitations to raise a glass, have been cut back and, as a result, all luxury brands have suffered. The foundations of our presence have not, however, been weakened. Consumption patterns in private business circles have remained unchanged; clubs, bars and restaurants, where young people get together, are booming: the appeal of our cognacs' sophistication captivates: a cause for satisfaction which is doubtless a reflection of our continued investment, particularly in the high profile *Centaure Dances*. Faced with these changes, the Group decided to maintain its premium position while at the same time reducing the stocks accumulated by its distributors. Whilst this meant a harsh revision in terms of sales, it also meant a desirability which will remain intact for the years to come, once this adjustment period ends. Although the "*dolce vita*" is now less ostentatious, the long-term outlook for the Chinese market remains highly favourable; the quest for status among the middle classes, who are pouring into the cities, is still booming. This quest specifically includes the discovery of imported spirits. This clearly shows that sales should gradually resume a positive trend.

A market that has particularly stood out in South East Asia, confirming its potential, is the Philippines, where the Group has posted impressive growth. In India as well, the investment made to establish a presence in the wealthiest states and the most prestigious places is beginning to bear fruit. However, if there is a country where patience and the fullness of time have been shown to be virtues, it is unquestionably Japan.



The Group's entire portfolio of brands achieved remarkable performances there. Louis XIII can, once again, be found in luxury hotels and luxury drinks shops. Without doubt, *Rémy Martin VSOP* is also now captivating a young nightlife clientele who like to mix it with soft drinks, resulting in double-digit growth to celebrate the third anniversary of the creation of our subsidiary in the land of the rising sun.

In the US market, the Group's brands have continued to thrive, reporting sustained organic growth and spectacularly demonstrating the success of the high value strategy that was introduced. The highest rates of growth were posted by the most upmarket bottles. In the above $50 cognac category, *1738* reigns supreme, growing by more than 20% for the third consecutive year. *VSOP* is also reaping the rewards of the advertising campaign featuring Robin Thicke. As for *V* and its beguiling transparency, its national launch is now complete. On the cocktail front, Cointreau has not been left behind. With a great sense of purpose, the celebrated liqueur has taken up *Rickey*'s tried and tested recipe, to breathe new life into it in line with the trends of the 21st century.

As in previous years, the dividing line between the performances of Eastern and Western Europe is a carbon copy of the sluggishness or vitality of the national economies. The recovery has been impressive in Central Europe, even in Greece, notably thanks to Metaxa and to a change in our distributor in Poland. Across the Urals, Rémy Martin, as well as St Rémy and Metaxa have, once again, made inroads ahead of an undoubtedly more wait-and-see environment in the coming months. Conversely, the Group only maintained its market share in the mature economies in which the economic crisis persists. Persuaded by the growing influence of London and other British cities on global consumption habits, the Group decided to create its own structure in the form of a UK subsidiary. To begin with, it successfully took on the relaunch of Bruichladdich and The Botanist.

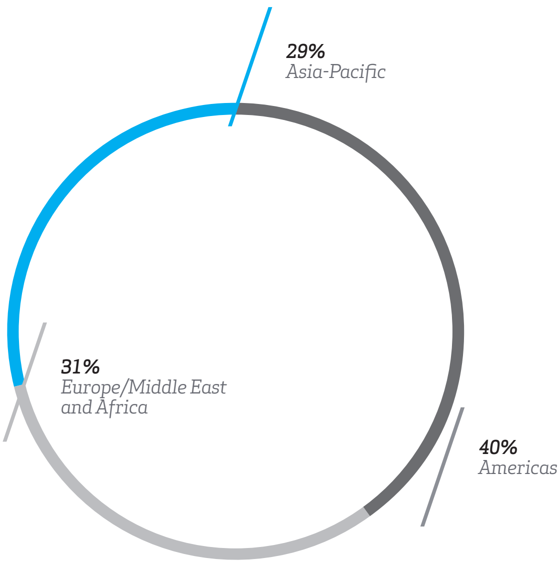
RÉMY MARTIN
RÉMY MARTIN

Introducing
BLACK BARREL.

The high point of this world tour is the spectacular growth recorded in Africa. Rémy Martin's impressive breakthrough in South Africa and the success of Cointreau fully justify the strengthening of our structures on this continent, be they in Nigeria, Ghana, Kenya or even Angola.

Lastly, everything seems to augur well for Bruichladdich to become very successful. As true connoisseurs of single malts, our most sophisticated customers have shown themselves receptive to the authenticity of this exceptional brand in all the countries in which the new range has been introduced. From Taiwan to the UK, via Singapore, Japan and Travel Retail, "the strength of the terroir" *ethos* has sparked enthusiasm and curiosity.

In every country, the teams have shown a deep commitment to better educating the consumer about the superior quality of our brands, and enhancing their appeal. Never before has digital media, and in particular social networks, been used so much. An extraordinary bond has been created between Cointreau and its spellbound *aficionados* right across South America, an intense dialogue has developed in China between Rémy Martin and its supporters, and enthusiasm is passed on by renowned bloggers. In this way, all the brands have struck up real conversations with the new generations fed on Web 2.0. The future is theirs.



Geographical breakdown of sales
(percentage of total sales)

CSR governance

Bringing a practical and exemplary CSR policy to life.

Rémy Cointreau's commitment to Corporate and Social Responsibility is natural for a group that is attached to its regions and strives to offer its customers outstanding products.

It is on this bedrock that we have laid the foundations of our CSR policy and subsequently strengthened it year after year. CSR is now fully integrated into our corporate governance as well as all aspects of our activities. It is a full performance indicator.

The Group is cultivating a realistic policy, promoting the most advanced standards in the field of corporate and social responsibility, particularly in its investment projects.

Inspired by a determination to act as an example to our customers, suppliers and all our stakeholders, we have deliberately chosen to apply the strictest regulatory frameworks, including those to which we are not legally bound. They are also principles that guide us in our daily activities and unite our employees on issues which are close to us.

The year just ended was marked by the implementation of the first year of the 2015 CSR plan, a three-year programme to make continuous progress. The three pillars of this plan are anticipating regulatory demands, rolling out the Group's commitments to all its stakeholders and fulfilling the expectations of civil society. For the last two years, the Group has been fulfilling the information requirements prescribed by Decree No. 2012-557 of Article 225 of the law of 12 July 2010 (Grenelle II). This year, its scope has been extended to 22 companies which now report some or all of their corporate and social information. This reporting has been audited by an external third party, which is supporting the day-to-day improvement in CSR performance.

Rémy Cointreau's CSR policy is centred on several commitments which drive its business. As a member of Global Compact since 2003, the Group has also aligned its CSR policy with the ISO 26000 standard. Committed to raising employee and supplier awareness, Rémy Cointreau has made the distribution of its CSR charter a priority. The CSR reporting framework has been widely circulated internally and CSR representatives have been identified in all Group companies, involving everyone in a responsible approach.

Mindful of changes surrounding it and conscious of its impact on the environment, the Group is seeking new ways to reduce its environmental footprint. Measures to reduce carbon emissions, purchasing green energy, the regular monitoring of all environmental indicators, as well as supporting initiatives which promote biodiversity, are just a few examples.

Lastly, the Group has renewed the certification of the French production sites with the introduction of an integrated certification this year, ensuring their compliance with environmental, quality and food safety management standards. The Barbados site in the Caribbean has obtained ISO 9001 certification. Rémy Cointreau participates in the Global Compact Advanced working group to increase its commitment level within the Global Compact.


CONCEIVED, DISTILLED & HAND-CRAFTED
ON THE ISLAND OF ISLAY
THE BOTANIST
ISLAY DRY GIN
22
FORAGED ISLAND BOTANICALS

Employee-related information.

Human resources policy

During the 2013-2014 financial year, the Group continued its initiatives in respect of its employees' professional development, diversity and consolidation of a sense of belonging to the Group. In France, adhering to its historical choices, Rémy Cointreau has continued its practice of promoting collective agreement in all areas of negotiation.

Encouraging employee development and well-being

Rémy Cointreau has continued to use its development tools – now on an international level – to encourage the development of its employees' skills. Performance evaluation processes, succession planning and training policies put a strong emphasis on the implementation of collective or individual action plans aimed at supporting the career aspirations of the Group's men and women, fostering the development of their skills and contributing to a team performance. In particular, a process to identify key positions, which is also applied by the Executive Committee, ensures that the Group can draw on the skills necessary for its development and/or guide Human Resources decisions in order to guarantee the Company's ability to operate over the long term.

In the field of health and safety, numerous initiatives have been carried out with employees, who are primarily responsible for their own safety. Facilities put in place last year have been extended to two French sites, among others. Circulating the *Responsible Drinking Guide* to all employees as well as the activities of the *Opale* groups offered an opportunity to reignite the discussion about preventing alcohol abuse.
The Angers and Cognac sites have continued the work undertaken in relation to working conditions and psycho-social risks, by introducing working groups made up of volunteer employees.

Promoting diversity

As a logical consequence of the Group's business, which is very export driven, 60% of its workforce is located outside France. The Group believes that its multicultural dimension represents a significant asset in its international development. Training is clearly focused on sharing experiences in all the countries where the Group operates. International mobility, both on a professional and geographic level, contributes to spreading the Group's values extensively throughout its organisation. Moreover, the Group's commitment to diversity is also demonstrated by its willingness to favour establishing teams that include men and women of different ages, and with different training backgrounds and professional experience. The Cognac site, for example, has renewed its recruitment efforts by taking on, on a temporary basis, around 12 long-term unemployed people. In Angers, the Group has chosen to pay its apprenticeship tax to organisations, schools or support structures which promote the inclusion of disabled workers.

Strengthening a sense of belonging

Enriched by this diversity, the Rémy Cointreau Group also seeks to foster a feeling of belonging in a community driven by a shared vision, united around shared values and working towards achieving shared objectives. In addition, Rémy Cointreau offers ambitious international training programmes aimed at sharing the principles, policies and practices that it implements for its brands in every country with the marketing, sales and financial teams.

Maintaining an ambitious social dialogue

The 2013-2014 financial year was marked, once again, by the signing of collective agreements that underlined a willingness, shared by trade unions and employee representatives, to encourage dialogue and consultation. In France and Barbados, the salary policy was set within the framework of collective agreements. In a difficult economic climate, this again highlights the matureness of the Group's social partners. In France, the agreement on the cross-generation contract was signed in line with the agreement on the employment of older people, which was subject to an amendment, as was the incentive scheme.

Changes in the workforce

At 31 March 2014, the Group's total workforce was 1,726 employees on permanent and fixed-term contracts, an increase of 20 people compared with March 2013. The Group recruited 233 people, including 136, or 58%, on permanent contracts. 20% were in respect of the sales force, 12% in production and 25% in marketing. Over the same period and within the same scope, there were 219 departures, 29% of which were resignations, 15% were by mutual agreement and 24% were due to the end of a fixed-term contract.

Breakdown by gender was stable; men make up 57% of the workforce, with women accounting for 43% with different circumstances, according to profession and country. By profession, men account for the majority in the fields of ageing, maintenance and sales, with more women in the fields of marketing, customer relations and packaging.

Breakdown by professional category

41% of the workforce is composed of managers, mainly occupying sales, marketing and financial roles. The Group's production operations comprise the majority of its operators and technicians, of which 77% are located in France on the Cognac and Angers sites, with the remainder in Scotland (Bruichladdich) and Barbados (Mount Gay).

Average age and length of service

The average age of Rémy Cointreau's workforce is 41 years old, with a higher average age of 44 years old in France. There is little age difference in terms of gender. The average length of service of the Group's workforce is 9.8 years, with little difference between men and women or managers and non-managers.

Work-linked training contracts in France

The Rémy Cointreau Group continued its proactive work-linked training policy, renewing all work-linked training contracts where necessary and recruiting additional apprentices. These contracts accounted for almost 3% of the workforce in France at the end of March 2014. Between Cognac and Angers, apprentices held positions across all company functions.

A training policy that targets excellence

The number of training hours provided to Group employees totalled 25,174, distributed as follows: 11,008 for women and 14,167 for men which was a 17% increase compared with 2012-2013.
In addition to individual training, collective training was also provided. Employees at the Cognac site received technical training to accompany the development of the industrial facility, and safety and managerial training to support the development of the organisation. In Angers, innovative business training sessions were developed and implemented for all staff, but differed in that they were led by in-house instructors.

Environ-mental information.

Winemaking

With strong ties to its local regions, Rémy Cointreau views the environment as a priority for all the Group's activities.

Cultivating excellence through a responsible certification policy

The steps taken by Rémy Cointreau over the years, as part of an ongoing quest for quality in the development of its products, position the Group as a leader in the field of winemaking, which is both effective and environmentally friendly. "The recent integration of Rémy Martin *Domaines* into the CSR reporting scope has brought fresh momentum to winemaking practices, encouraging employees to be more attentive in terms of energy, water and fuel consumption", explains Denis Fougère, Director of Rémy Martin *Domaines*, which, in particular, carried out a Carbon Assessment for the first time.

Already holders of Integrated Agriculture and PEFC certification for their wooded areas, the *Domaines* are AHEV (agriculture with high environmental value) level 3 certified, demonstrating the work undertaken to control the use of fertilisers and to preserve biodiversity.

Committed to respecting the environment

Since 2012, Rémy Cointreau has been a member of the Écophyto network, a French national initiative that originated from the *Grenelle de l'Environnement* Forum, hosting regional network meetings and actively contributing to the debate on the reduction of pesticide use. "We are constantly looking for alternatives to vine treatments, such as natural grassing. The introduction of natural ways of protecting our vines also helps to preserve secondary fauna as well as biodiversity. Lastly, our soil analysis programme identifies the fertilisation requirements of the plots to be planted", says Denis Fougère.

The use of agrochemicals was less than 14% of the approved doses despite difficult weather conditions this year, which hampered the healthy growth of the vines. Natural grassing is stable and covers 32% of surfaces. The Rémy Martin *Domaines* underlined their commitment to cease using herbicides throughout the vineyard. Lastly, four soil analyses and 11 leaf analyses support the controlled use of fertilisers (500 kg/ha). Natural methods of control (natural predators) are used in all the vineyards.

Involving our partners in a rigorous process

Rémy Cointreau is making all the wine growers and distillers of the Alliance Fine Champagne (AFC) aware of the benefits of adopting a responsible and certified approach. "We speak at branch meetings to let our partners know about the AHEV process. Our aim is to bring as many of them together as possible. We have sent them educational material as well as the Group's CSR Charter. We hope that they will join us in this process", explains Baptiste Loiseau, Rémy Martin's Cellar Master.

Going beyond just providing information, a working group composed of volunteer winegrowers was set up in 2012 and is still active, headed up by a consultant engineer.

Lastly, as is the case each year, the *Centaures de la Distillation* awards recognised the excellent quality of the eaux-de-vie of 56 of the AFC's grower distillers, attesting to their expertise and permanent quest for a superior quality of eaux-de-vie.

Environment

The Group set aside €2 million to improve quality, safety and the environment on all its production sites. There were 3,092 hours of training dedicated to 413 people in these areas.

Energy consumption

The reduction of the Group's energy consumption is continuing. In Angers, a thermal renovation plan for the administrative building as well as collaboration with the CertiNergy organisation means that the site's energy efficiency is being optimised.

The Cognac site is taking the same approach, explains Fabrice Lavoute, Safety and Environment Manager: "Ongoing work is undertaken to reduce energy consumption and all employees are aware of this. The renovation work incorporates the most innovative and efficient systems to improve our energy performance, with a similar approach adopted for IT equipment."

At constant scope, energy consumption fell 4% compared with the previous financial year. Total energy usage was 29,638 MWh, following the inclusion of the Islay (Bruichladdich) and Barbados (Mount Gay) sites in the reporting scope. In 2015, 20% of the energy bought by the Group will come from renewable sources, thereby reducing its environmental footprint.

Water consumption

The Group is reducing its water consumption as much as possible, Fabrice Lavoute explains: "It is a long-term undertaking which requires constant effort. After several years, we have succeeded in reducing our water usage at Cognac by 75%."

At constant scope, water consumption has fallen slightly (down 2%). Total water usage was 103,051 m³, with the Islay and Barbados sites included in the reporting scope.

Paper consumption

Paper consumption fell by 7% from 2.85 to 2.67 million sheets this year, mainly as a result of ongoing initiatives to raise employee awareness of reducing usage of office paper.

Solid waste

Steps have been taken to raise the awareness of all employees regarding the management of waste. All the waste from the Angers site is now recovered. The Group is continuing its partnership with the *Ateliers du Bocage* in respect of recycling mobile phone electronic equipment in Cognac and ink cartridges in Angers. Total waste has fallen by 2% over the financial year, to 2,139 tonnes, even taking into account the Islay site. The sorting and recovery rates remain stable overall, at 91% and 93% respectively.

Liquid waste

The Group ensures that the greatest care is taken in monitoring its BOD and COD emissions, as Nathalie Traineau, Environment and Safety Manager, explains: "Our very strict requirements concerning liquid waste involves all the parameters being checked on a daily basis."

Discharged liquid waste decreased by 6% to 21,962 m³. On the Angers and Cognac sites, liquid pollution after treatment by external purification stations amounted to 0.9 tonnes of BOD and 2.7 tonnes of COD.

Greenhouse gas emissions

Rémy Cointreau measures all its CO_2 emissions. For the first time Rémy Martin *Domaines* was included in a carbon assessment. As of this year, the sites have been using a dedicated tool to facilitate the calculation of their emissions. At constant scope, greenhouse gas emissions fell 5%. With the integration of Rémy Martin *Domaines*, they totalled 2,827 teq CO_2.

Rémy Cointreau has continued measures aimed at lowering GHG emissions. Three major initiatives led to a reduction of 1,097 teq CO_2 in carbon emissions – in particular eco-design measures, the use of video-conferencing and a reduction in energy consumption.

Eco-design

The Group has regularly changed its packaging through innovations in materials. Since 2010, the environmental footprint of each piece of packaging has evolved thanks to a dedicated tool. This year, the weight of the new Cointreau bottle has been reduced, representing a saving of 115 tonnes of glass.

Climate change and biodiversity

As of this year, the Group has been involved in action taken by the inter-professional bodies dealing with climate change. In conjunction with the *Conservatoire du Vignoble Charentais* (the body representing the Charentes region vineyards), the BNIC (National Inter-professional Cognac Bureau) and INRA (National Institute for Agricultural Research), Rémy Martin *Domaines* is experimenting with planting new grape varieties that are more resistant to change.

The Group promotes the protection of bees with fallow areas set aside for bees on its properties and the installation of five additional hives, in partnership with the organisation "*Un Toit pour les Abeilles*" (A roof for bees). In conjunction with the National Forestry Office, the reforestation project in the François 1er park in Cognac was completed this year and signage on the importance of preserving biodiversity has been erected.

Societal information.

Citizenship

Rémy Cointreau is a global group that is acutely aware of social issues and its local impact. In supporting both the sustainable economic development of local regions and community initiatives, it is contributing to collective growth.

The Group, which is very active in the areas where it is located, undertakes numerous initiatives to raise awareness of the CSR approach among local stakeholders, by sharing its expertise. It has taken part in several seminars with various local audiences, students, teachers and professionals. As an example, Rémy Cointreau has spoken to businesses to discuss its experience in the field of CSR reporting and to provide guidance on the CSR approach that was followed. The Group has ties with various organisations, particularly the French Advertisers Union and the Colbert Committee and was involved in revising documents dealing with CSR practices. It also works with various grandes écoles (leading schools) on a regular basis and even organised a visit to Angers for some teacher-trainers on the topic of safety.

Moreover, its commitment to charities, including Carbon'At (Pays de Loire), Dirigeants Responsables de l'Ouest (DRO/Pays de Loire), Altere Entreprises (Poitou-Charentes) or la *Fondation de la 2e chance* (Poitou-Charentes and Champagne-Ardennes) is ongoing. This is reflected in its support of their initiatives and through active participation in the events that they organise. Lastly, its involvement with regional bodies continues and organising a debate on energy transition with the Pays de Loire region is one of many examples.

Suppliers

Rémy Cointreau promotes its practices to its suppliers, and encourages them to adopt approaches which respect both people and the environment.

For suppliers of production materials, the self-diagnostic CSR questionnaire is currently being extended to include suppliers in the Asia-Pacific region. It verifies their commitments in terms of social policy, food safety and environmental management. The self-diagnosis identifies weak points and areas for improvement based on the Global Compact principles. "Rémy Cointreau has adopted an educational approach and is accompanying its suppliers in implementing their progress. The Group prioritises quality ahead of any collaboration, to optimise production. Compliance with the CSR commitment has become a determining factor in the selection of suppliers, in the same way as quality, price and lead times", explains Nicolas Ballay, Head of Purchasing at Rémy Martin. The purchasing code, which was revised and enhanced this year, incorporates this factor.

"Non-production" suppliers (ie marketing and maintenance) are included in the CSR assessment scope. "We are actively making them aware of our approach. Close collaboration between the Purchasing and CSR Departments breeds a culture of responsibility which the Group particularly values", says Bérangère Papini-Montagne, Group Purchasing Manager – Non-Production and Services.

The selected suppliers represent 90%, in terms of sales, of all Rémy Cointreau's suppliers, 81% of whom have been the subject of a CSR assessment.

Honest practices.

The Group's ethics must be irreproachable and its policy transparent to guarantee trusting relationships with stakeholders. The Group reinforces its responsible practices by complying with numerous internal and external commitments and reference documents:

- Global Compact Charter: as a member of the Global Compact Charter, Rémy Cointreau maintains this commitment, which guarantees its responsible actions and compliance of its policy on international ethical standards, over the long-term;
- Corporate and Social Responsibility Charter: the foundation of the Group's CSR policy, the Charter was widely circulated in both French and English. It guides all employees in their activities and demonstrates how CSR has been incorporated into the business;
- Code of Business Ethics: Unique benchmark of the Group, it guides the commercial, social and environmental practices of all Group employees;
- Responsible Communication Charters of Rémy Cointreau and the Union des Annonceurs: these Charters ensure the self-assessment of communication campaigns and compliance with principles promoting moderate alcohol consumption;
- Guide to responsible consumption in the professional environment: this guide promoting responsible practices is available in French and English, and is provided to all Group employees. Japanese and Vietnamese versions are currently being developed and will be circulated in 2014.

Con-su-mers.

Guarantee responsible communication and consumption

Rémy Cointreau manufactures high-quality products that are intended to be consumed in moderation. The Committee for Responsible Communication, which was set up ten years ago, analyses communication campaign projects and expresses an opinion whilst focusing particularly on respecting cultural differences. "The Group is acutely aware of its responsibilities in relation to responsible drinking, which is why several campaigns have been changed this year. They have also led to the creation of guidelines enhancing the principles that have already been implemented," confirms Alain Rouchaud.

The CRC has approved 14 awareness campaigns which have been broadcast this year. It has introduced a management tool to analyse the costs of marketing campaigns (per country, per brand, and per type of expenditure).

Rémy Cointreau fully supports the self-regulation measures taken by the spirits industry's other leading players. It is involved in national, European and international representative bodies.

The Group continues to support research into alcoholism via IREB (French Institute for Scientific Research into Alcohol), whose Chairman is the Group's CSR Director. The internal unit for monitoring alcohol and its impact on society means that the Group can remain in tune with the trends. This was at the heart of a mobile application design, "Alcooflash", which was provided to employees to enable them to assess their consumption.

Putting quality at the heart of our relationship with customers

Rémy Cointreau is constantly alert and strives to answer customers as directly as possible, particularly via social networks, including matters relating to the environment and to products. In addition to its own activity, the Group is involved in the discussions being held on this issue within inter-professional working groups. It has, for example, collaborated with the French Spirits Federation on the development of a study to create a future framework on environmental information relating to products.

As quality is a vital part of its business, the Quality Academy was launched this year. During dedicated sessions, it brings together the marketing and production teams to discuss and help identify any potential improvements to the products.

Lastly, site visits have also come under the quality banner and place customer satisfaction at the heart of their concerns. After the National Wine Tourism Award last year, "*Rendez-vous Rémy Martin*" was recommended by the Michelin Green Guide for the innovative nature of the tour circuit. The Cointreau site was again awarded Qualité TourismeTM certification.

Environmental indicators.

For the year ended 31 March	Units	GRI indicator	2012	2013	2014
Total energy consumption	(MWh)		15,315	20,097	29,638
Direct energy consumption	(gas, heating oil, MWh)	EN3	7,384	11,057	19,640
Indirect energy consumption	(electricity, MWh)	EN4	7,931	9,041	9,998
Water consumption	(m^3)	EN8	59,940	65,256	103,051
Paper consumption	(millions of sheets)	EN1	3.12	2.85	2.67
Quantity of waste	(tonnes)	EN22	1,956	2,179	2,139
Waste sorting rate	(%)	–	93	92	91
Waste recycling rate	(%)	–	93	93	93
Volume of effluents	(m^3)	EN21	19,284	23,314	21,962
DBO effluents	(in tonnes after treatment)	EN21	–	0.61	0.94
DCO effluents	(in tonnes after treatment)	EN21	–	2.40	2.65
GHG emissions (Scope 1 – tCO_2e)	–	–	1,691	1,795	2,254
GHG emissions (Scope 2 – tCO_2e)	–	–	674	509	573
GHG emissions (Scope 1 and 2 – tCO_2e)	–	EN16	2,365	2,304	2,827

Certain indicators increased during the 2013-2014 financial year compared with the previous year. This change was primarily due to the extension of the Group's CSR programme (integration of the Bruichladdich and Mount Gay production sites). The employee-related, environmental and societal information is comprehensively detailed in the 2013-2014 Registration Document.

2015 CSR Charts.

Topics	Objectives 2013-2014	Assessment 2013-2014	Objectives 2014-2015	Objectives 2015-2016
CSR GOVERNANCE	▪ CSR reporting (objective: international extension) ▪ Code of Ethics (objective: international scope) ▪ 2015 CSR plan (objective: international extension)	▪ CSR reporting (objective: international extension) ▪ International broadcasting of the Code of Ethics ▪ Implementation of the 2015 CSR plan	▪ CSR reporting (objective: international extension)	▪ CSR reporting (objective: international extension)
WORKING CONDITIONS	▪ Reducing the pay gap between men and women in similar positions, with similar skills and levels of experience (objective: reduce gap between men and women)	▪ Introduction of procedures to ensure non-discrimination between men and women in similar positions, with similar skills and levels of experience in all Group entities	▪ Reducing the pay gap between men and women in similar positions, with similar skills and levels of experience (objective: reduce gap between men and women)	▪ Reducing the pay gap between men and women in similar positions, with similar skills and levels of experience (objective: reduce gap between men and women)
	▪ Monitoring of absenteeism (objective: absenteeism rate of <4%)	▪ Absenteeism rate objective (<4%) achieved for the reporting scope monitored	▪ Monitoring of absenteeism (objective: absenteeism rate of <4%)	▪ Monitoring of absenteeism (objective: absenteeism rate of <4%)
	▪ "Safety at Work" action plans (objective: reduce workplace accidents and occupational illnesses)	▪ Objectives: to reduce the frequency and severity of workplace accidents achieved for the reporting scope monitored	▪ "Safety at Work" action plans (objective: reduce workplace accidents and occupational illnesses)	▪ "Safety at Work" action plans (objective: reduce workplace accidents and occupational illnesses)
	▪ Particular focus on the inclusion of disabled people within the workforce (objective: comply with regulations)	▪ Particular focus on the inclusion of disabled people within the workforce (initiatives led in France to promote the indirect employment of disabled people – sheltered workshops)	▪ Particular focus on the inclusion of disabled people within the workforce (objective: comply with regulations)	▪ Particular focus on the inclusion of disabled people within the workforce (objective: comply with regulations)
	▪ Design, development and implementation of training programmes (objective: (occupational) career progress)	▪ Increased emphasis on training covering 17% of the reporting scope	▪ Design, development and implementation of training programmes (objective: (occupational) career progress)	▪ Design, development and implementation of training programmes (objective: career progress)
	▪ Planning study for positions identified (objective: reducing gender imbalance)	▪ Identification in consultation with employee representatives (France) of positions whose demanding nature must result in alteration	▪ Planning study for positions identified	

WINEMAKING	▪ Reduce the use of pesticides (objective: soil protection/rate of reduction >15%)	▪ Reduce the use of pesticides (-14%)	▪ Reduce the use of pesticides (objective: 16%)	▪ Reduce the use of pesticides (objective: 16%)
	▪ Raise environmental awareness among winemakers (objective: briefings)	▪ Raise environmental awareness among winemakers (56% of members of the AFC cooperative)	▪ Raise environmental awareness among winemakers (objective: creation of an Environment reference framework)	▪ Raise environmental awareness among winemakers (objective: AHVE certifications)
ENVIRONMENT	▪ Energy, water and paper (objective: optimising consumption)	▪ Energy, water and paper (respective reductions of 4%, 2% and 7% at constant scope)	▪ Energy, water and paper (objective: optimising consumption)	▪ Energy, water and paper (objective: optimising consumption
	▪ Renewable energy (objective: feasibility studies)	▪ Renewable energy (signing of contracts to supply renewable energy/21% of consumption on France sites)	▪ Renewable energy (21%)	▪ Renewable energy (25%)
	▪ CO_2 emissions (objective: GHG assessment Scopes 1 & 2)	▪ CO_2 emissions (GHG assessment Scopes 1 & 2/5% reduction in GHG emissions at constant scope)	▪ CO_2 emissions (objective: GHG assessment Scopes 1, 2 & 3)	▪ CO_2 emissions (objective: GHG assessment Scopes 1 & 2)
	▪ Solid waste (objective: sorting and recovery rates >90%)	▪ Solid waste (sorting rate: 91%/recovery rate: 93%)	▪ Solid waste (objective: sorting and recovery rates >90%)	▪ Solid waste (objective: sorting and recovery rates >90%)
	▪ Liquid waste (objective: BOD and COD emissions <5 tonnes)	▪ Liquid waste (BOD: 0.9 tonnes/COD: 2.7 tonnes)	▪ Liquid waste (objective: BOD and COD emissions <5 tonnes)	▪ Liquid waste (objective: BOD and COD emissions <5 tonnes)
	▪ Biodiversity (objective: "Bees/Forests" conservation)	▪ Biodiversity (objective: "Bees/Forests" conservation)	▪ Biodiversity (objective: "Bees/Forests" conservation)	▪ Biodiversity (objective: "Bees/Forests" conservation)
FAIR TRADE PRACTICES	▪ CSR charter, communication and responsible consumption Charters, internal Code of Business Ethics (objective: comply with Charters and codes/transparent practices)	▪ CSR charter, communication and responsible consumption Charters, internal Code of Business Ethics (objective: comply with Charters and codes/transparent practices)	▪ CSR charter, communication and responsible consumption Charters, internal Code of Business Ethics (objective: comply with Charters and codes/transparent practices)	▪ CSR charter, communication and responsible consumption Charters, internal Code of Business Ethics (objective: comply with Charters and codes/transparent practices)
CITIZENSHIP	▪ Exchange of best CSR practices in the fields of education and business (objective: be a player in sustainable regional development)	▪ Be a player in sustainable regional development: Exchange of best CSR practices in the fields of education and business	▪ Exchange of best CSR practices in the fields of education and business (objective: be a player in sustainable regional development/international extension)	▪ Exchange of best CSR practices in the fields of education and business (objective: be a player in sustainable regional development/international extension)
SUPPLIERS	▪ Sustainable, responsible purchasing (objective: CSR assessment of suppliers/rate of selected suppliers: >90%/supplier assessment rate >90%)	▪ Sustainable, responsible purchasing: CSR assessment of suppliers/rate of selected suppliers: 90% (48+ suppliers/year N-1)/supplier assessment rate: 81% (22+ suppliers/year N-1)	▪ Sustainable, responsible purchasing (objective: CSR assessment of suppliers/rate of selected suppliers: >92% supplier assessment rate: >85%)	▪ Sustainable, responsible purchasing (objective: CSR assessment of suppliers/rate of selected suppliers: >95%/supplier assessment rate: >90%)
CONSUMERS	▪ Monitor and validate communication campaigns (objective: comply with the internal charter/campaign verification rate >90%)	▪ Monitor and validate communication campaigns (comply with the internal charter/campaign verification (and approval) rate: 100%)	▪ Monitor and validate communication campaigns (objective: comply with the internal charter/campaign verification rate >95%)	▪ Monitor and validate campaigns (objective: comply with the internal charter/campaign verification rate >95% ▪ Iso 22000 certification of the Barbados (Mount Gay) site ▪ Iso 9001 certification of the Islay site (Bruichladdich)

Corporate governance

Management and supervisory bodies.

Board of Directors

François Hériard Dubreuil
Chairman

Dominique Hériard Dubreuil
Marc Hériard Dubreuil
Laure Hériard Dubreuil
Florence Rollet (1)
Yves Guillemot (1)
Gabriel Hawawini (1)
Olivier Jolivet (1)
Jacques Étienne de T'Serclaes (1)
Guylaine Dyèvre (2)
Emmanuel de Geuser (2)

Observers
Patrick Thomas (2)
Sir Brian Ivory (2)
Timothy Jones

Committees

Audit
Development and Marketing Strategy
Nomination and Remuneration

Executive Committee

François Hériard Dubreuil
Chief Executive Officer

Luca Marotta
Chief Financial Officer

Jean-François Boueil
Human Resources Director

Damien Lafaurie
Executive Vice-President – Global Markets

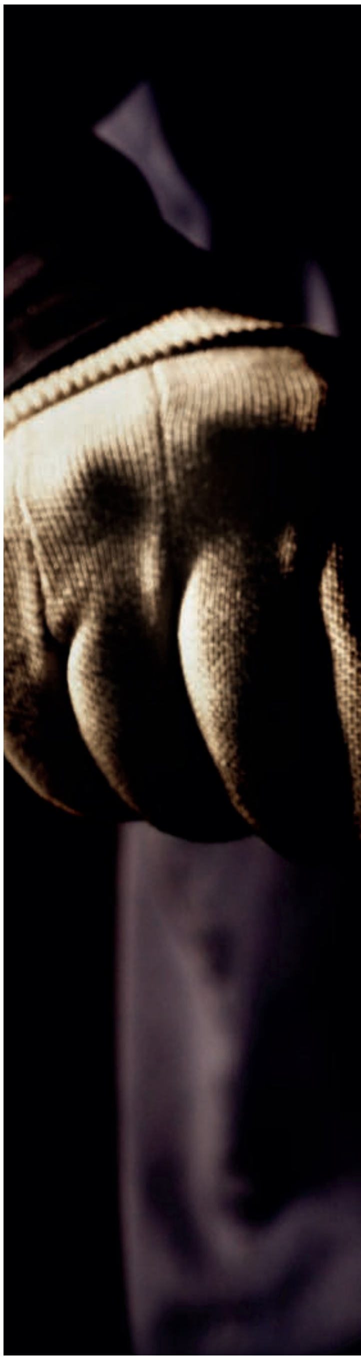
Christian Liabastre
Executive Vice-President
Brands Strategy and Development

Patrick Marchand
Operations Senior Vice-President

Statutory Auditors

Ernst & Young & Autres
Represented by Pierre Bidart

Auditeurs & Conseils Associés
Represented by Olivier Juramie



(1) Independent Director.
(2) Subject to appointment by the Annual General Meeting on 24 July 2014.

Finance

Still on course, increased vigilance.

The 2013-14 financial year was more contrasted than previous years and must be viewed whilst disassociating the temporary developments from the underlying trends. As such, the decline in sales of 13.5% must be put into perspective as it was impacted by the austerity policy and the destocking implemented in China. Firstly, the Group's sales remained above one billion dollars, which represented its second best performance over the last ten years. Secondly, the slowdown recorded has come after four highly dynamic years, the Group having generated cumulative organic growth of almost 50% between the 2009 and 2013 financial years. The development potential of the Chinese market remains considerable, and as Rémy Martin enjoys a unique reputation, the Group decided to continue its high value strategy as well as investing in its brands and its distribution network. The dominance thus achieved in the ultra-premium sector remains an unrivalled asset ahead of the recovery.

In all other regions of the world, the Group's brands posted impressive growth. This was particularly true of the US, which benefited from a solid improvement in the product mix, and also in Russia, Africa and Japan. In the US, it is very satisfying to reap the rewards of our past perseverance. Three years after the creation of our own distribution subsidiary, we are achieving double-digit growth, although it appears adversely affected by the exchange rate. The depreciation of the Yen against the Euro, as with the Dollar, is reflected in a negative conversion impact. Nevertheless, our hedging policy has enabled us to realise an exchange gain on the current operating profit.

The clarity of our strategy, staying true to our upmarket positioning, and the Group's consistent performance are all guarantees of its financial soundness. During the financial year, the three main ratings agencies (Fitch, Standard & Poor's and Moody's) all raised Rémy Cointreau's rating to Investment Grade. In August 2013, Rémy Cointreau issued €65 million in bonds, enabling its debt maturity to be extended. Recently, the Group refinanced its €255 million syndicated loan by improving its coupon by 95bps and by deferring its maturity by almost two years. At 31 March 2014, our A ratio (average net debt, divided by EBITDA) was 2.1 and remained at a moderate level, at the lower end of the range for the spirits industry.

More than ever before, we will remain vigilant over our cash management. That is the key to future investment to further enhance our stocks of eaux-de-vie, modernise our production facilities, increase the listing of our brands and enhance their appeal in the eyes of potential new customers.

In addition, the procedures for controlling our costs introduced in all offices are constantly being refined to improve the quality of our performance: extending the SAP ERP system set up in Singapore and Japan, improving our planning system and updating our internal audit methods, leading to improved risk control and strict management.

Lastly, improving control of risks is an ongoing objective: from risks relating to stocks to those regarding additional taxation, from the threat of counterfeiting to those concerning exchange rates, foresight ensures rigorous management.

Although Rémy Cointreau's performance over the course of the financial year was mixed, the Group remains confident in its ability to return to profitable and steady growth over the medium-term. Rémy Cointreau is approaching its new horizons with peace of mind and an unchanged strategy, targeting the vast appetite in Asia, young emerging economies with rapidly growing middle classes and premium segments experiencing real growth in mature countries. These are all opportunities to assert and strengthen our leadership.

Rémy Cointreau's share price performance from 1 June 2012 to 1 June 2014

Consolidated statement of financial position.

As of 31 March, in € millions	2014	2013	2012
Brands and other intangible assets	480.5	480.2	443.2
Property, plant and equipment	190.9	173.1	146.4
Investments in associates	38.8	52.8	68.4
Other financial assets	93.2	89.9	86.9
Deferred tax assets	31.7	47.2	44.0
Non-current assets	**835.1**	**843.2**	**788.9**
Inventories	1,024.6	945.9	792.6
Trade and other receivables	202.7	255.5	207.9
Income tax receivables	16.9	0.8	3.9
Derivative financial instruments	12.8	6.3	5.6
Cash and cash equivalents	186.3	186.8	190.1
Assets held for sale	-	28.8	0.2
Current assets	**1,443.3**	**1,424.1**	**1,200.3**
Total assets	**2,278.4**	**2,267.3**	**1,989.2**
Share capital	77.6	81.4	79.4
Share premium	680.9	828.6	738.2
Treasury shares	(13.7)	(97.4)	(95.8)
Consolidated reserves and profit for the year	267.2	270.7	244.4
Translation reserve	(1.2)	10.3	8.6
Equity – attributable to owners of the parent company	**1,010.8**	**1,093.6**	**974.8**
Non-controlling interests	1.1	1.2	1.2
Equity	**1,011.9**	**1,094.8**	**976.0**
Long-term financial debt	553.0	389.2	340.0
Provision for employee benefits	26.7	25.2	21.8
Long-term provisions for liabilities and charges	4.6	5.8	6.9
Deferred tax liabilities	94.7	99.0	98.4
Non-current liabilities	**679.0**	**519.2**	**467.1**
Short-term financial debt and accrued interest	46.8	63.1	38.7
Trade and other payables	509.0	542.9	467.5
Income tax payables	10.0	25.3	13.0
Short-term provisions for liabilities and charges	14.4	3.6	1.5
Derivative financial instruments	7.3	18.4	25.4
Current liabilities	**587.5**	**653.3**	**546.1**
Total equity and liabilities	**2,278.4**	**2,267.3**	**1,989.2**

Consolidated income statement.

As of 31 March, in € millions	2014	2013	2012
Turnover	*1,031.6*	*1,193.3*	*1,026.1*
Cost of sales	(413.4)	(456.4)	(396.1)
Gross margin	**618.2**	**736.9**	**630.0**
Distribution costs	(379.8)	(403.3)	(344.8)
Administrative expenses	(89.6)	(89.8)	(79.0)
Other income from operations	1.4	1.6	1.5
Current operating profit	**150.2**	**245.4**	**207.7**
Other operating income/(expense)	(4.9)	(7.5)	(3.0)
Operating profit	**145.3**	**237.9**	**204.7**
Finance costs	(22.8)	(22.1)	(26.9)
Other financial income/(expense)	(3.4)	2.1	(8.4)
Financial result	**(26.2)**	**(20.0)**	**(35.3)**
Profit before tax	**119.1**	**217.9**	**169.4**
Income tax	(45.8)	(72.0)	(47.3)
Share in profit of associates	(10.9)	(15.5)	(0.4)
Profit from continuing operations	**62.4**	**130.4**	**121.7**
Net profit/(loss) from discontinued operations	–	–	(10.6)
Net profit for the year	**62.4**	**130.4**	**111.1**
attributable to :			
– non-controlling interests	–	–	0.3
– owners of the parent company	62.4	130.4	110.8
Net earnings per share – from continuing operations (€)			
– basic	1.27	2.67	2.47
– diluted	1.27	2.66	2.46
Net earnings per share – attributable to owners of the parent company (€)			
– basic	1.27	2.67	2.25
– diluted	1.27	2.66	2.24
Number of shares used for the calculation			
– basic	49,180,683	48,880,252	49,324,332
– diluted	49,311,783	49,010,681	49,473,230

Comments and outlook.

Rémy Cointreau's **sales** for the financial year ended 31 March 2014 totalled €1,031.6 million, an organic decrease of 10.7% compared with the previous year. This decline primarily reflected the Group's decision to reduce inventory levels in Chinese distribution networks, against a backdrop of weaker consumption. Conversely, the Group maintained strong momentum in the US as well as sales growth in Europe.

Current operating profit totalled €150.2 million, a decline of 38.8% (down 40.8% organically), in line with the target stated on 17 April 2014 during the publication of the Group's full-year sales. Apart from high comparatives (18.1% growth over the 2012-2013 financial year), this decrease reflects the destocking effort in China, an unfavourable geographical mix and a continuing policy of sustained investment in both the brands and in strengthening the distribution network. As a result, the current operating margin was 14.6%, compared with 20.6% the previous year.

Operating profit totalled €145.3 million after taking into account a non-recurring net charge of €4.9 million, primarily related to the Larsen transaction.

The **net financial expense** was €26.2 million, an increase of €6.2 million compared with the previous year. This rise was primarily related to movements in foreign exchange and interest rate hedge instruments.

The **income tax charge** amounted to €45.8 million, resulting in an effective tax rate of 38.5%, compared with 33.1% at the end of March 2013. This increase was due, principally, to an unfavourable geographical mix, with a greater significance of profits generated in France where the effective tax rate increased, as well as the technical reversal of deferred tax assets.

The **share of profit of associates** corresponds to the equity investment in Dynasty. At 31 March 2014, Dynasty had yet to publish its 2012 and 2013 financial statements. During the financial year, Rémy Cointreau carried out an impairment test, following which an impairment charge of €10.9 million was recognised (recorded in the first half of the year). In two years, the value of the Group's 27% equity investment in Dynasty decreased from €58.8 million to €29.4 million.

The **Group's share of net profit** declined 52.2% in published terms to €62.4 million.

Excluding non-recurring items, net profit totalled €80.2 million, a reported decline of 46.9% with earnings per share of €1.63, compared with €3.10 the previous year.

Net debt was €413.5 million, an increase of €148.0 million over the financial year. This rise was primarily due to the decrease in EBITDA, to the Group's resolve to maintain its strategic investments and to the €75.9 million share buyback programme conducted between 4 December 2013 and 29 January 2014.

The **net debt/EBITDA ratio** therefore rose to 2.09 at the end of March 2014 (0.99 at the end of the previous year), but remained at the lower end of the range for the spirits industry.

The Group's **return on capital employed (ROCE)**, which was 17.1% at the end of March 2014 (compared with 30.3% the previous year), remained at a high level. The decrease in ROCE reflects the dual impact of the decline in Group profits and the increase in capital employed (growth in strategic eau-de-vie investment and capital expenditure).

A **dividend** of €1.27 per share with the option of a full payment in cash or a partial payment in shares (0.90 euro in cash and 0.37 euro in shares) will be put to a shareholders' vote at the Annual General Meeting to be held on 24 July 2014.

Financial events

On 25 March 2014, the Group announced the cancellation of 1,283,053 shares (representing 2.6% of the capital) acquired at an average price of €59.2 per share, during the buyback programme initiated on 5 December 2013 and completed on 29 January 2014.

On 31 March 2014, the distribution contract for the Edrington Group brands in the US expired after more than fifteen years of fruitful collaboration.

Rémy Cointreau signed an amendment and an extension to its €255 million revolving credit facility at a lower cost and with a maturity extended to April 2019.

In an environment that remains uncertain (a transforming Chinese spirits market and a weak macro-economy in Western Europe), the Group is entering the 2014-2015 financial year with confidence: thanks to its management policies – prudent on inventories and resolute on pricing, the Group can set an objective of achieving organic growth in sales and current operating profit in 2014-2015. This objective should be viewed on a pro-forma basis for the Partner Brands division (i.e. excluding the impact of the end of the distribution contract of the Edrington brands in the US).

Rémy Cointreau remains convinced of the relevance of its high value strategy and the upmarket positioning of its brands in the context of strong global demand for authentic and superior quality spirits.

As a result, the Group will resolutely pursue its marketing investment, its creative innovations and the expansion of its distribution network, whilst maintaining strict cost control. All these elements make the Group confident in its ability to return to profitable and steady growth in the future.

RÉMY COINTREAU

21 boulevard Haussmann 75009 Paris – Telephone +33 1 44 13 45 155

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